

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

☒ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended March 31, 2021

OR

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from _____ to _____

COMMISSION FILE NUMBER 001-34653

FIRST INTERSTATE BANCSYSTEM, INC.

(Exact name of registrant as specified in its charter)

Montana

(State or other jurisdiction of
incorporation or organization)

81-0331430

(IRS Employer
Identification No.)

401 North 31st Street

Billings, MT

(Address of principal executive offices)

59116-0918

(Zip Code)

Registrant's telephone number, including area code: (406) 255-5390

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Class A common stock, no par value	FIBK	NASDAQ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files.) Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date:

March 31, 2021 – Class A common stock	41,583,430
March 31, 2021 – Class B common stock	20,646,913

Quarterly Report on Form 10-Q
FIRST INTERSTATE BANCSYSTEM, INC. AND SUBSIDIARIES
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March 31, 2021

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FIRST INTERSTATE BANCSYSTEM, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions, except share data)
(Unaudited)

	March 31, 2021	December 31, 2020
Assets		
Cash and due from banks	\$ 254.0	\$ 261.4
Interest bearing deposits in banks	1,941.9	2,015.3
Federal funds sold	0.1	0.1
Total cash and cash equivalents	2,196.0	2,276.8
Investment securities:		
Available-for-sale	4,020.1	4,008.7
Held-to-maturity, net (estimated fair values of \$855.6 and \$55.0 at March 31, 2021 and December 31, 2020, respectively)	866.3	51.6
Total investment securities	4,886.4	4,060.3
Mortgage loans held for sale, at fair value	57.2	74.0
Loans held for investment, net of deferred fees and costs	9,863.2	9,807.5
Allowance for credit losses	136.6	144.3
Net loans held for investment	9,726.6	9,663.2
Goodwill	621.6	621.6
Company-owned life insurance	297.6	296.4
Premises and equipment, net of accumulated depreciation	305.5	312.3
Core deposit intangibles, net of accumulated amortization	48.6	51.2
Accrued interest receivable	50.0	51.1
Mortgage servicing rights, net of accumulated amortization and impairment reserve	28.0	24.0
Other real estate owned ("OREO")	2.2	2.5
Other assets	223.7	215.3
Total assets	\$ 18,443.4	\$ 17,648.7
Liabilities and Stockholders' Equity		
Deposits:		
Non-interest bearing	\$ 5,004.0	\$ 4,633.5
Interest bearing	10,090.0	9,583.5
Total deposits	15,094.0	14,217.0
Securities sold under repurchase agreements	1,052.6	1,091.4
Accounts payable and accrued expenses	133.8	144.4
Accrued interest payable	6.9	5.8
Deferred tax liability, net	19.9	27.2
Long-term debt	112.4	112.4
Allowance for credit losses on off-balance sheet credit exposures	3.4	3.7
Subordinated debentures held by subsidiary trusts	87.0	87.0
Total liabilities	16,510.0	15,688.9
Stockholders' equity:		
Nonvoting noncumulative preferred stock without par value; authorized 100,000 shares; no shares issued and outstanding as of March 31, 2021 or December 31, 2020	—	—
Common stock	938.5	941.1
Retained earnings	988.2	962.1
Accumulated other comprehensive income, net	6.7	56.6
Total stockholders' equity	1,933.4	1,959.8
Total liabilities and stockholders' equity	\$ 18,443.4	\$ 17,648.7

See accompanying notes to unaudited consolidated financial statements.

FIRST INTERSTATE BANCSYSTEM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per share data)
(Unaudited)

	Three Months Ended March 31,	
	2021	2020
Interest income:		
Interest and fees on loans	\$ 107.8	\$ 112.0
Interest and dividends on investment securities:		
Taxable	15.8	17.2
Exempt from federal taxes	1.4	0.5
Interest on deposits in banks	0.3	2.5
Total interest income	125.3	132.2
Interest expense:		
Interest on deposits	2.3	7.3
Interest on securities sold under repurchase agreements	0.1	0.5
Interest on other debt	1.5	0.3
Interest on subordinated debentures held by subsidiary trusts	0.7	1.0
Total interest expense	4.6	9.1
Net interest income	120.7	123.1
(Reversal of) provision for credit losses	(5.1)	29.0
Net interest income after provision for (reversal of) credit losses	125.8	94.1
Non-interest income:		
Payment services revenues	10.2	10.2
Mortgage banking revenues	11.6	10.9
Wealth management revenues	6.3	6.2
Service charges on deposit accounts	3.8	5.4
Other service charges, commissions, and fees	2.1	2.1
Investment securities gains (losses), net	—	—
Other income	4.1	3.6
Total non-interest income	38.1	38.4
Non-interest expense:		
Salaries and wages	39.0	39.9
Employee benefits	16.1	14.2
Outsourced technology services	8.1	7.8
Occupancy, net	7.3	7.3
Furniture and equipment	4.4	2.8
OREO expense, net of income	(0.1)	(0.5)
Professional fees	3.4	2.7
FDIC insurance premiums	1.6	1.6
Core deposit intangibles amortization	2.5	2.9
Other expenses	16.1	16.3
Total non-interest expense	98.4	95.0
Income before income tax expense	65.5	37.5
Income tax expense	14.1	8.2
Net income	\$ 51.4	\$ 29.3
Earnings per common share (Basic)	\$ 0.83	\$ 0.45
Earnings per common share (Diluted)	0.83	0.45
Weighted average common shares outstanding (Basic)	61,591,877	64,790,186
Weighted average common shares outstanding (Diluted)	61,714,063	64,937,107

See accompanying notes to unaudited consolidated financial statements.

FIRST INTERSTATE BANCSYSTEM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)
(Unaudited)

	Three Months Ended March 31,	
	2021	2020
Net income	\$ 51.4	\$ 29.3
Other comprehensive (loss) income, before tax:		
Investment securities available-for sale:		
Change in net unrealized (losses) gains during period	(66.8)	39.2
Unrealized gain on derivatives	(0.1)	—
Defined benefit post-retirement benefits plans:		
Change in net actuarial loss	—	(0.2)
Other comprehensive (loss) income, before tax	(66.9)	39.0
Changes in deferred taxes related to other comprehensive loss (income)	17.0	(10.2)
Other comprehensive (loss) income, net of tax	(49.9)	28.8
Comprehensive income, net of tax	\$ 1.5	\$ 58.1

See accompanying notes to unaudited consolidated financial statements.

FIRST INTERSTATE BANCSYSTEM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(In millions, except share and per share data)
(Unaudited)

	Three Months Ended March 31,			
	Common stock	Retained earnings	Accumulated other comprehensive income (loss)	Total stockholders' equity
Balance at December 31, 2020	\$ 941.1	\$ 962.1	\$ 56.6	\$ 1,959.8
Net income	—	51.4	—	51.4
Other comprehensive loss, net of tax expense	—	—	(49.9)	(49.9)
Common stock transactions:				
127,180 common shares purchased and retired	(5.4)	—	—	(5.4)
604 common shares issued	—	—	—	—
239,525 non-vested common shares issued	—	—	—	—
19,068 non-vested common shares forfeited or canceled	—	—	—	—
40,663 stock options exercised, net of 6,177 shares tendered in payment of option price and income tax withholding amounts	0.4	—	—	0.4
Stock-based compensation expense	2.4	—	—	2.4
Common cash dividends declared (\$0.41 per share)	—	(25.3)	—	(25.3)
Balance at March 31, 2021	\$ 938.5	\$ 988.2	\$ 6.7	\$ 1,933.4
Balance at December 31, 2019	\$ 1,049.3	\$ 953.6	\$ 11.0	\$ 2,013.9
Cumulative change related to the adoption of ASU 2016-13	—	(24.1)	—	(24.1)
Adjusted balance at January 1, 2020	1,049.3	929.5	11.0	1,989.8
Net income	—	29.3	—	29.3
Other comprehensive income, net of tax expense	—	—	28.8	28.8
Common stock transactions:				
1,093,259 common shares purchased and retired	(32.6)	—	—	(32.6)
327,367 non-vested common shares issued	—	—	—	—
2,570 non-vested common shares forfeited or canceled	—	—	—	—
73,351 stock options exercised, net of 23,175 shares tendered in payment of option price and income tax withholding amounts	0.6	—	—	0.6
Stock-based compensation expense	1.4	—	—	1.4
Common cash dividends declared (\$0.94 per share)	—	(61.2)	—	(61.2)
Balance at March 31, 2020	\$ 1,018.7	\$ 897.6	\$ 39.8	\$ 1,956.1

See accompanying notes to unaudited consolidated financial statements.

FIRST INTERSTATE BANCSYSTEM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

(Unaudited)

	Three Months Ended March 31,	
	2021	2020
Cash flows from operating activities:		
Net income	\$ 51.4	\$ 29.3
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for (reversal of) credit losses	(5.1)	29.0
Net gain on disposal of premises and equipment	(0.4)	(0.1)
Depreciation and amortization	11.4	9.7
Net premium amortization on investment securities	7.7	2.4
Realized and unrealized net gains on mortgage banking activities	(3.9)	(9.1)
Net gain on sale of investments in unrelated entities	—	(1.0)
Net gain on sale of OREO	(0.1)	(0.6)
Mortgage servicing rights (recovery) impairment	(5.9)	2.9
Deferred taxes	9.6	(4.4)
Net increase in cash surrender value of company-owned life insurance	(1.2)	(1.5)
Stock-based compensation expense	2.4	1.4
Originations of mortgage loans held for sale	(156.4)	(211.3)
Proceeds from sales of mortgage loans held for sale	177.2	224.9
Changes in operating assets and liabilities:		
Decrease in interest receivable	1.1	0.4
Increase in other assets	(7.8)	(34.9)
Increase (decrease) in accrued interest payable	1.1	(1.8)
(Decrease) increase in accounts payable and accrued expenses	(10.6)	6.0
Net cash provided by operating activities	70.5	41.3
Cash flows from investing activities:		
Purchases of investment securities:		
Held-to-maturity	(825.1)	—
Available-for-sale	(378.6)	(419.0)
Proceeds from sales, maturities, and pay-downs of investment securities:		
Held-to-maturity	9.3	22.0
Available-for-sale	293.7	415.5
Extensions of credit to clients, net of repayments	(60.7)	7.1
Recoveries of loans charged-off	2.0	1.5
Proceeds from sale of OREO	0.7	1.8
Proceeds from sale of investments in unrelated entities	—	2.2
Capital expenditures, net of sales	(0.5)	(4.9)
Net cash (used in) provided by investing activities	\$ (959.2)	\$ 26.2

FIRST INTERSTATE BANCSYSTEM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(In millions)
(Unaudited)

	Three Months Ended March 31,	
	2021	2020
Cash flows from financing activities:		
Net increase (decrease) in deposits	\$ 877.0	\$ (98.4)
Net decrease in securities sold under repurchase agreements	(38.8)	(83.5)
Proceeds from issuance of common stock	0.4	0.6
Purchase and retirement of common stock	(5.4)	(32.6)
Dividends paid to common stockholders	(25.3)	(61.2)
Net cash provided by (used in) financing activities	807.9	(275.1)
Net decrease in cash and cash equivalents	(80.8)	(207.6)
Cash and cash equivalents at beginning of period	2,276.8	1,076.8
Cash and cash equivalents at end of period	\$ 2,196.0	\$ 869.2
Supplemental disclosures of cash flow information:		
Cash paid during the period for income taxes	\$ 21.0	\$ 11.5
Cash paid during the period for interest expense	3.5	10.9
Supplemental disclosures of non-cash investing and financing activities:		
Right-of-use assets obtained in exchange for operating lease liabilities	—	3.2
Transfer of loans to other real estate owned	0.3	0.9
Capitalization of internally originated mortgage servicing rights	0.1	2.0

See accompanying notes to unaudited consolidated financial statements.

FIRST INTERSTATE BANCSYSTEM, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in millions, except share and per share data)
(1) Basis of Presentation

In the opinion of management, the accompanying unaudited consolidated financial statements of First Interstate BancSystem, Inc., First Interstate Bank (“FIB”), and its other subsidiaries (collectively, the “Company”) contain all adjustments (all of which are of a normal recurring nature) necessary to present fairly the financial position of the Company at March 31, 2021 and December 31, 2020, the results of operations, changes in stockholders’ equity, and cash flows for each of the three month period ended March 31, 2021 and 2020, in conformity with U.S. generally accepted accounting principles (“GAAP”). The balance sheet information at December 31, 2020 is derived from audited consolidated financial statements. Certain reclassifications, none of which were material, have been made to conform prior year financial statements to the March 31, 2021 presentation. These reclassifications did not change previously reported net income or stockholders’ equity.

These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020, which includes a description of significant accounting policies. Operating results for the three months ended March 31, 2021 are not necessarily indicative of the results that may be expected for the year ending December 31, 2021.

(2) Investment Securities

The amortized cost and the approximate fair values of investment securities are summarized as follows:

<i>March 31, 2021</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<i>Available-for-Sale:</i>				
U.S. Treasury notes	\$ 1.0	\$ —	\$ —	\$ 1.0
State, county, and municipal securities	458.0	1.8	(14.7)	445.1
Obligations of U.S. government agencies	334.9	0.4	(11.8)	323.5
U.S. agency residential mortgage-backed securities & collateralized mortgage obligations	2,866.0	56.3	(20.8)	2,901.5
Private mortgage-backed securities	6.5	0.1	—	6.6
Corporate securities	344.6	3.7	(5.9)	342.4
Total	\$ 4,011.0	\$ 62.3	\$ (53.2)	\$ 4,020.1

<i>March 31, 2021</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<i>Held-to-Maturity:</i>				
State, county, and municipal securities	\$ 74.1	\$ 2.7	\$ (0.9)	\$ 75.9
U.S. agency residential mortgage-backed securities & collateralized mortgage obligations	788.2	0.2	(12.8)	775.6
Corporate securities	3.9	0.1	—	4.0
Other investments	0.1	—	—	0.1
Total	\$ 866.3	\$ 3.0	\$ (13.7)	\$ 855.6

FIRST INTERSTATE BANCSYSTEM, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in millions, except share and per share data)

December 31, 2020	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<i>Available-for-Sale:</i>				
State, county, and municipal securities	\$ 462.1	\$ 4.8	\$ (1.0)	\$ 465.9
Obligations of U.S. government agencies	332.9	1.0	(2.0)	331.9
U.S. agency residential mortgage-backed securities & collateralized mortgage obligations	2,830.8	69.3	(2.5)	2,897.6
Private mortgage-backed securities	10.9	0.1	(0.1)	10.9
Corporate securities	295.8	6.5	(0.1)	302.2
Other investments	0.2	—	—	0.2
Total	\$ 3,932.7	\$ 81.7	\$ (5.7)	\$ 4,008.7

December 31, 2020	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<i>Held-to-Maturity:</i>				
State, county, and municipal securities	\$ 46.6	\$ 3.2	\$ —	\$ 49.8
U.S. agency residential mortgage-backed securities & collateralized mortgage obligations	1.0	0.1	—	1.1
Corporate securities	3.9	0.1	—	4.0
Other investments	0.1	—	—	0.1
Total	\$ 51.6	\$ 3.4	\$ —	\$ 55.0

There were no material gross realized gains and no material gross losses on the disposition of available-for-sale investment securities during the three month periods ended March 31, 2021 and 2020.

As of March 31, 2021, the Company had general obligation securities with amortized costs of \$60.9 million included in state, county, and municipal securities, of which \$25.6 million, or 42.0%, were issued by political subdivisions or agencies within the states of Idaho, Montana, Oregon, South Dakota, Washington, and Wyoming.

The following tables show the gross unrealized losses and fair values of investment securities, aggregated by investment category, and the length of time individual investment securities have been in a continuous unrealized loss position as of March 31, 2021 and December 31, 2020. There were no held-to-maturity securities in a continuous unrealized loss position at December 31, 2020.

	Less than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
<i>March 31, 2021</i>						
<i>Available-for-Sale:</i>						
State, county, and municipal securities	\$ 444.8	\$ (14.7)	\$ —	\$ —	\$ 444.8	\$ (14.7)
Obligations of U.S. government agencies	323.6	(11.8)	—	—	323.6	(11.8)
U.S. agency residential mortgage-backed securities & collateralized mortgage obligations	2,750.0	(20.7)	11.3	(0.1)	2,761.3	(20.8)
Corporate securities	342.3	(5.9)	—	—	342.3	(5.9)
Total	\$ 3,860.7	\$ (53.1)	\$ 11.3	\$ (0.1)	\$ 3,872.0	\$ (53.2)
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
<i>March 31, 2021</i>						
<i>Held-to-Maturity:</i>						
U.S. agency residential mortgage-backed securities & collateralized mortgage obligations	\$ 775.6	\$ (12.8)	\$ —	\$ —	\$ 775.6	\$ (12.8)
State, county, and municipal securities	75.9	(0.9)	—	—	75.9	(0.9)
Total	\$ 851.5	\$ (13.7)	\$ —	\$ —	\$ 851.5	\$ (13.7)

FIRST INTERSTATE BANCSYSTEM, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in millions, except share and per share data)

	Less than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
<i>December 31, 2020</i>						
<i>Available-for-Sale:</i>						
State, county, and municipal securities	\$ 148.1	\$ (1.0)	\$ —	\$ —	\$ 148.1	\$ (1.0)
Obligations of U.S. government agencies	235.6	(2.0)	—	—	235.6	(2.0)
U.S. agency residential mortgage-backed securities & collateralized mortgage obligations	434.0	(2.4)	12.3	(0.1)	446.3	(2.5)
Private mortgage-backed securities	—	—	4.3	(0.1)	4.3	(0.1)
Corporate securities	20.9	(0.1)	—	—	20.9	(0.1)
Total	\$ 838.6	\$ (5.5)	\$ 16.6	\$ (0.2)	\$ 855.2	\$ (5.7)

The available-for-sale securities portfolio contains securities that are guaranteed by a sovereign entity or are generally considered to have non-credit related risks, such as interest rate risk or prepayment and liquidity factors. The Company considers whether the securities are issued by the federal government or its agencies and whether downgrades by bond rating agencies have occurred. The unrealized losses are due to changes in interest rates and other market conditions.

The Company had 292 and 181 individual available-for-sale investment securities that were in an unrealized loss position as of March 31, 2021 and December 31, 2020, respectively, related primarily to fluctuations in current interest rates. As of March 31, 2021, the Company had the intent and ability to hold these investment securities for a period of time sufficient to allow for an anticipated recovery. Furthermore, the Company does not have the intent to sell any of the available-for-sale securities in the above table and it is more likely than not that the Company will not have to sell any securities before a recovery in cost. There were no material allowances for credit loss as of March 31, 2021 or December 31, 2020 for available-for-sale or held-to-maturity securities.

Maturities of securities do not reflect rate repricing opportunities present in adjustable-rate mortgage-backed securities. As of March 31, 2021, the Company had variable rate mortgage-backed securities with an amortized cost of \$235.8 million classified as available-for-sale in the table below. Maturities of mortgage-backed securities have been adjusted to reflect shorter maturities based upon estimated prepayments of principal. All other investment securities maturities are shown at contractual maturity dates.

	Available-for-Sale		Held-to-Maturity	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
<i>March 31, 2021</i>				
Within one year	\$ 977.9	\$ 948.3	\$ 341.0	\$ 335.7
After one year but within five years	1,124.4	1,335.7	195.6	194.0
After five years but within ten years	1,062.5	1,038.5	147.5	146.9
After ten years	846.2	697.6	182.2	179.0
Total	\$ 4,011.0	\$ 4,020.1	\$ 866.3	\$ 855.6

As of March 31, 2021, the Company held investment securities callable within one year with amortized costs and estimated fair values of \$265.1 million and \$258.6 million, respectively. These investment securities are primarily included in the “after five years but within ten years” category in the table above. As of March 31, 2021, the Company held no callable structured notes.

As of March 31, 2021 and December 31, 2020, the Company recorded amortized costs of \$2,257.0 million and \$2,323.0 million, respectively, for investment securities pledged to secure public deposits and securities sold under repurchase agreements and had approximate fair values as of March 31, 2021 and December 31, 2020 of \$2,290.8 million and \$2,383.6 million, respectively. All securities sold under repurchase agreements are with clients and mature on the next banking day. The Company retains possession of the underlying securities sold under repurchase agreements.

FIRST INTERSTATE BANCSYSTEM, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in millions, except share and per share data)
(3) Loans Held for Investment

The following table presents loans by segment as of the dates indicated:

	March 31, 2021	December 31, 2020
Real estate loans:		
Commercial	\$ 3,718.7	\$ 3,743.2
Construction loans:		
Land acquisition & development	263.2	265.0
Residential	242.1	250.9
Commercial	581.0	523.5
Total construction loans	1,086.3	1,039.4
Residential	1,488.8	1,396.3
Agricultural	218.8	220.6
Total real estate loans	6,512.6	6,399.5
Consumer loans:		
Indirect	782.9	805.1
Direct and advance lines	139.7	150.6
Credit card	64.6	70.2
Total consumer loans	987.2	1,025.9
Commercial	2,181.1	2,153.9
Agricultural	214.7	247.6
Other, including overdrafts	1.5	1.6
Loans held for investment	9,897.1	9,828.5
Deferred loan fees and costs	(33.9)	(21.0)
Loans held for investment, net of deferred fees and costs	9,863.2	9,807.5
Allowance for credit losses	(136.6)	(144.3)
Net loans held for investment	\$ 9,726.6	\$ 9,663.2

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Allowance for Credit Losses

The following tables represent, by loan portfolio segment, the activity in the allowance for credit losses for loans held for investment:

<i>Three Months Ended March 31, 2021</i>	Beginning Balance	Provision for (reversal of) Credit Loss	Loans Charged- Off	Recoveries Collected	Ending Balance
Allowance for credit losses ⁽¹⁾					
Real estate:					
Commercial real estate:					
Non-owner occupied	\$ 25.5	\$ (2.5)	\$ —	\$ —	\$ 23.0
Owner occupied	18.3	(0.8)	(0.1)	—	17.4
Multi-family	11.0	0.8	—	—	11.8
Total commercial real estate	54.8	(2.5)	(0.1)	—	52.2
Construction:					
Land acquisition & development	1.3	(0.2)	—	0.1	1.2
Residential construction	1.6	(0.2)	—	—	1.4
Commercial construction	7.3	(0.2)	—	0.1	7.2
Total construction	10.2	(0.6)	—	0.2	9.8
Residential real estate:					
Residential 1-4 family	11.4	0.1	—	—	11.5
Home equity and HELOC	1.4	—	(0.1)	0.1	1.4
Total residential real estate	12.8	0.1	(0.1)	0.1	12.9
Agricultural real estate	2.7	0.1	—	—	2.8
Total real estate	80.5	(2.9)	(0.2)	0.3	77.7
Consumer:					
Indirect	16.7	—	(1.3)	0.6	16.0
Direct and advance lines	4.6	0.7	(0.8)	0.3	4.8
Credit card	2.6	(0.7)	(0.6)	0.2	1.5
Total consumer	23.9	—	(2.7)	1.1	22.3
Commercial:					
Commercial and floor plans	34.2	(1.8)	(1.8)	0.4	31.0
Commercial purpose secured by 1-4 family	4.7	(0.2)	—	0.2	4.7
Credit card	0.3	0.2	(0.2)	—	0.3
Total commercial	39.2	(1.8)	(2.0)	0.6	36.0
Agricultural:					
Agricultural	0.7	(0.1)	—	—	0.6
Total agricultural	0.7	(0.1)	—	—	0.6
Total allowance for credit losses	\$ 144.3	\$ (4.8)	\$ (4.9)	\$ 2.0	\$ 136.6

⁽¹⁾ Amounts presented are exclusive of the allowance for credit losses related to unfunded commitments which are included in Note "Financial Instruments with Off-Balance Sheet Risk" included in this report.

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<i>Three Months Ended March 31, 2020</i>	Beginning Balance, Prior to Adoption of ASC 326	Impact of Adopting ASC 326	Provision for (reversal of) Credit Loss	Loans Charged- Off	Recoveries Collected	Ending Balance
Allowance for credit losses⁽¹⁾						
Real estate:						
Commercial real estate:						
Non-owner occupied	\$ 8.8	\$ 4.9	\$ 2.0	\$ —	\$ —	\$ 15.7
Owner occupied	10.0	3.5	2.2	—	—	15.7
Multi-family	0.7	6.9	0.5	—	—	8.1
Total commercial real estate	19.5	15.3	4.7	—	—	39.5
Construction:						
Land acquisition & development	1.9	(0.1)	0.1	(0.5)	—	1.4
Residential construction	1.5	(0.9)	0.5	—	—	1.1
Commercial construction	2.7	1.3	2.1	—	—	6.1
Total construction	6.1	0.3	2.7	(0.5)	—	8.6
Residential real estate:						
Residential 1-4 family	1.8	10.6	0.5	—	—	12.9
Home equity and HELOC	1.0	0.5	(0.1)	—	—	1.4
Total residential real estate	2.8	11.1	0.4	—	—	14.3
Agricultural real estate	0.5	1.8	0.3	—	—	2.6
Total real estate	28.9	28.5	8.1	(0.5)	—	65.0
Consumer:						
Indirect	4.5	8.8	3.9	(1.2)	0.7	16.7
Direct and advance lines	2.9	3.0	0.4	(1.0)	0.2	5.5
Credit card	2.5	0.3	0.4	(0.8)	0.2	2.6
Total consumer	9.9	12.1	4.7	(3.0)	1.1	24.8
Commercial:						
Commercial and floor plans	25.5	(5.1)	13.5	(0.8)	0.4	33.5
Commercial purpose secured by 1-4 family	5.9	(3.8)	2.4	(0.1)	—	4.4
Credit card	1.2	(1.1)	0.4	(0.2)	—	0.3
Total commercial	32.6	(10.0)	16.3	(1.1)	0.4	38.2
Agricultural:						
Agricultural	1.6	(0.6)	0.1	—	—	1.1
Total agricultural	1.6	(0.6)	0.1	—	—	1.1
Total allowance for credit losses	\$ 73.0	\$ 30.0	\$ 29.2	\$ (4.6)	\$ 1.5	\$ 129.1

⁽¹⁾ Amounts presented are exclusive of the allowance for credit losses related to unfunded commitments which are included in Note “Financial Instruments with Off-Balance Sheet Risk” included in this report.

Collateral-Dependent Financial Loans

A collateral-dependent financial loan relies solely on the operation or sale of the collateral for repayment. In evaluating the overall risk associated with a loan, the Company considers character, overall financial condition and resources, and payment record of the borrower; the prospects for support from any financially responsible guarantors; and the nature and degree of protection provided by the cash flow and value of any underlying collateral. The loan may become collateral-dependent where the borrower is experiencing financial difficulty and as sources of repayment become inadequate over time and that repayment is expected to be provided substantially through the operation or sale of the collateral.

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The following tables present the amortized cost basis of collateral-dependent loans by class of loans as of the dates indicated:

	Collateral Type			
	Business Assets	Real Property	Other	Total
<i>As of March 31, 2021</i>				
Real estate	\$ —	\$ 9.6	\$ —	\$ 9.6
Commercial	6.6	1.3	0.4	8.3
Agricultural	1.3	0.8	—	2.1
Total collateral-dependent	\$ 7.9	\$ 11.7	\$ 0.4	\$ 20.0

	Collateral Type			
	Business Assets	Real Property	Other	Total
<i>As of December 31, 2020</i>				
Real estate	\$ 1.3	\$ 6.5	\$ 1.1	\$ 8.9
Commercial	6.1	1.3	0.4	7.8
Agricultural	—	0.8	—	0.8
Total collateral-dependent	\$ 7.4	\$ 8.6	\$ 1.5	\$ 17.5

Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Loans classified in the following table as greater than 90 days past due are still accruing interest. The following tables present the contractual aging of the Company's recorded amortized cost basis in loans by portfolio as of the dates indicated.

	30 - 59 Days Past Due	60 - 89 Days Past Due	> 90 Days Past Due	Total Loans 30 or More Days Past Due	Current Loans	Non-accrual Loans ⁽¹⁾	Total Loans
<i>As of March 31, 2021</i>							
Real estate							
Commercial	\$ 7.9	\$ 1.5	\$ 0.4	\$ 9.8	\$ 3,696.7	\$ 12.2	\$ 3,718.7
Construction:							
Land acquisition & development	0.5	0.1	0.1	0.7	261.9	0.6	263.2
Residential	0.1	—	0.2	0.3	241.8	—	242.1
Commercial	—	—	—	—	581.0	—	581.0
Total construction loans	0.6	0.1	0.3	1.0	1,084.7	0.6	1,086.3
Residential	4.1	0.4	1.1	5.6	1,479.4	3.8	1,488.8
Agricultural	0.8	—	—	0.8	212.3	5.7	218.8
Total real estate loans	13.4	2.0	1.8	17.2	6,473.1	22.3	6,512.6
Consumer:							
Indirect consumer	3.9	0.9	0.2	5.0	776.0	1.9	782.9
Other consumer	0.8	0.1	0.1	1.0	138.4	0.3	139.7
Credit card	0.5	0.3	0.4	1.2	63.4	—	64.6
Total consumer loans	5.2	1.3	0.7	7.2	977.8	2.2	987.2
Commercial	2.4	1.0	1.5	4.9	2,166.7	9.5	2,181.1
Agricultural	0.9	0.1	0.4	1.4	210.3	3.0	214.7
Other, including overdrafts	—	—	—	—	1.5	—	1.5
Loans held for investment	\$ 21.9	\$ 4.4	\$ 4.4	\$ 30.7	\$ 9,829.4	\$ 37.0	\$ 9,897.1

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<i>As of December 31, 2020</i>	30 - 59 Days Past Due	60 - 89 Days Past Due	> 90 Days Past Due	Total Loans 30 or More Days Past Due	Current Loans	Non-accrual Loans ⁽¹⁾	Total Loans
Real estate							
Commercial	\$ 7.6	\$ 1.2	\$ 4.0	\$ 12.8	\$ 3,720.8	\$ 9.6	\$ 3,743.2
Construction:							
Land acquisition & development	2.5	1.1	0.1	3.7	260.6	0.7	265.0
Residential	1.5	0.4	—	1.9	247.9	1.1	250.9
Commercial	12.2	—	—	12.2	511.2	0.1	523.5
Total construction loans	16.2	1.5	0.1	17.8	1,019.7	1.9	1,039.4
Residential	4.7	1.6	0.5	6.8	1,384.9	4.6	1,396.3
Agricultural	2.0	—	—	2.0	212.4	6.2	220.6
Total real estate loans	30.5	4.3	4.6	39.4	6,337.8	22.3	6,399.5
Consumer:							
Indirect consumer	6.4	2.0	0.5	8.9	794.3	1.9	805.1
Other consumer	0.8	0.2	0.2	1.2	149.0	0.4	150.6
Credit card	0.6	0.4	0.6	1.6	68.6	—	70.2
Total consumer loans	7.8	2.6	1.3	11.7	1,011.9	2.3	1,025.9
Commercial	6.2	1.8	1.2	9.2	2,132.9	11.8	2,153.9
Agricultural	0.4	0.6	1.4	2.4	242.1	3.1	247.6
Other, including overdrafts	—	—	—	—	1.6	—	1.6
Loans held for investment	\$ 44.9	\$ 9.3	\$ 8.5	\$ 62.7	\$ 9,726.3	\$ 39.5	\$ 9,828.5

⁽¹⁾ As of March 31, 2021 and December 31, 2020, none of our non-accrual loans were earning interest income. Additionally, no material interest income was recognized on non-accrual loans during the three months ended March 31, 2021 and 2020, respectively. Additionally, no material accrued interest was reversed at March 31, 2021 and 2020.

Troubled Debt Restructurings

Modifications of performing loans are made in the ordinary course of business and are completed on a case-by-case basis as negotiated with the borrower in connection with the ongoing loan collection processes. Loan modifications typically include interest rate changes, interest only periods of less than twelve months, short-term payment deferrals and extension of amortization periods to provide payment relief. A loan modification is considered a troubled debt restructuring if the borrower is experiencing financial difficulties and the Company, for economic or legal reasons, grants a concession to the borrower that it would not otherwise consider. Certain troubled debt restructurings are on non-accrual status at the time of restructuring and may be returned to accrual status if the borrower has sustained repayment performance in accordance with the restructuring agreement for a period of at least six months and management is reasonably assured of the borrower's future performance. If the troubled debt restructuring meets these performance criteria, and the interest rate granted at the modification is equal to or greater than the rate that the Company was willing to accept at the time of the restructuring for a new loan with comparable risk, then the loan will return to performing status and the accrual of interest will resume. Loans that return to performing status will continue to be individually evaluated for credit deterioration.

The 2020 Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") provided financial institutions with options on the treatment of troubled debt restructurings, and the Company elected to apply these options at the individual loan level. Under the CARES Act, the Company can elect: (1) to suspend the requirements under GAAP for loan modifications related to the COVID-19 pandemic that would otherwise be categorized as a troubled debt restructuring; and/or (2) to suspend any determination of a loan modified as being a troubled debt restructuring as a result of the effects of the COVID-19 pandemic, including impairment for accounting purposes. If the Company elects a suspension noted above, the suspension (a) will be effective for the term of the loan modification, but solely with respect to any modification, including a forbearance arrangement, an interest rate modification, a repayment plan, and any other similar arrangement that defers or delays the payment of principal or interest, occurring for a loan that was not more than 30 days past due as of December 31, 2019; and (b) will not apply to any adverse impact on the credit of a borrower that is not related to the COVID-19 pandemic. These suspensions end the earlier of January 1, 2022 or the date that is 60 days after the termination of the national emergency.

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The Company renegotiated loans in troubled debt restructurings in the amount of \$12.2 million as of March 31, 2021, of which \$9.1 million were included in non-accrual loans and \$3.1 million were on accrual status. As of March 31, 2021, the Company allocated \$1.5 million of allowance for credit losses to those loans and the Company had no material commitments to lend additional funds to borrowers whose existing loans have been renegotiated or are classified as non-accrual.

The Company renegotiated loans in troubled debt restructurings in the amount of \$14.5 million as of December 31, 2020, of which \$11.3 million were included in non-accrual loans and \$3.2 million were on accrual status. As of December 31, 2020, the Company allocated \$2.9 million of allowance for credit losses to those loans and the Company had no material commitments to lend additional funds to borrowers whose existing loans have been renegotiated or are classified as non-accrual.

The Company had no material new troubled debt restructurings during the three months ended March 31, 2021.

For troubled debt restructurings that were on non-accrual status or otherwise deemed collateral-dependent before the modification, a specific reserve may already be recorded. In periods subsequent to modification, the Company continues to evaluate all troubled debt restructurings for possible credit deterioration and recognizes credit loss through the allowance. Additionally, these loans continue to work through the credit cycle through charge-off, pay-off, or foreclosure. Financial effects of modifications of troubled debt restructurings may include principal loan forgiveness or other charge-offs directly related to the restructuring. The Company had no charge-offs directly related to modifying troubled debt restructurings during the three months ended March 31, 2021 or 2020.

The Company had no material troubled debt restructurings during the previous 12 months for which there was a payment default during the three months ended March 31, 2021. The Company considers a payment default to occur on troubled debt restructurings when the loan is 90 days or more past due or is placed on non-accrual status after the modification.

The terms of certain other loans were modified during the quarter ended March 31, 2021 that did not meet the definition of a troubled debt restructuring. These loans have a total recorded investment of \$94.4 million as of March 31, 2021. The modification of these loans involved either a modification of the terms of a loan to borrowers who were not experiencing financial difficulties or a delay in a payment that was considered to be insignificant.

In order to determine whether a borrower is experiencing financial difficulty, the Company evaluates the probability that the borrower will be in payment default on any of its debt in the foreseeable future without the modification. This evaluation is performed under the Company's internal underwriting policy.

Credit Quality Indicators

As part of the on-going and continuous monitoring of the credit quality of the Company's loan portfolio, management tracks internally assigned risk classifications of loans based on relevant information about the ability of borrowers to service their debt including, among other factors, current financial information, historical payment experience, credit documentation, public information, and current economic trends. The Company analyzes loans individually to classify the credit risk of the loans. This analysis generally includes loans with an outstanding balance greater than \$1.0 million, which are generally considered non-homogeneous loans, such as commercial loans and commercial real estate loans. This analysis is performed no less than on an annual basis, dependent upon the size of exposure and the financial reporting frequency to which the borrower is contractually obligated. Homogeneous loans, including small business loans, are typically managed by payment performance. The Company risk rates its loans internally in accordance with a Uniform Classification System developed jointly by the various bank regulatory agencies to internally risk rate loans. The Uniform Classification System defines three broad categories of criticized assets, which the Company uses as credit quality indicators in addition to the 6 Pass ratings in its 10-point rating scale:

Special Mention — includes loans that exhibit a potential weakness in financial condition, loan structure, or documentation that warrants management's close attention. If not promptly corrected, the potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

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Substandard — includes loans that are inadequately protected by the current net worth and paying capacity of the borrower which have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. Although the primary source of repayment for a substandard loan may not currently be sufficient, collateral or other sources of repayment are sufficient to satisfy the debt. Continuance of a substandard loan is not warranted unless positive steps are taken to improve the worthiness of the credit.

Doubtful — includes loans that exhibit pronounced weaknesses on the basis of currently existing facts, conditions, and values to a point where collection or liquidation for full repayment is highly questionable and improbable. Doubtful loans are required to be placed on non-accrual status and are assigned specific loss exposure.

Loans not meeting the criteria above that are analyzed individually as part of the above described process are considered to be pass-rated loans.

The Company evaluates the credit quality and loan performance for the allowance for credit loan losses of the following segments based on the aforementioned risk scale:

		March 31, 2021							
		Term Loans Amortized Cost Basis by Origination Year							
Risk by Collateral		2021	2020	2019	2018	2017	Prior	Revolving Loans Amortized Cost Basis	Total
Commercial real estate non-owner occupied:									
Pass	\$	99.4	\$ 472.0	\$ 294.7	\$ 194.0	\$ 101.0	\$ 461.3	\$ 20.8	\$ 1,643.2
Special mention		—	1.9	1.9	0.7	—	19.6	—	24.1
Substandard		4.0	15.7	2.7	1.0	1.2	14.5	—	39.1
Total	\$	103.4	\$ 489.6	\$ 299.3	\$ 195.7	\$ 102.2	\$ 495.4	\$ 20.8	\$ 1,706.4
Commercial real estate owner occupied:									
Pass	\$	70.4	\$ 402.7	\$ 300.3	\$ 196.7	\$ 119.3	\$ 454.7	\$ 7.0	\$ 1,551.1
Special mention		0.5	7.1	1.7	4.0	4.2	35.6	—	53.1
Substandard		0.9	5.1	6.8	13.4	3.6	20.8	0.2	50.8
Doubtful		—	0.2	—	—	0.2	—	—	0.4
Total	\$	71.8	\$ 415.1	\$ 308.8	\$ 214.1	\$ 127.3	\$ 511.1	\$ 7.2	\$ 1,655.4
Commercial multi-family:									
Pass	\$	19.8	\$ 120.8	\$ 54.6	\$ 22.5	\$ 39.4	\$ 98.9	\$ 0.8	\$ 356.8
Substandard		—	—	—	—	—	0.1	—	0.1
Total	\$	19.8	\$ 120.8	\$ 54.6	\$ 22.5	\$ 39.4	\$ 99.0	\$ 0.8	\$ 356.9
Land, acquisition and development:									
Pass	\$	30.3	\$ 95.6	\$ 51.4	\$ 20.9	\$ 28.6	\$ 30.5	\$ 1.3	\$ 258.6
Special mention		—	0.2	0.1	—	0.4	1.1	0.5	2.3
Substandard		0.6	0.2	—	0.9	0.2	0.2	0.1	2.2
Doubtful		—	—	—	—	—	0.1	—	0.1
Total	\$	30.9	\$ 96.0	\$ 51.5	\$ 21.8	\$ 29.2	\$ 31.9	\$ 1.9	\$ 263.2
Residential construction:									
Pass	\$	27.9	\$ 64.6	\$ 58.2	\$ 1.1	\$ 3.4	\$ 0.1	\$ 86.6	\$ 241.9
Substandard		—	—	—	0.2	—	—	—	0.2
Total	\$	27.9	\$ 64.6	\$ 58.2	\$ 1.3	\$ 3.4	\$ 0.1	\$ 86.6	\$ 242.1
Commercial construction:									
Pass	\$	61.1	\$ 257.6	\$ 191.7	\$ 43.2	\$ 11.0	\$ 5.8	\$ 9.1	\$ 579.5
Special mention		—	—	—	1.5	—	—	—	1.5
Total	\$	61.1	\$ 257.6	\$ 191.7	\$ 44.7	\$ 11.0	\$ 5.8	\$ 9.1	\$ 581.0

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		March 31, 2021														
		Term Loans Amortized Cost Basis by Origination Year														
Risk by Collateral		2021	2020	2019	2018	2017	Prior	Revolving Loans Amortized Cost Basis	Total							
Agricultural real estate:																
Pass	\$	14.4	\$	45.8	\$	42.3	\$	26.4	\$	16.4	\$	36.2	\$	4.4	\$	185.9
Special mention		0.6		2.5		6.7		1.1		1.5		2.0		1.0		15.4
Substandard		—		1.4		5.2		3.3		0.9		6.6		0.1		17.5
Total	\$	15.0	\$	49.7	\$	54.2	\$	30.8	\$	18.8	\$	44.8	\$	5.5	\$	218.8
Commercial and floor plans:																
Pass	\$	880.1	\$	231.3	\$	137.0	\$	122.7	\$	64.3	\$	125.6	\$	231.1	\$	1,792.1
Special mention		0.5		16.0		1.3		3.1		6.5		4.0		4.3		35.7
Substandard		1.5		6.4		1.4		1.6		0.6		5.3		5.1		21.9
Doubtful		—		0.3		0.3		—		—		0.4		0.2		1.2
Total	\$	882.1	\$	254.0	\$	140.0	\$	127.4	\$	71.4	\$	135.3	\$	240.7	\$	1,850.9
Commercial purpose secured by 1-4 family:																
Pass	\$	15.3	\$	75.6	\$	50.7	\$	30.5	\$	19.1	\$	44.7	\$	16.1	\$	252.0
Special mention		—		0.2		0.5		1.0		0.1		1.1		0.4		3.3
Substandard		0.4		2.5		0.8		1.6		0.3		1.9		0.1		7.6
Total	\$	15.7	\$	78.3	\$	52.0	\$	33.1	\$	19.5	\$	47.7	\$	16.6	\$	262.9
Agricultural:																
Pass	\$	20.1	\$	36.2	\$	13.7	\$	9.4	\$	3.7	\$	3.1	\$	102.9	\$	189.1
Special mention		0.6		1.0		0.6		0.3		—		0.3		11.4		14.2
Substandard		0.3		0.7		1.3		2.7		0.6		0.4		3.8		9.8
Total	\$	21.0	\$	37.9	\$	15.6	\$	12.4	\$	4.3	\$	3.8	\$	118.1	\$	213.1

The Company evaluates the credit quality, loan performance, and the allowance for credit loan losses of its residential and consumer loan portfolios, based primarily on the aging status of the loan and payment activity. Accordingly, loans on nonaccrual status, loans past due 90 days or more and still accruing interest, and loans modified under troubled debt restructurings are considered to be nonperforming for purposes of credit quality evaluation. The following tables present the recorded investment of our other loan portfolios based on the credit risk profile of loans that are performing and loans that are nonperforming as of the periods indicated:

Risk by Collateral	March 31, 2021							Revolving Loans Amortized Cost Basis	Total
	Term Loans Amortized Cost Basis by Origination Year								
	2021	2020	2019	2018	2017	Prior			
Residential 1-4 family:									
Performing	\$ 151.1	\$ 504.4	\$ 93.6	\$ 48.8	\$ 39.5	\$ 268.3	\$ 1.5	\$ 1,107.2	
Nonperforming	—	0.2	0.7	—	0.2	1.6	—	2.7	
Total	\$ 151.1	\$ 504.6	\$ 94.3	\$ 48.8	\$ 39.7	\$ 269.9	\$ 1.5	\$ 1,109.9	
Consumer home equity and HELOC:									
Performing	\$ 3.0	\$ 10.7	\$ 6.1	\$ 6.4	\$ 8.1	\$ 17.0	\$ 325.6	\$ 376.9	
Nonperforming	—	—	0.4	—	0.6	0.9	0.1	2.0	
Total	\$ 3.0	\$ 10.7	\$ 6.5	\$ 6.4	\$ 8.7	\$ 17.9	\$ 325.7	\$ 378.9	
Consumer indirect:									
Performing	\$ 70.5	\$ 304.8	\$ 165.8	\$ 101.9	\$ 62.2	\$ 75.6	—	\$ 780.8	
Nonperforming	—	0.3	0.6	0.4	0.2	0.6	—	2.1	
Total	\$ 70.5	\$ 305.1	\$ 166.4	\$ 102.3	\$ 62.4	\$ 76.2	—	\$ 782.9	

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Risk by Collateral	March 31, 2021							Revolving Loans Amortized Cost Basis	Total
	Term Loans Amortized Cost Basis by Origination Year								
	2021	2020	2019	2018	2017	Prior			
Consumer direct and advance line:									
Performing	\$ 9.8	\$ 41.4	\$ 25.3	\$ 23.6	\$ 10.0	\$ 11.7	\$ 17.4	\$ 139.2	
Nonperforming	—	—	0.1	0.2	—	0.1	0.1	0.5	
Total	\$ 9.8	\$ 41.4	\$ 25.4	\$ 23.8	\$ 10.0	\$ 11.8	\$ 17.5	\$ 139.7	

The Company considers the performance of the loan portfolio and its impact on the allowance for credit loan losses. For certain credit card loan classes, the Company also evaluates credit quality based on the aging status of the loan, which was previously presented, and by payment activity. The following table presents the recorded investment in credit card loans based on payment activity:

As of March 31, 2021	Consumer	Commercial	Agricultural	Total
Credit Card:				
Performing	\$ 64.2	\$ 67.1	\$ 1.5	\$ 132.8
Nonperforming	0.4	0.3	0.1	0.8
Total	\$ 64.6	\$ 67.4	\$ 1.6	\$ 133.6

There were no material purchases of portfolio loans and no material sales of loans held for investment during the three months ended March 31, 2021 or 2020.

(4) Other Real Estate Owned

Other real estate owned is a category of real estate owned by the Company as a result of a default by the borrower. Information with respect to the Company's other real estate owned follows:

	Three Months Ended March 31,	
	2021	2020
Beginning balance	\$ 2.5	\$ 8.5
Additions	0.3	0.9
Dispositions	(0.6)	(1.2)
Ending balance	\$ 2.2	\$ 8.2

There were no foreclosed residential real estate properties included in other real estate owned as of March 31, 2021 and December 31, 2020. The Company had recorded investments in consumer mortgage loans secured by residential real estate for which formal foreclosure proceedings were in process of foreclosure of zero and \$0.2 million as of March 31, 2021 and December 31, 2020, respectively.

(5) Derivatives and Hedging Activities

For asset and liability management purposes, the Company enters into interest rate swap contracts to hedge against changes in forecasted cash flows due to interest rate exposures. Interest rate swaps are contracts in which a series of interest payments are exchanged over a prescribed period. The notional amount upon which the interest payments are based is not exchanged. The amount exchanged is determined by reference to the notional amount and the other terms of the individual agreements. The swap agreements are derivative instruments and convert a portion of the Company's forecasted variable rate debt to a fixed rate (i.e., cash flow hedge) over the payment term of the interest rate swap. The gain or loss on cash flow hedging instruments is initially reported as a component of other comprehensive income and subsequently reclassified into earnings in the same period during which the transaction affects earnings. The Company does not enter into interest rate swap agreements for trading or speculative purposes.

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Changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in Accumulated Other Comprehensive Income and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings.

On May 1, 2020, the Company entered into three interest rate swap contracts that were designated as cash flow hedges. The contracts included a notional amount of \$46.4 million, \$36.1 million, and \$5.1 million. The Company pays a fixed interest rate of 0.40%, 0.34%, and 0.40%, respectively, and the counterparty pays to the Company a variable interest rate equal to the three-month LIBOR under the terms of the interest rate swap contracts. No cash was exchanged until the effective date, which began on May 1, 2020 and ends on April 1, 2022, March 15, 2022, and March 30, 2022, respectively. The Company designated the interest payments related to the trust preferred securities as the cash flow hedge. The hedge was fully effective during the current period. The Company expects the hedge to remain highly effective during the remaining term of the interest rate swap.

The Company also enters into certain interest rate swap contracts that are not designated as hedging instruments. These derivative contracts relate to transactions in which the Company enters into an interest rate swap with a client while at the same time entering into an offsetting interest rate swap with a third-party financial institution. Because the Company acts as an intermediary for the client, changes in the fair value of the underlying derivative contracts for the most part offset each other and do not significantly impact the Company's results of operations.

In the normal course of business, the Company enters into interest rate lock commitments to finance residential mortgage loans that are not designated as accounting hedges. These commitments, which contain fixed expiration dates, offer the borrower an interest rate guarantee, provided the loan meets underwriting guidelines and closes within the timeframe established by the Company. Interest rate risk arises on these commitments and subsequently closed loans if interest rates change between the time of the interest rate lock and the delivery of the loan to the investor. Loan commitments related to residential mortgage loans intended to be sold are considered derivatives and are marked to market through earnings. In addition to the effects of the change in market interest rate, the fair value measurement of the derivative also contemplates the expected cash flows to be received from the counterparty from the future sale of the loan.

The Company sells residential mortgage loans on either a best efforts or mandatory delivery basis. The Company mitigates the effect of the interest rate risk inherent in providing interest rate lock commitments by entering into forward loan sales contracts. During the interest rate lock commitment period, these forward loan sales contracts are marked to market through earnings and are not designated as accounting hedges. Exclusive of the fair value component associated with the projected cash flows from the loan delivery to the investor, the changes in fair value related to movements in market rates of the interest rate lock commitments and the forward loan sales contracts generally move in opposite directions, and the net impact of changes in these valuations on net income during the loan commitment period is generally inconsequential. When the loan is funded to the borrower, the interest rate lock commitment derivative expires, and the Company records a loan held for sale. The forward loan sales contract acts as a hedge against the variability in cash to be received from the loan sale. The changes in measurement of the estimated fair values of the interest rate lock commitments and forward loan sales contracts are included in mortgage banking revenues in the accompanying consolidated statements of income.

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The notional amounts and estimated fair values of the Company's derivatives are presented in the following table. Fair value estimates are obtained from third parties and are based on pricing models.

	March 31, 2021		December 31, 2020	
	Notional Amount	Estimated Fair Value	Notional Amount	Estimated Fair Value
Derivative Assets (included in other assets on the consolidated balance sheets):				
<i>Non-hedging interest rate derivatives:</i>				
Interest rate swap contracts	\$ 853.8	\$ 46.8	\$ 799.7	\$ 52.0
Interest rate lock commitments	90.9	1.1	101.9	3.3
Forward loan sales contracts	106.0	1.5	—	—
Total derivative assets	\$ 1,050.7	\$ 49.4	\$ 901.6	\$ 55.3
Derivative Liabilities (included in accounts payable and accrued expenses on the consolidated balance sheets):				
<i>Derivatives designated as hedges:</i>				
Interest rate swap contracts	\$ 87.6	\$ 0.2	\$ 87.6	\$ 0.2
<i>Non-hedging interest rate derivatives:</i>				
Interest rate swap contracts	853.8	46.8	799.7	52.0
Forward loan sales contracts	—	—	126.8	1.1
Total derivative liabilities	\$ 941.4	\$ 47.0	\$ 1,014.1	\$ 53.3

There were no material effects of derivative instruments in cash flow hedging relationships on the consolidated statements of income for the three months ended March 31, 2021.

Derivative assets and liabilities are recorded at fair value on the balance sheet and do not take into account the effects of master netting arrangements. Master netting arrangements allow the Company to settle all contracts held with a single counterparty on a net basis and to offset net contract position with related collateral where applicable.

The following table illustrates the potential effect of the Company's master netting arrangements, by type of financial instrument, on the Company's consolidated balance sheets for the periods indicated:

	March 31, 2021					
	Gross Amounts Recognized	Gross Amounts Offset in the Balance Sheet	Net Amounts in the Balance Sheet	Financial Instruments	Fair Value of Financial Collateral in the Balance Sheet	Net Amount
Financial Assets						
Interest rate swap contracts	\$ 46.8	\$ —	\$ 46.8	\$ 17.5	\$ 12.4	\$ 16.9
Mortgage related derivatives	2.6	—	2.6	—	—	2.6
Total derivatives	49.4	—	49.4	17.5	12.4	19.5
Total assets	\$ 49.4	\$ —	\$ 49.4	\$ 17.5	\$ 12.4	\$ 19.5
Financial Liabilities						
Interest rate swap contracts	\$ 47.0	\$ —	\$ 47.0	\$ 17.5	\$ —	\$ 29.5
Total derivatives	47.0	—	47.0	17.5	—	29.5
Repurchase agreements	1,052.6	—	1,052.6	—	1,052.6	—
Total liabilities	\$ 1,099.6	\$ —	\$ 1,099.6	\$ 17.5	\$ 1,052.6	\$ 29.5

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	December 31, 2020							
	Gross Amounts Recognized	Gross Amounts Offset in the Balance Sheet	Net Amounts in the Balance Sheet	Financial Instruments	Fair Value of Financial Collateral in the Balance Sheet	Net Amount		
Financial Assets								
Interest rate swap contracts	\$ 52.0	\$ —	\$ 52.0	\$ —	\$ 17.2	\$ 34.8		
Mortgage related derivatives	3.3	—	3.3	—	—	3.3		
Total derivatives	55.3	—	55.3	—	17.2	38.1		
Total assets	\$ 55.3	\$ —	\$ 55.3	\$ —	\$ 17.2	\$ 38.1		
Financial Liabilities								
Interest rate swap contracts	\$ 52.2	\$ —	\$ 52.2	\$ —	\$ —	\$ 52.2		
Mortgage related derivatives	1.1	—	1.1	—	—	1.1		
Total derivatives	53.3	—	53.3	—	—	53.3		
Repurchase agreements	1,091.4	—	1,091.4	—	1,091.4	—		
Total liabilities	\$ 1,144.7	\$ —	\$ 1,144.7	\$ —	\$ 1,091.4	\$ 53.3		

The following table presents the pre-tax gains or losses related to derivative contracts that were recorded in other non-interest income in the Company's statements of income:

	Three Months Ended March 31,	
	2021	2020
<i>Non-hedging interest rate derivatives:</i>		
Amount of net fee income recognized in other non-interest income	\$ 1.1	\$ 1.0
Amount of net gains recognized in mortgage banking revenues	0.3	4.5

(6) Capital Stock

The Company had 41,583,430 shares of Class A common stock and 20,646,913 shares of Class B common stock outstanding as of March 31, 2021. The Company had 40,335,113 shares of Class A common stock and 21,760,686 shares of Class B common stock outstanding as of December 31, 2020.

On June 11, 2019, the Company's board of directors adopted a stock repurchase program where the Company may repurchase up to 2.5 million of its outstanding shares of Class A common stock. On September 12, 2020, the Company's board of directors increased the number of shares of Class A common stock authorized to be repurchased by the Company under the stock repurchase program by an additional 3.0 million shares for a total of 5.5 million shares. During the three months ended March 31, 2021, the Company repurchased and retired 72,700 shares of our Class A common stock at a total cost of \$2.9 million, including costs and commissions, at an average cost of \$39.69 per share. The shares of common stock repurchased under the program during the period represented 1.3% of the total 5.5 million shares authorized to be repurchased. As of March 31, 2021, there were 1.9 million shares remaining authorized under the repurchase program. All other stock repurchases during the three months ended March 31, 2021 and 2020, were redemptions of vested restricted shares tendered in lieu of cash for payment of income tax withholding amounts by participants in the Company's equity compensation plans.

During the three months ended March 31, 2021, the Company issued 604 shares of its Class A common stock to directors for their service on the Company's board of directors. The aggregate value of the shares issued to the directors was included in stock-based compensation expense in the accompanying consolidated statements of changes in stockholders' equity.

(7) Earnings per Common Share

Basic earnings per common share is calculated by dividing net income by the weighted average number of common shares outstanding during the period presented, excluding unvested restricted stock. Diluted earnings per share is calculated by dividing net income by the weighted average number of common shares determined for the basic earnings per share computation plus the dilutive effects of stock-based compensation using the treasury stock method.

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The following table sets forth the computation of basic and diluted earnings per share for the periods presented:

	Three Months Ended March 31,	
	2021	2020
Net income	\$ 51.4	\$ 29.3
Weighted average common shares outstanding for basic earnings per share computation	61,591,877	64,790,186
Dilutive effects of stock-based compensation	122,186	146,921
Weighted average common shares outstanding for diluted earnings per common share computation	61,714,063	64,937,107
Basic earnings per common share	\$ 0.83	\$ 0.45
Diluted earnings per common share	\$ 0.83	\$ 0.45
Anti-dilutive unvested time restricted stock	92,602	113,468

The Company had 368,793 and 309,410 shares of unvested restricted stock as of March 31, 2021 and 2020, respectively, that were not included in the computation of diluted earnings per common share because performance conditions for vesting had not been met.

(8) Regulatory Capital

As of March 31, 2021 and December 31, 2020, the Company exceeded all capital adequacy requirements to which it is subject. Actual capital amounts and ratios for the Company and its subsidiary Bank, as of March 31, 2021 and December 31, 2020 are presented in the following tables:

	Actual		Minimum Required for Capital Adequacy Purposes		For Capital Adequacy Purposes Plus Capital Conservation Buffer		Minimum to Be Well Capitalized Under Prompt Corrective Action Requirements(1)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
<i>March 31, 2021</i>								
Total risk-based capital:								
Consolidated	\$ 1,597.3	14.04 %	\$ 910.1	8.00 %	\$ 1,194.4	10.50 %	\$ 1,137.6	10.00 %
FIB	1,437.1	12.67	907.4	8.00	1,191.0	10.50	1,134.3	10.00
Tier 1 risk-based capital:								
Consolidated	1,396.4	12.28	682.5	6.00	966.9	8.50	910.1	8.00
FIB	1,336.3	11.78	680.6	6.00	964.1	8.50	907.4	8.00
Common equity tier 1 risk-based capital:								
Consolidated	1,309.4	11.51	511.9	4.50	796.3	7.00	739.4	6.50
FIB	1,336.3	11.78	510.4	4.50	794.0	7.00	737.3	6.50
Leverage capital ratio:								
Consolidated	1,396.4	8.12	687.7	4.00	687.7	4.00	859.6	5.00
FIB	1,336.3	7.75	689.3	4.00	689.3	4.00	861.6	5.00

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	Actual		Minimum Required for Capital Adequacy Purposes		For Capital Adequacy Purposes Plus Capital Conservation Buffer		Minimum to Be Well Capitalized Under Prompt Corrective Action Requirements(1)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
<i>December 31, 2020</i>								
Total risk-based capital:								
Consolidated	\$ 1,575.7	14.19 %	\$ 888.3	8.00 %	\$ 1,165.8	10.50 %	\$ 1,110.3	10.00 %
FIB	1,426.8	12.89	885.6	8.00	1,162.3	10.50	1,107.0	10.00
Tier 1 risk-based capital:								
Consolidated	1,369.0	12.33	666.2	6.00	943.8	8.50	888.3	8.00
FIB	1,320.1	11.93	664.2	6.00	940.9	8.50	885.6	8.00
Common equity tier 1 risk-based capital:								
Consolidated	1,284.9	11.57	499.6	4.50	777.2	7.00	721.7	6.50
FIB	1,320.1	11.93	498.1	4.50	774.9	7.00	719.5	6.50
Leverage capital ratio:								
Consolidated	1,369.0	8.16	671.0	4.00	671.0	4.00	838.7	5.00
FIB	1,320.1	7.88	669.7	4.00	669.7	4.00	837.2	5.00

(1) The ratios for the requirements to be deemed “well-capitalized” are only applicable to FIB. However, the Company manages its capital position as if the requirements apply to the consolidated company and has presented the ratios as if they also applied on a consolidated basis.

In connection with the adoption of CECL, or ASC 326, on January 1, 2020, the Company recognized an after-tax cumulative effect reduction to retained earnings totaling \$24.1 million. In March 2020, the Office of the Comptroller of Currency, the Board of Governors of the Federal Reserve System, and the FDIC issued an interim final rule that allows banking organizations to mitigate the effects of ASC 326 on their regulatory capital computations. This interim rule is in addition to the three-year transition period already in place under the capital transition rule previously issued in February 2019. Banking organizations can elect to mitigate the estimated cumulative regulatory capital effects for an additional two years. This rule allows an institution to defer transitioning the impact of ASC 326 into its regulatory capital calculation, including ratios, over an extended period. Additionally, the interim rule extends the transition period whereby an institution can defer the impact from ASC 326 on the current period, determined based on the difference between the new ASC 326 allowance for credit losses and the allowance for loan losses under the incurred loss method from previous GAAP, for up to two years. The total impact related to ASC 326 would then be transitioned into regulatory capital and the associated ratios over a three-year transition period, beginning after the initial two-year deferral period, for a total transition period of five years. The Company has elected to opt into the transition election and is adopting transition relief over the permissible five-year period.

(9) Commitments and Contingencies

In the normal course of business, the Company is involved in various other claims and litigation. In the opinion of management, following consultation with legal counsel, the ultimate liability or disposition thereof of all other claims and litigation is not expected to have a material adverse effect on the consolidated financial condition, results of operations, or liquidity of the Company.

As of March 31, 2021, the Company had commitments under construction contracts of \$5.0 million.

Residential mortgage loans sold to investors in the secondary market are sold with varying recourse provisions. Essentially all the loan sales agreements require the repurchase of a mortgage loan by the seller in situations such as breach of representation, warranty, or covenant; untimely document delivery; false or misleading statements; failure to obtain certain certificates or insurance; or unmarketability. Certain loan sales agreements contain repurchase requirements based on payment-related defects that are defined in terms of the number of days or months since the purchase, the sequence number of the payment, and/or the number of days of payment delinquency. Based on the specific terms stated in the agreements, the Company had \$0.6 million of sold residential mortgage loans with recourse provisions still in effect as of March 31, 2021.

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(10) Financial Instruments with Off-Balance Sheet Risk

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its clients. These financial instruments include commitments to extend credit and standby letters of credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of amounts recorded in the consolidated balance sheets. Commitments to extend credit are agreements to lend to a client as long as there is no violation of any condition established in the commitment contract. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a client to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to clients. The Company's policy for obtaining collateral, and the nature of such collateral, is essentially the same as that involved in making commitments to extend credit. The estimated fair value of the obligation undertaken by the Company in issuing standby letters of credit is included in accounts payable and accrued expenses in the Company's consolidated balance sheets.

The following table presents our financial instruments with off-balance sheet risk, as well as the activity in the allowance for off-balance sheet credit losses related to those financial instruments:

	Three Months Ended March 31,	
	2021	2020
Beginning balance	\$ 3.7	\$ —
Initial impact of adopting ASC 326	—	2.3
Provision for (reversal of) credit loss expense	(0.3)	(0.2)
Ending balance of allowance for off-balance sheet credit losses	\$ 3.4	\$ 2.1

	March 31,	December 31,
	2021	2020
Unused credit card lines	\$ 684.2	\$ 682.8
Commitments to extend credit	2,302.1	2,280.0
Standby letter of credit	61.9	59.0

(11) Other Comprehensive Income/Loss

The gross amounts of each component of other comprehensive income and the related tax effects are as follows:

Three Months Ended March 31,	Pre-tax		Tax Expense (Benefit)		Net of Tax	
	2021	2020	2021	2020	2021	2020
Investment securities available-for-sale:						
Change in net unrealized (loss) gain during period	\$ (66.8)	\$ 39.2	\$ (17.0)	\$ 10.3	\$ (49.8)	\$ 28.9
Unrealized gain on derivatives	(0.1)	—	—	—	(0.1)	—
Defined benefits post-retirement benefit plan:						
Change in net actuarial gains	—	(0.2)	—	(0.1)	—	(0.1)
Total other comprehensive (loss) income	\$ (66.9)	\$ 39.0	\$ (17.0)	\$ 10.2	\$ (49.9)	\$ 28.8

The components of accumulated other comprehensive income, net of related tax effects, are as follows:

	March 31, 2021	December 31, 2020
Net unrealized gains on investment securities available-for-sale	\$ 6.8	\$ 56.8
Net unrealized loss on derivatives	(0.1)	(0.2)
Net accumulated other comprehensive gains	\$ 6.7	\$ 56.6

(12) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date. There is a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

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The three levels of inputs that may be used to measure fair value are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities
- Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of assets or liabilities

The methodologies used by the Company in determining the fair values of each class of financial instruments are based primarily on the use of independent, market-based data to reflect a value that would be reasonably expected in an orderly transaction between market participants at the measurement date, and therefore are classified within Level 2 of the valuation hierarchy. There have been no significant changes in the valuation techniques during the three months ended March 31, 2021 and 2020.

The Company's policy is to recognize transfers between levels as of the end of the reporting period. Transfers in and out of Level 1, Level 2, and Level 3 are recognized on the actual transfer date. There were no transfers between fair value hierarchy levels during the three months ended March 31, 2021 and 2020.

Further details on the methods used to estimate the fair value of each class of financial instruments above are discussed below:

Investment Debt Securities Available-for-Sale. The Company obtains fair value measurements for investment securities from an independent pricing service. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information, and the investment's terms and conditions, among other things. Vendors chosen by the Company are widely recognized vendors whose evaluations support the pricing functions of financial institutions, investment and mutual funds, and portfolio managers. If needed, a broker may be utilized to determine the reported fair value of investment securities.

Loans Held for Sale. Fair value measurements for loans held for sale are obtained from an independent pricing service. The fair value measurements consider observable data that may include binding contracts or quotes or bids from third party investors as well as loan level pricing adjustments.

Interest Rate Swap Contracts. Fair values for derivative interest rate swap contracts are based upon the estimated amounts to settle the contracts considering current interest rates and are calculated using discounted cash flows that are observable or that can be corroborated by observable market data. The inputs used to determine fair value include the three-month LIBOR forward curve to estimate variable rate cash inflows and the federal funds effective swap rate to estimate the discount rate. The estimated variable rate cash inflows are compared to the fixed rate outflows and such difference is discounted to a present value to estimate the fair value of the interest rate swaps. The change in the value of derivative assets attributable to basis risk, or the risk that offsetting investments in a hedging strategy will not experience price changes in entirely opposite directions from each other, was not significant in the reported periods. The Company also obtains and compares the reasonableness of the pricing from an independent third party.

For purposes of potential valuation adjustments to our derivative positions, we evaluate the credit risk of our counterparties as well as ours. Accordingly, we have considered factors such as the likelihood of our default and the default of our counterparties, our net exposures and remaining contractual life, among other things, in determining if any fair value adjustments related to credit risk are required. The change in value of derivative assets and derivative liabilities attributable to credit risk was not significant during the reported periods.

Interest Rate Lock Commitments. Fair value measurements for interest rate lock commitments are obtained from an independent pricing service. The fair value measurements consider observable data that may include prices available from secondary market investors taking into consideration various characteristics of the loan, including the loan amount, interest rate, value of the servicing, and loan to value ratio, among other things. Observable data is then adjusted to reflect changes in interest rates, the Company's estimated pull-through rate, and estimated direct costs necessary to complete the commitment into a closed loan net of origination and processing fees collected from the borrower.

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Forward Loan Sales Contracts. The fair value measurements for forward loan sales contracts are obtained from an independent pricing service. The fair value measurements consider observable data that includes sales of similar loans.

Deferred Compensation Plan Assets and Liabilities. The fair values of deferred compensation plan assets and liabilities are based primarily on the use of independent, market-based data to reflect a value that would be reasonably expected in an orderly transaction between market participants at the measurement date. These investments are in the same funds and purchased in the same amounts as the participants' selected investments, which represent the underlying liabilities to plan participants. Deferred compensation plan liabilities are recorded at amounts due to participants, based on the fair value of participants' selected investments.

Financial assets and financial liabilities measured at fair value on a recurring basis are as follows:

		Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>As of March 31, 2021</i>	Balance			
Investment debt securities available-for-sale:				
U.S. Treasury Notes	\$ 1.0	\$ —	\$ 1.0	\$ —
State, county, and municipal securities	445.1	—	445.1	—
Obligations of U.S. government agencies	323.5	—	323.5	—
U.S. agencies mortgage-backed securities & collateralized mortgage obligations	2,901.5	—	2,901.5	—
Private mortgage-backed securities	6.6	—	6.6	—
Corporate securities	342.4	—	342.4	—
Loans held for sale	57.2	—	57.2	—
Derivative assets:				
Interest rate swap contracts	46.8	—	46.8	—
Interest rate lock commitments	1.1	—	1.1	—
Forward loan sale contracts	1.5	—	1.5	—
Derivative liabilities:				
Interest rate swap contracts	47.0	—	47.0	—
Deferred compensation plan assets	18.9	—	18.9	—
Deferred compensation plan liabilities	18.9	—	18.9	—

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As of December 31, 2020	Balance	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment debt securities available-for-sale:				
State, county and municipal securities	\$ 465.9	\$ —	465.9	\$ —
Obligations of U.S. government agencies	331.9	—	331.9	—
U.S. agencies mortgage-backed securities & collateralized mortgage obligations	2,897.6	—	2,897.6	—
Private mortgage-backed securities	10.9	—	10.9	—
Corporate securities	302.2	—	302.2	—
Other investments	0.2	—	0.2	—
Loans held for sale	74.0	—	74.0	—
Derivative assets:				
Interest rate swap contracts	52.0	—	52.0	—
Interest rate lock commitments	3.3	—	3.3	—
Derivative liabilities				
Interest rate swap contracts	52.2	—	52.2	—
Forward loan sales contracts	1.1	—	1.1	—
Deferred compensation plan assets	19.1	—	19.1	—
Deferred compensation plan liabilities	19.1	—	19.1	—

Additionally, from time to time, certain assets are measured at fair value on a non-recurring basis. Adjustments to fair value generally result from the application of lower-of-cost-or-market accounting or write-downs of individual assets due to credit deterioration. The following table presents information about the Company's assets and liabilities measured at fair value on a non-recurring basis:

<i>As of March 31, 2021</i>	Balance	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Collateral dependent loans	\$ 17.2	\$ —	\$ —	\$ 17.2
Long-lived assets to be disposed of by sale	5.0	—	—	5.0

<i>As of December 31, 2020</i>	Balance	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Collateral dependent loans	\$ 14.7	\$ —	\$ —	\$ 14.7
Long-lived assets to be disposed of by sale	5.3	—	—	5.3

Collateral-dependent Loans. Collateral-dependent loans are reported at the fair value of the underlying collateral if repayment is expected solely from collateral. The collateral-dependent loans are reported at fair value through specific valuation allowance allocations. In addition, when it is determined that the fair value of a collateral-dependent loan is less than the recorded investment in the loan, the carrying value of the loan is adjusted to fair value through a charge to the allowance for credit losses. Collateral values are estimated using independent appraisals and management estimates of current market conditions. As of March 31, 2021, certain collateral-dependent loans with a carrying value of \$20.0 million were reduced by specific valuation allowance allocations of \$1.1 million and partial charge-offs of \$1.7 million resulting in a reported fair value of \$17.2 million. As of December 31, 2020, certain collateral-dependent loans with a carrying value of \$17.5 million were reduced by specific valuation allowance allocations of \$2.8 million resulting in a reported fair value of \$14.7 million.

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OREO. The fair values of OREO are estimated using independent appraisals and management estimates of current market conditions. Upon initial recognition, write-downs based on the foreclosed asset's fair value at foreclosure are reported through charges to the allowance for credit losses. Periodically, the fair value of foreclosed assets is remeasured with any subsequent write-downs charged to OREO expense in the period in which they are identified. The Company had no material write downs on OREO properties during the three months ended March 31, 2021 and 2020, respectively.

Long-lived Assets to be Disposed of by Sale. Long-lived assets to be disposed of by sale are carried at the lower of carrying value or fair value less estimated costs to sell. The fair values of long-lived assets to be disposed of by sale are based upon observable market data and management estimates of current market conditions. As of March 31, 2021, the Company had long-lived assets to be disposed of by sale with carrying values aggregating \$5.2 million, which was reduced by write-downs of \$0.2 million, resulting in a fair value of \$5.0 million. As of December 31, 2020, the Company had long-lived assets to be disposed of by sale with carrying values aggregating \$5.5 million, reduced by write-downs of \$0.2 million, resulting in a fair value of \$5.3 million.

The following table presents additional quantitative information about assets measured at fair value on a non-recurring basis and for which the Company has utilized Level 3 inputs to determine fair values:

	Fair Value As of		Valuation Technique	Unobservable Inputs	Range (Weighted Average)			
	March 31, 2021	December 31, 2020						
Collateral dependent loans	\$ 17.2	\$ 14.7	Appraisal	Appraisal adjustment	0%	-	18%	(9%)
Long-lived assets to be disposed of by sale	5.0	5.3	Appraisal	Appraisal adjustment	0%	-	0%	0%

The Company is required to disclose the fair value of financial instruments for which it is practical to estimate fair value. The methodologies for estimating the fair value of financial instruments that are measured at fair value on a recurring or non-recurring basis are discussed above. The methodologies for estimating the fair value of other financial instruments are discussed below. For financial instruments bearing a variable interest rate where no credit risk exists, it is presumed that recorded book values are reasonable estimates of fair value.

Financial Assets. Carrying values of cash, cash equivalents, and accrued interest receivable approximate fair values due to the liquid and/or short-term nature of these instruments. Fair values for investment securities held-to-maturity are obtained from an independent pricing service, which considers observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information, and the investment's terms and conditions, among other things. Fair values of fixed rate loans and variable rate loans that reprice on an infrequent basis are estimated by discounting future cash flows using current interest rates at which similar loans with similar terms would be made to borrowers of similar credit quality using an exit price notion. Carrying values of variable rate loans that reprice frequently, and with no change in credit risk, approximate the fair values of these instruments.

Financial Liabilities. The fair values of demand deposits, savings accounts, securities sold under repurchase agreements, and accrued interest payable are the amounts payable on demand at the reporting date. The fair values of fixed-maturity certificates of deposit are estimated using external market rates currently offered for deposits with similar remaining maturities. The fair values of derivative liabilities are obtained from an independent pricing service, which considers observable data that may include the three-month LIBOR forward curve, the federal funds effective swap rate and cash flows, among other things. The carrying values of the interest-bearing demand notes to the United States Treasury are deemed an approximation of fair values due to the frequent repayment and repricing at market rates. The fixed and floating rate subordinated debentures, floating rate subordinated term loan, notes payable to the FHLB, fixed rate subordinated term debt, and capital lease obligation are estimated by discounting future cash flows using current rates for advances with similar characteristics.

Commitments to Extend Credit and Standby Letters of Credit. The fair value of commitments to extend credit and standby letters of credit, based on fees currently charged to enter into similar agreements, is not significant.

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(Dollars in millions, except share and per share data)

The estimated fair values of financial instruments that are reported in the Company's consolidated balance sheets, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value, are as follows:

			Fair Value Measurements at Reporting Date Using					
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)			
<i>As of March 31, 2021</i>								
Financial assets:								
Cash and cash equivalents	\$	2,196.0	\$	2,196.0	\$	—	\$	—
Investment debt securities available-for-sale		4,020.1		4,020.1		—		4,020.1
Investment debt securities held-to-maturity		866.3		855.6		—		855.6
Accrued interest receivable		50.0		50.0		—		50.0
Mortgage servicing rights, net		28.0		29.0		—		29.0
Loans held for sale		57.2		57.2		—		57.2
Net loans held for investment		9,726.6		9,836.9		—		9,819.7
Derivative assets		49.4		49.4		—		49.4
Deferred compensation plan assets		18.9		18.9		—		18.9
Total financial assets	\$	17,012.5	\$	17,113.1	\$	2,196.0	\$	14,899.9
Financial liabilities:								
Total deposits, excluding time deposits	\$	14,057.7	\$	14,057.7	\$	14,057.7	\$	—
Time deposits		1,036.3		1,037.2		—		1,037.2
Securities sold under repurchase agreements		1,052.6		1,052.6		—		1,052.6
Accrued interest payable		6.9		6.9		—		6.9
Long-term debt		112.4		120.1		—		120.1
Subordinated debentures held by subsidiary trusts		87.0		78.3		—		78.3
Derivative liabilities		47.0		47.0		—		47.0
Deferred compensation plan liabilities		18.9		18.9		—		18.9
Total financial liabilities	\$	16,418.8	\$	16,418.7	\$	14,057.7	\$	2,361.0

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As of December 31, 2020	Carrying Amount	Estimated Fair Value	Fair Value Measurements at Reporting Date Using		
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:					
Cash and cash equivalents	\$ 2,276.8	\$ 2,276.8	\$ 2,276.8	\$ —	\$ —
Investment debt securities available-for-sale	4,008.7	4,008.7	—	4,008.7	—
Investment debt securities held-to-maturity	51.6	55.0	—	55.0	—
Accrued interest receivable	51.1	51.1	—	51.1	—
Mortgage servicing rights, net	24.0	24.0	—	24.0	—
Loans held for sale	74.0	74.0	—	74.0	—
Net loans held for investment	9,663.2	9,785.6	—	9,770.9	14.7
Derivative assets	55.3	55.3	—	55.3	—
Deferred compensation plan assets	19.1	19.1	—	19.1	—
Total financial assets	\$ 16,223.8	\$ 16,349.6	\$ 2,276.8	\$ 14,058.1	\$ 14.7
Financial liabilities:					
Total deposits, excluding time deposits	\$ 13,158.3	\$ 13,158.3	\$ 13,158.3	\$ —	\$ —
Time deposits	1,058.7	1,061.1	—	1,061.1	—
Securities sold under repurchase agreements	1,091.4	1,091.4	—	1,091.4	—
Accrued interest payable	5.8	5.8	—	5.8	—
Long-term debt	112.4	116.5	—	116.5	—
Subordinated debentures held by subsidiary trusts	87.0	81.3	—	81.3	—
Derivative liabilities	53.3	53.3	—	53.3	—
Deferred compensation plan liabilities	19.1	19.1	—	19.1	—
Total financial liabilities	\$ 15,586.0	\$ 15,586.8	\$ 13,158.3	\$ 2,428.5	\$ —

(13) Recent Authoritative Accounting Guidance

ASU 2018-14, “Compensation – Retirement Benefits – Defined Benefit Plans – General (Subtopic 715-20): Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans.” In August 2018, the FASB issued ASU 2018-14, Compensation - Retirement Benefits - Defined Benefit Plans - General: Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans (ASU 2018-14). The amendments in this Update remove disclosures that no longer are considered cost beneficial, clarify the specific requirements of disclosures, and add disclosure requirements identified as relevant. Although narrow in scope, the amendments are considered an important part of the Board’s efforts to improve the effectiveness of disclosures in the notes to financial statements by applying concepts in the Concepts Statement. The amendments in this Update are effective for fiscal years ending after December 15, 2020, for public business entities. The amendments in this Update became effective for the Company on January 1, 2021 and did not have a significant impact on the Company’s consolidated financial statements, results of operations, or liquidity.

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ASU 2020-04, “Reference Rate Reform (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Accounting.” In March 2020, the FASB issued ASU 2020-04, which provides temporary optional expedients and exceptions for applying GAAP to loan and lease agreements, derivative contracts, and other transactions affected by the anticipated transition away from LIBOR toward new interest rate benchmarks. For transactions that are modified because of reference rate reform and that meet certain scope guidance (i) modifications of loan agreements should be accounted for by prospectively adjusting the effective interest rate and the modification will be considered “minor” so that any existing unamortized origination fees/costs would carry forward and continue to be amortized and (ii) modifications of lease agreements should be accounted for as a continuation of the existing agreement with no reassessments of the lease classification and the discount rate or remeasurements of lease payments that otherwise would be required for modifications not accounted for as separate contracts. ASU 2020-04 is effective March 12, 2020 through December 31, 2022. An entity may elect to apply ASU 2020-04 for contract modifications as of January 1, 2020, or prospectively from a date within an interim period that includes or is subsequent to March 12, 2020, up to the date that the financial statements are available to be issued. Once elected for a Topic or an Industry Subtopic within the Codification, the amendments in this ASU must be applied prospectively for all eligible contract modifications for that Topic or Industry Subtopic. The Company adopted certain elections related to cash flow hedges which did not have a significant impact on the Company’s financial position or results of operations. The Company is currently evaluating the impact the adoption of other expedients in the standard and does not anticipate it will have a significant impact on the Company’s financial position or results of operations.

ASU 2020-08, “Codification Improvements to Subtopic 310-20, Receivables—Nonrefundable Fees and Other Costs.” In October 2020, the FASB issued ASU 2020-08, Codification Improvements to Subtopic 310-20, Receivables-Nonrefundable Fees and Other Costs, that clarifies an entity should reevaluate whether a callable debt security is within the scope of paragraph 310-20-35-33 for each reporting period. The amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. The amendments in this Update became effective for the Company on January 1, 2021 and did not have a significant impact on the Company’s consolidated financial statements, results of operations, or liquidity.

ASU 2021-01, “Reference Rate Reform (Topic 848)” In January 2021, the FASB issued ASU 2021-01, Reference Rate Reform Topic 848, that clarifies certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition. An entity may elect to apply the amendments in this ASU on a full retrospective basis as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or on a prospective basis to new modifications from any date within an interim period that includes or is subsequent to the date of the issuance of a final ASU. If an entity elects to apply any of the amendments in this ASU for an eligible hedging relationship, any adjustments as a result of those elections must be reflected as of the date the entity applies the election. The amendments in this ASU do not apply to contract modifications made, new hedging relationships entered into, or existing hedging relationships evaluated for effectiveness in periods after December 31, 2022, except for hedging relationships existing as of December 31, 2022, that apply certain optional expedients in which the accounting effects are recorded through the end of the hedging relationship (including periods after December 31, 2022). The Company is currently evaluating the impact of the standard and does not anticipate it will have a significant impact on the Company’s financial position or results of operations.

(14) Subsequent Events

Subsequent events have been evaluated for potential recognition and disclosure through the date financial statements were filed with the SEC. On April 26, 2021, the Company declared a quarterly dividend to common shareholders of \$0.41 per share, to be paid on May 21, 2021 to shareholders of record as of May 11, 2021.

No other undisclosed events requiring recognition or disclosure were identified.

Item 2.

**MANAGEMENT’S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

When we refer to “we,” “our,” “us,” “First Interstate,” or the “Company” in this report, we mean First Interstate BancSystem, Inc. and our consolidated subsidiaries, including our wholly-owned subsidiary, First Interstate Bank, unless the context indicates that we refer only to the parent company, First Interstate BancSystem, Inc. When we refer to the “Bank” or “FIB” in this report, we mean only First Interstate Bank.

The following discussion of our consolidated financial data reflects our historical results of operations and financial condition and should be read in conjunction with our financial statements and related notes thereto presented elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2020, including the audited financial statements and related notes contained therein, as previously filed with the Securities and Exchange Commission, or SEC.

Cautionary Note Regarding Forward-Looking Statements and Factors that Could Affect Future Results

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Rule 175 promulgated thereunder, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and Rule 3b-6 promulgated thereunder, that involve inherent risks and uncertainties. Any statements about our plans, objectives, expectations, strategies, beliefs, or future performance or events constitute forward-looking statements. Such statements are identified by words or phrases such as “believes,” “expects,” “anticipates,” “plans,” “trends,” “objectives,” “views,” “continues” or similar expressions, or future or conditional verbs such as “will,” “would,” “should,” “could,” “might,” “may,” or similar expressions. Forward-looking statements involve known and unknown risks, uncertainties, assumptions, estimates and other important factors that could cause actual results to differ materially from any results, performance or events expressed or implied by such forward-looking statements. A detailed discussion of risks that may cause actual results to differ materially from current expectations in the forward-looking statements is included below in this report under the caption “[Risk Factors](#)” and in our Annual Report on Form 10-K for the year ended December 31, 2020, under the captions “[Cautionary Note Regarding Forward-Looking Statements](#)” and “[Risk Factors](#)”. These factors and the other risk factors described in our periodic and current reports filed with the SEC from time to time, however, are not necessarily all of the important factors that could cause our actual results, performance, or achievements to differ materially from those expressed in or implied by any of our forward-looking statements. Other unknown or unpredictable factors also could harm our results.

All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements set forth above. Interested parties are urged to read in their entirety the referenced risk factors prior to making any investment decision with respect to the Company. Forward-looking statements speak only as of the date they are made and we do not undertake or assume any obligation to update publicly any of these statements to reflect actual results, new information or future events, changes in assumptions or changes in other factors affecting forward-looking statements, except to the extent required by applicable law. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

Executive Overview

We are a financial and bank holding company focused on community banking. Since our incorporation in Montana in 1971, we have grown both organically and through strategic acquisitions. Today, we operate 147 banking offices, including detached drive-up facilities, in communities across six states—Idaho, Montana, Oregon, South Dakota, Washington, and Wyoming. Through our bank subsidiary, First Interstate Bank, we deliver a comprehensive range of banking products and services—including online and mobile banking—to individuals, businesses, municipalities, and others throughout our market areas. We are proud to provide lending opportunities to clients that participate in a wide variety of industries, including:

- | | | |
|-------------------------|-------------------------|---------------------------|
| • Agriculture | • Healthcare | • Real Estate Development |
| • Construction | • Hospitality | • Retail |
| • Education | • Housing | • Technology |
| • Energy | • Mining | • Tourism |
| • Governmental services | • Professional services | • Wholesale trade |

Our principal business activity is lending to, accepting deposits from, and conducting financial transactions with and for individuals, businesses, municipalities, and other entities located in the communities we serve. We derive our income principally from interest charged on loans and, to a lesser extent, from interest and dividends earned on fixed income investments. We also derive income from non-interest sources such as: (i) fees received in connection with various lending and deposit services; (ii) wealth management services, such as trust, employee benefit, investment, and insurance services; (iii) mortgage loan originations, sales and servicing; (iv) merchant and electronic banking services; and (v) from time-to-time, gains on sales of assets and securities.

Our principal expenses include: (i) interest expense on deposits accounts and other borrowings; (ii) salaries and employee benefits; (iii) data processing and communication costs primarily associated with maintaining loan and deposit functions; (iv) furniture, equipment, and occupancy expenses for maintaining our facilities; (v) professional fees, including FDIC insurance assessments; (vi) income tax expense; (vii) provisions for credit losses; (viii) core deposit intangible amortization; and (ix) other real estate owned expenses.

Recent Trends and Developments

During the past few years, we have increased our community banking footprint across the Rocky Mountain and Pacific Northwest regions, in large part due to our acquisition activity. We continue to evaluate bank acquisitions and other strategic opportunities on an on-going basis.

The COVID-19 pandemic triggered a period of material economic slowdown and recent trends suggest that, while the ongoing recovery is progressing, the pace of the recovery will continue to be impacted by changing rates of positive diagnoses and the effectiveness of measures taken by U.S. and local governments. Management continues to monitor the impact of COVID-19 on the Company's financial results, making adjustments to operations where appropriate or necessary to minimize the impact of COVID-19. As of April 23, 2021, all of our branches and lobbies were open and less than 30% of Company employees continued to work remotely. While a formal timetable has not been established for the full work force to return to our facilities, there are no limitations for our employees to be on premises and we are seeing a larger percentage of our employees at our facilities for multiple days per week. The Company continues to avoid a significant disruption to its operations. The COVID-19 pandemic has affected our operations to a limited degree, but has had varying degrees of disruptions and restrictions to our borrowers and to our borrowers' supply chains, closures of some facilities, and decreases in demand for certain products and services. Even with the distribution of COVID-19 vaccines, recent increases in the spread of COVID-19 in multiple regions across the United States, including new strains of variants in the virus, have signaled that the scope, duration, and severity of the pandemic is not yet fully known. Although progress around vaccination efforts has the potential to generate positive economic momentum, there continues to be uncertainty as to the long-term effect on the economy and the Company.

Primary Factors Used in Evaluating Our Business

As a banking institution, we manage and evaluate various aspects of both our financial condition and our results of operations. We monitor our financial condition and performance and evaluate the levels and trends of the line items included in our balance sheet and statements of income, as well as various financial ratios that are commonly used in our industry. We analyze these ratios and financial trends against both our own historical levels and the financial condition and performance of comparable banking institutions in our region and nationally.

As discussed in our Annual Report on Form 10-K for the year ended December 31, 2020, our financial performance is impacted by a number of external factors outside our control, as well as our ability to execute on the key components of our strategy for continued success and future growth. There have been no material changes to these factors or key components of our strategy since the filing of the most recent Form 10-K.

Critical Accounting Estimates and Significant Accounting Policies

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") in the United States and follow general practices within the banking industry. Application of these principles requires management to make estimates, assumptions, and judgments that affect the amounts reported in the consolidated financial statements and accompanying notes. The most significant accounting policies we follow are summarized in Note 1 of the [Notes to Consolidated Financial Statements](#) included in our Annual Report on Form 10-K for the year ended December 31, 2020, as referenced in Note 1 to the unaudited financials in this quarterly report. There have been no material changes in our critical accounting estimates and policies described in our Annual Report on Form 10-K for the year ended December 31, 2020, during the quarterly period covered by this quarterly report.

Results of Operations

The following discussion and analysis is intended to provide detail about the results of our operations and financial condition.

Net Interest Income

Changes in interest rate spread, which is the difference between interest earned on assets and interest paid on liabilities, has the most significant impact on net interest income. Other factors like volume of loans, investment securities, and other interest earning assets compared to the volume of interest-bearing deposits and indebtedness also cause changes in our net interest income between periods. Non-interest-bearing sources of funds, such as demand deposits and stockholders' equity, help to support earning assets.

The following table presents, for the periods indicated, condensed average balance sheet information, together with interest income and yields earned on average interest earning assets and interest expense and rates paid on average interest-bearing liabilities.

Average Balance Sheets, Yields and Rates

(Dollars in millions)

	Three Months Ended					
	March 31, 2021			March 31, 2020		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
<i>Interest earning assets:</i>						
Loans ^{(1) (2)}	\$ 9,873.1	\$ 108.1	4.44 %	\$ 8,995.6	\$ 112.4	5.03 %
Investment securities ⁽²⁾	4,445.2	17.6	1.61	3,061.3	17.8	2.34
Interest bearing deposits in banks	1,880.5	0.3	0.06	705.0	2.5	1.43
Federal funds sold	0.1	—	—	0.3	—	—
Total interest earning assets	\$ 16,198.9	\$ 126.0	3.15 %	\$ 12,762.2	\$ 132.7	4.18 %
Non-earning assets	1,681.8			1,698.3		
Total assets	\$ 17,880.7			\$ 14,460.5		
<i>Interest-bearing liabilities:</i>						
Demand deposits	\$ 4,177.7	\$ 0.5	0.05 %	\$ 3,241.9	\$ 0.9	0.11 %
Savings deposits	4,531.3	0.3	0.03	3,628.0	1.4	0.16
Time deposits	1,039.3	1.5	0.59	1,384.3	5.0	1.45
Repurchase agreements	1,067.7	0.1	0.04	639.4	0.5	0.31
Other borrowed funds	—	—	—	0.5	—	—
Long-term debt	112.4	1.5	5.41	13.9	0.3	8.68
Subordinated debentures held by subsidiary trusts	87.0	0.7	3.26	86.9	1.0	4.63
Total interest-bearing liabilities	\$ 11,015.4	\$ 4.6	0.17 %	\$ 8,994.9	\$ 9.1	0.41 %
Non-interest-bearing deposits	4,704.2			3,284.0		
Other non-interest-bearing liabilities	194.6			188.0		
Stockholders' equity	1,966.5			1,993.6		
Total liabilities and stockholders' equity	\$ 17,880.7			\$ 14,460.5		
Net FTE interest income	\$	121.4		\$	123.6	
Less FTE adjustments ⁽²⁾		(0.7)			(0.5)	
Net interest income from consolidated statements of income	\$	120.7		\$	123.1	
Interest rate spread			2.98 %			3.77 %
Net FTE interest margin ⁽³⁾			3.04			3.90
Cost of funds, including non-interest-bearing demand deposits ⁽⁴⁾			0.12			0.30

⁽¹⁾ Average loan balances include mortgage loans held for sale and non-accrual loans. Interest income on loans includes amortization of deferred loan fees net of deferred loan costs of \$10.7 million at March 31, 2021 and \$1.8 million at March 31, 2020.

⁽²⁾ Interest income and average rates for tax exempt loans and securities are presented on a fully taxable equivalent, or FTE, basis utilizing the 21% federal income tax rate.

⁽³⁾ Net FTE interest margin during the period equals (i) the difference between annualized interest income on interest earning assets and the annualized interest expense on interest bearing liabilities, divided by (ii) average interest earning assets for the period.

⁽⁴⁾ Calculated by dividing total annualized interest on interest bearing liabilities by the sum of total interest-bearing liabilities plus non-interest-bearing deposits.

Our net interest income decreased \$2.4 million, or 1.9%, to \$120.7 million during the three months ended March 31, 2021, as compared to \$123.1 million for the same period in 2020. The decrease was primarily the result of lower yields on interest earning assets, largely related to the March 2020 decrease in the federal funds rate and lower longer-term interest rates which were largely offset by significant growth in client deposit funds that drove growth in all earning asset categories and the addition of \$12.3 million of interest income from PPP loans during the three months ended March 31, 2021.

Net interest income included interest accretion related to the fair valuation of acquired loans of \$2.3 million during the three months ended March 31, 2021, of which \$1.2 million was the result of early loan payoffs. This compares to interest accretion of \$3.8 million during the three months ended March 31, 2020, of which \$1.1 million was the result of early loan payoffs. There were no material recoveries of previously charged-off interest included in net interest income for the three months ended March 31, 2021 and 2020.

Our net FTE interest margin ratio decreased 86 basis points to 3.04% for the three months ended March 31, 2021, as compared to 3.90% for the same period in 2020. The decrease was the result of a reduction in yields on earning assets, driven by the March 2020 reduction in the federal funds rate, the shift in mix toward both investment securities, the May 2020 debt issuance by the Company, and interest-bearing deposits in banks at lower yields. Growth in earning assets, enabled by strong growth in deposits, coupled with a decline in deposit costs and income generated from PPP loans partially offset the aforementioned pressures.

Exclusive of the impact of the recovery of charged-off interest and the impact of interest accretion on acquired loans, our net FTE interest margin ratio was 2.98% during the three months ended March 31, 2021, as compared to 3.77% for the same period in 2020, or a 79 basis point decrease.

The table below sets forth a summary of the changes in interest income and interest expense resulting from estimated changes in average asset and liability balances (volume) and estimated changes in average interest rates (referred to as “rate”) for the three month period ended March 31, 2021 and 2020. Changes which are not due solely to volume or rate have been allocated to these categories based on the respective percent changes in average volume and average rate as they compare to each other.

Analysis of Interest Changes Due to Volume and Rates

<i>(Dollars in millions)</i>	Three Months Ended March 31, 2021 compared with Three Months Ended March 31, 2020		
	Volume	Rate	Net
Interest earning assets:			
Loans ⁽¹⁾	\$ 10.9	\$ (15.2)	\$ (4.3)
Investment securities ⁽¹⁾	8.0	(8.2)	(0.2)
Interest bearing deposits in banks	4.1	(6.3)	(2.2)
Total change	23.0	(29.7)	(6.7)
Interest bearing liabilities:			
Demand deposits	0.3	(0.7)	(0.4)
Savings deposits	0.3	(1.4)	(1.1)
Time deposits	(1.2)	(2.3)	(3.5)
Repurchase agreements	0.3	(0.7)	(0.4)
Long-term debt	2.1	(0.9)	1.2
Subordinated debentures held by subsidiary trusts	—	(0.3)	(0.3)
Total change	1.8	(6.3)	(4.5)
Increase (decrease) in FTE net interest income ⁽¹⁾	\$ 21.2	\$ (23.4)	\$ (2.2)

⁽¹⁾ Interest income and average rates for tax exempt loans and securities are presented on a FTE basis.

Provision for (Reversal of) Credit Losses

The Company recorded a reversal of provision for credit losses of \$5.1 million during the three months ended March 31, 2021, as compared to a provision for credit losses of \$29.0 million during same period in 2020, with the decrease attributable to both the improvement in our underlying asset quality metrics, and the significantly improved economic outlook assumptions driving our CECL model. The provision considers the impact of net charge-offs of \$2.9 million, or an annualized 0.12% of average loans outstanding, for the first quarter of 2021, compared to \$3.1 million, or an annualized 0.14% of average loans outstanding during same period in 2020. The reversal of the provision is comprised of a decrease in the allowance for credit losses on loans of \$4.8 million and a decrease in the allowance for credit losses on off-balance sheet credit exposures of \$0.3 million.

For information regarding our non-performing loans, see “Financial Condition – Non-Performing Assets” included herein. For more information on our allowance for credit losses, see “Financial Condition – Allowance for Credit Losses” included herein.

Non-interest Income

Our principal sources of non-interest income primarily include fee-based revenues such as payment services, mortgage banking and wealth management revenues, service charges on deposit accounts and other service charges, commissions and fees. The following table presents the composition of our non-interest income as of the dates indicated:

Non-interest income (Dollars in millions)	Three Months Ended March 31,		\$ Change	% Change
	2021	2020		
Payment services revenues	\$ 10.2	\$ 10.2	\$ —	— %
Mortgage banking revenues	11.6	10.9	0.7	6.4
Wealth management revenues	6.3	6.2	0.1	1.6
Service charges on deposit accounts	3.8	5.4	(1.6)	(29.6)
Other service charges, commissions and fees	2.1	2.1	—	—
Other income	4.1	3.6	0.5	13.9
Total non-interest income	\$ 38.1	\$ 38.4	\$ (0.3)	(0.8)%

Total non-interest income decreased \$0.3 million, or 0.8%, to \$38.1 million for the three months ended March 31, 2021, as compared to \$38.4 million for the same period in 2020, primarily due to a decrease in service charges on deposit accounts due to changes in client behavior and higher deposit balances related to COVID-19 and the government stimulus payments, along with the Company’s decision to continue to support our clients by extending fee waivers. The decrease was partially offset by increases in mortgage banking revenues due to a mortgage servicing impairment recovery which was partially offset by the Company’s decision to retain a greater percentage of mortgage production and an increase in other income related to the sale of our Lynnwood branch.

Non-interest Expense

The following table presents the composition of our non-interest expense as of the dates indicated:

Non-interest expense (Dollars in millions)	Three Months Ended March 31,		\$ Change	% Change
	2021	2020		
Salaries and wages	\$ 39.0	\$ 39.9	\$ (0.9)	(2.3)%
Employee benefits	16.1	14.2	1.9	13.4
Outsourced technology services	8.1	7.8	0.3	3.8
Occupancy, net	7.3	7.3	—	—
Furniture and equipment	4.4	2.8	1.6	57.1
OREO expense, net of income	(0.1)	(0.5)	0.4	—
Professional fees	3.4	2.7	0.7	25.9
FDIC insurance premiums	1.6	1.6	—	—
Core deposit intangibles amortization	2.5	2.9	(0.4)	(13.8)
Other expenses	16.1	16.3	(0.2)	(1.2)
Total non-interest expense	\$ 98.4	\$ 95.0	\$ 3.4	3.6 %

Non-interest expense increased \$3.4 million, or 3.6%, to \$98.4 million during the three months ended March 31, 2021 as compared to \$95.0 million during the same period in 2020, primarily as a result of increases in employee benefits which were primarily due to increases in long term incentives and health insurance claims normalizing, when compared with a year ago, and furniture and equipment due to an increase in depreciation expense related to technology implementations.

Income Tax Expense

Our effective tax rate was 21.5% for the three months ended March 31, 2021, compared to 21.9% for the three months ended March 31, 2020

Financial Condition

Total Assets

Total assets increased \$794.7 million, or 4.5%, to \$18,443.4 million as of March 31, 2021, from \$17,648.7 million as of December 31, 2020, primarily as a result of higher levels of deposits deployed primarily into PPP loans, the investment securities portfolio, and held in cash and cash equivalents. Significant fluctuations in balance sheet accounts are discussed below. More information regarding the results as of December 31, 2020 can be found in our Annual Report on Form 10-K for the year ended December 31, 2020.

Loans Held for Investment, Net of Deferred Fees and Costs

Loans held for investment, net of deferred fees and costs, increased \$55.7 million, or 0.6%, to \$9,863.2 million as of March 31, 2021, as compared to \$9,807.5 million as of December 31, 2020, primarily due to increased loans for commercial construction activity and residential real estate in our communities.

Total real estate loans increased \$113.1 million, or 1.8%, to \$6,512.6 million as of March 31, 2021, as compared to \$6,399.5 million as of December 31, 2020. Within the portfolio, commercial loans decreased \$24.5 million, or 0.7%, to \$3,718.7 million as of March 31, 2021, as compared to \$3,743.2 million as of December 31, 2020. Construction loans increased \$46.9 million, or 4.5%, to \$1,086.3 million as of March 31, 2021, as compared to \$1,039.4 million as of December 31, 2020. Residential loans increased \$92.5 million, or 6.6%, to \$1,488.8 million as of March 31, 2021, as compared to \$1,396.3 million as of December 31, 2020, and agricultural loans decreased \$1.8 million, or 0.8%, to \$218.8 million as of March 31, 2021, compared to \$220.6 million as of December 31, 2020.

As a result of heightened levels of payoffs and pay-downs this quarter, total consumer loans decreased \$38.7 million, or 3.8%, to \$987.2 million as of March 31, 2021, from \$1,025.9 million as of December 31, 2020. Within the consumer loan portfolio, indirect loans decreased \$22.2 million, or 2.8% to \$782.9 million as of March 31, 2021, as compared to \$805.1 million as of December 31, 2020, direct loans decreased \$10.9 million, or 7.2% to \$139.7 million as of March 31, 2021, as compared to \$150.6 million as of December 31, 2020 and credit card loans decreased \$5.6 million, or 8.0%, to \$64.6 million as of March 31, 2021 compared to \$70.2 million as of December 31, 2020.

Primarily as a result of PPP loan activity, commercial loans increased \$27.2 million, or 1.3%, to \$2,181.1 million as of March 31, 2021, from \$2,153.9 million as of December 31, 2020. Commercial loans included \$804.4 million of PPP loans as of March 31, 2021. During the first quarter of 2021, \$371.9 million of PPP loans were forgiven by the Small Business Administration and the Company originated an additional \$436.6 million of PPP loans.

Agricultural operating loans decreased \$32.9 million, or 13.3%, to \$214.7 million as of March 31, 2021, from \$247.6 million as of December 31, 2020, primarily due to seasonal payoffs and pay-downs within the portfolio.

Loans Held for Sale

Loans held for sale consist of residential mortgage loans pending sale to investors in the secondary market. Loans held for sale decreased \$16.8 million, or 22.7%, to \$57.2 million as of March 31, 2021, compared to \$74.0 million as of December 31, 2020, primarily due to seasonal fluctuations.

Non-performing Assets

Non-accrual loans. We generally place loans on non-accrual status when they become 90 days past due unless they are well secured and in the process of collection. When a loan is placed on non-accrual status, any interest previously accrued but not collected is reversed from income. Non-accrual loans decreased approximately \$2.5 million, or 6.3%, to \$37.0 million, as of March 31, 2021, from \$39.5 million as of December 31, 2020. Accruing loans past due 90 days or more decreased \$4.1 million, or 48.2%, primarily due to decreases in commercial real estate and agricultural loan portfolios. Other real estate owned decreased \$0.3 million, or 12.0%, from December 31, 2020.

The following table sets forth the allocation of our non-performing loans among our various loan categories as of the dates indicated.

Non-Performing Loans by Loan Type

(Dollars in millions)	March 31, 2021	Percent of Total	December 31, 2020	Percent of Total
Real estate:				
Commercial	\$ 12.6	30.4 %	\$ 13.6	28.3 %
Construction:				
Land acquisition and development	0.7	1.7	0.8	1.7
Residential	0.2	0.5	1.1	2.3
Commercial	—	—	0.1	0.2
Total construction	0.9	2.2	2.0	4.2
Residential	4.9	11.8	5.1	10.6
Agricultural	5.7	13.8	6.2	12.9
Total real estate	24.1	58.2	26.9	56.0
Consumer	2.9	7.0	3.6	7.5
Commercial	11.0	26.6	13.0	27.1
Agricultural	3.4	8.2	4.5	9.4
Total non-performing loans	\$ 41.4	100.0 %	\$ 48.0	100.0 %

Non-performing loans. Non-performing loans include non-accrual loans and loans contractually past due 90 days or more and still accruing interest.

Non-performing assets. Non-performing assets include non-performing loans and OREO. The following table sets forth information regarding non-performing assets as of the dates indicated.

Non-Performing Assets and Troubled Debt Restructurings

(Dollars in millions)	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Non-performing loans:					
Non-accrual loans	\$ 37.0	\$ 39.5	\$ 44.8	\$ 49.9	\$ 51.1
Accruing loans past due 90 days or more	4.4	8.5	9.6	7.7	12.0
Total non-performing loans	41.4	48.0	54.4	57.6	63.1
OREO	2.2	2.5	5.7	6.5	8.2
Total non-performing assets	\$ 43.6	\$ 50.5	\$ 60.1	\$ 64.1	\$ 71.3
Troubled debt restructurings not included above ⁽¹⁾	\$ 3.1	\$ 3.2	\$ 3.2	\$ 3.4	\$ 5.0
Non-accrual loans to loans held for investment	0.38 %	0.40 %	0.44 %	0.50 %	0.57 %
Non-performing loans to loans held for investment	0.42	0.49	0.54	0.57	0.71
Non-performing assets to loans held for investment and OREO	0.44	0.51	0.59	0.64	0.80
Non-performing assets to total assets	0.24	0.29	0.35	0.39	0.49

⁽¹⁾ Accruing loans modified in trouble debt restructurings are not considered non-performing loans as the loans are performing as agreed under their modified terms and management expects performance to continue.

Allowance for Credit Losses

The Company performs a quarterly assessment of the adequacy of its allowance for credit losses in accordance with GAAP. The methodology used to assess the adequacy is consistently applied to the Company's loans held for investment portfolio. The allowance for credit losses is established through a provision for credit losses based on our evaluation of quantitative and qualitative risk factors in our loan portfolio at each balance sheet date. In determining the allowance for credit losses, we estimate losses on specific loans, or groups of loans, where the expected loss can be identified and reasonably determined. The balance of the allowance for credit losses is based on internally assigned risk classifications of loans, historical loan loss rates, changes in the nature or tenure of the loan portfolio, overall portfolio quality, industry concentrations, delinquency trends, current environmental and economic factors, and the estimated impact of current and forecasted economic conditions on certain historical loan loss rates.

The allowance for credit losses is increased by provisions charged against earnings and net recoveries of charged-off loans and is reduced by negative provisions credited to earnings and net loan charge-offs. The allowance for credit losses consists of three elements:

- (1) Specific valuation allowances associated with collateral-dependent loans. Specific valuation allowances are determined based on assessment of the fair value of the collateral underlying the loans as determined through independent appraisals, the present value of future cash flows, observable market prices, and any relevant qualitative or environmental factors impacting loans.
- (2) Historical valuation allowances based on loan loss experience for similar loans with similar characteristics and trends. The Company applies probability of default and loss given default methodologies for all portfolio segments. The Company uses a transition matrix for probability of default components of the methodology and a historical average for the loss given default components of the methodology. The probability of default and loss given default is applied to the current principal balance as of the reporting date. The transition matrix determines the probability of default by tracking the historical movement of loans between loan risk tiers over a defined period of time. Loan transitions are measured by either internal ratings or delinquency status. Those loans tracked by ratings are generally commercial purpose including agricultural, commercial, and commercial real estate. Those loans tracked by delinquency are generally consumer in nature, with the exception of multi-family and credit cards. The loss given default used as the basis for the estimate of credit losses is comprised of the Company's historical loss experiences from 2008 to the current period, based on a migration analysis of our historical loss experience, designed to account for credit deterioration. The model compares the most recent period losses to prior period defaults to calculate the loss given default, which is averaged over the historical observations.
- (3) General valuation allowances determined based on changes in the nature of the loan portfolio, overall portfolio quality, industry concentrations, delinquency trends, general economic conditions or forecasts, and other qualitative risk factors, both internal and external to us, including the incorporation of a one-year forecast period for economic conditions.

Based on the assessment of the adequacy of the allowance for credit losses, the Company records provisions for credit losses to maintain the allowance for credit losses at appropriate levels.

Loans acquired in business combinations are initially recorded at fair value as adjusted for credit risk and an allowance for credit losses at the date of acquisition. For loans with no significant evidence of credit deterioration since origination, the difference between the fair value and the unpaid principal balance of the loan at the acquisition date is amortized into interest income using the effective interest method over the remaining period to contractual maturity. An allowance for credit loss is recorded for the expected credit losses over the life of the loan on loans acquired without evidence of credit deterioration. Subsequent changes to the allowance for credit losses are recorded through provision expense using the same methodology as other loans held for investment.

For loans acquired in business combinations with evidence of deterioration in credit quality since origination, the Company determines the fair value of the loans by estimating the amount and timing of principal and interest cash flows initially expected to be collected on the loans and discounting those cash flows at an appropriate market rate of interest. An allowance for credit losses is recognized by estimating the expected credit losses of the purchased asset and recording an adjustment to the acquisition date fair value to establish the initial amortized cost basis of the asset. Differences between the established amortized cost basis, and the unpaid principal balance of the asset, is considered to be a non-credit discount/premium and is accreted/amortized into interest income using the level yield interest method. Subsequent changes to the allowance for credit losses are recorded through provision expense using the same methodology as other loans held for investment.

Loans, or portions thereof, are charged-off against the allowance for credit losses when management believes the collectability of the principal is unlikely, or, with respect to consumer installment loans, according to an established delinquency schedule. Generally, loans are charged-off when (1) there has been no material principal reduction within the previous 90 days and there is no pending sale of collateral or other assets, (2) there is no significant or pending event which will result in principal reduction within the upcoming 90 days, (3) it is clear that we will not be able to collect all or a portion of the loan, (4) payments on the loan are sporadic, will result in an excessive amortization, or are not consistent with the collateral held, or (5) foreclosure or repossession actions are pending. Loan charge-offs do not directly correspond with the receipt of independent appraisals or the use of observable market data if the collateral value is determined to be sufficient to repay the principal balance of the loan.

If a collateral-dependent loan is adequately collateralized, a specific valuation allowance is not recorded. As such, significant changes in collateral-dependent and non-performing loans do not necessarily correspond proportionally with changes in the specific valuation component of the allowance for credit losses. Additionally, the Company expects the timing of charge-offs will vary between quarters and will not necessarily correspond proportionally to changes in the allowance for credit losses or changes in non-performing or collateral dependent loans due to timing differences among the initial identification of a collateral-dependent loan, recording of a specific valuation allowance for collateral-dependent loans, and any resulting charge-off of uncollectible principal.

The following table sets forth information regarding our allowance for credit losses as of and for the periods indicated.

Allowance for Credit Losses (Dollars in millions)	Three Months Ended				
	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020
Allowance for credit losses on loans:					
Beginning balance	\$ 144.3	\$ 145.5	\$ 146.1	\$ 129.1	\$ 73.0
Initial impact of adopting ASC 326	—	—	—	—	30.0
Provision (reversal) charged to operating expense	(4.8)	3.0	4.0	19.3	29.2
Charge offs:					
Real estate					
Commercial	0.1	0.1	0.2	0.1	—
Construction	—	—	—	—	0.5
Residential	0.1	—	—	—	—
Consumer	2.7	2.3	2.5	3.0	3.0
Commercial	2.0	3.4	3.7	0.9	1.1
Agricultural	—	—	—	0.1	—
Total charge-offs	4.9	5.8	6.4	4.1	4.6
Recoveries:					
Real estate					
Commercial	—	—	0.2	0.1	—
Construction	0.2	0.2	0.2	—	—
Residential	0.1	0.2	—	0.2	—
Consumer	1.1	0.8	1.1	0.9	1.1
Commercial	0.6	0.4	0.3	0.6	0.4
Total recoveries	2.0	1.6	1.8	1.8	1.5
Net charge-offs	2.9	4.2	4.6	2.3	3.1
Ending balance	\$ 136.6	\$ 144.3	\$ 145.5	\$ 146.1	\$ 129.1
Allowance for off-balance sheet credit losses:					
Beginning balance	\$ 3.7	\$ 3.5	\$ 2.3	\$ 2.1	\$ —
Initial impact of adopting ASC 326	—	—	—	—	2.3
Provision for (reversal of) credit losses	(0.3)	0.2	1.2	0.2	(0.2)
Ending balance	\$ 3.4	\$ 3.7	\$ 3.5	\$ 2.3	\$ 2.1
Total allowance for credit losses	\$ 140.0	\$ 148.0	\$ 149.0	\$ 148.4	\$ 131.2
Total provision for (reversal of) credit losses	(5.1)	3.2	5.2	19.5	29.0
Loans held for investment	9,863.2	9,807.5	10,152.2	10,032.5	8,918.0
Average loans	9,873.1	10,127.9	10,219.2	9,949.6	8,995.6
Net loans charged-off to average loans, annualized	0.12 %	0.16 %	0.18 %	0.09 %	0.14 %
Allowance to non-accrual loans	369.19	365.32	324.78	292.79	252.64
Allowance to loans held for investment	1.38	1.47	1.43	1.46	1.45

Our allowance for credit losses on loans was \$136.6 million, or 1.38% of loans held for investment as of March 31, 2021, including PPP loans, as compared to \$144.3 million, or 1.47% of loans held for investment, as of December 31, 2020. The decrease in the percentage from December 31, 2020 is primarily a result of changes in the Company's internal economic forecast. The allowance for credit losses represents management's estimate of expected credit losses in the loan portfolio expected over the life of the loan, including the incorporation of a one-year forecast period for economic conditions.

While the allowance for credit losses on loans of 1.38% considers the PPP loan balances, the allowance for credit losses does not include a reserve on the 100% Small Business Administration guaranteed PPP loans. The allowance for credit losses on loans as a percentage of period-end loans held for investment would have been 13 basis points higher had the PPP loan balances been excluded at March 31, 2021.

Investment Securities

We manage our investment portfolio to obtain the highest yield possible, while meeting our risk tolerance and liquidity guidelines and satisfying the pledging requirements for deposits of state and political subdivisions and securities sold under repurchase agreements. Our portfolio principally comprises U.S. government agency residential mortgage-backed securities and collateralized mortgage obligations, U.S. government agency securities, and tax-exempt securities. Federal funds sold and interest-bearing deposits in bank are additional investments that are classified as cash equivalents rather than as investment securities. Investment securities classified as available-for-sale are recorded at fair value, while investment securities classified as held-to-maturity are recorded at amortized cost. Unrealized gains or losses, net of the deferred tax effect, on available-for-sale securities are reported as increases or decreases in accumulated other comprehensive income or loss, a component of stockholders' equity.

Investment securities increased \$826.1 million, or 20.3%, to \$4,886.4 million, or 26.5% of total assets, as of March 31, 2021, from \$4,060.3 million, or 23.0% of total assets, as of December 31, 2020. The increase is primarily due to the investment of funds generated through deposit growth.

As of March 31, 2021, the estimated duration of our investment portfolio was 4.3 years, as compared to 3.3 years as of December 31, 2020.

As of March 31, 2021, we had available-for-sale investment securities with fair values aggregating \$11.3 million that had been in a continuous loss position for more than twelve months. Gross unrealized losses on these securities of \$0.1 million as of March 31, 2021 were attributable to changes in interest rates. As the Company does not have the intent to sell any of the available-for-sale securities and it is more likely than not that the Company will not have to sell any securities before a recovery in cost, no credit impairment was recorded during the three months ended March 31, 2021 or 2020.

Deposits

Our deposits consist of non-interest-bearing and interest-bearing demand, savings, individual retirement, and time deposit accounts. Total deposits increased \$877.0 million, or 6.2%, to \$15,094.0 million as of March 31, 2021, from \$14,217.0 million as of December 31, 2020. The increase is primarily attributable to proceeds from government stimulus and the general economic health of our communities, resulting in higher cash balances maintained by clients.

The following table summarizes our deposits as of the dates indicated:

Deposits	March 31, 2021	Percent of Total	December 31, 2020	Percent of Total
<i>(Dollars in millions)</i>				
Non-interest-bearing demand	\$ 5,004.0	33.2 %	\$ 4,633.5	32.6 %
Interest bearing:				
Demand	4,327.0	28.7	4,118.9	29.0
Savings	4,726.7	31.3	4,405.9	31.0
Time, \$250 and over	185.5	1.2	192.9	1.3
Time, other ⁽¹⁾	850.8	5.6	865.8	6.1
Total interest bearing	10,090.0	66.8	9,583.5	67.4
Total deposits	\$ 15,094.0	100.0 %	\$ 14,217.0	100.0 %

⁽¹⁾ Included in Time, other are Certificate of Deposit Account Registry Service, or CDARS, deposits of \$104.4 million and \$97.3 million as of March 31, 2021 and December 31, 2020, respectively.

Securities Sold Under Repurchase Agreement

In addition to deposits, repurchase agreements with commercial depositors, which include municipalities, provide an additional source of funds. Under repurchase agreements, deposit balances are invested in short-term U.S. government agency securities overnight and are then repurchased the following day. All outstanding repurchase agreements are due in one day and balances fluctuate in the normal course of business. Repurchase agreement balances increased \$38.8 million, or 3.6%, to \$1,052.6 million as of March 31, 2021, from \$1,091.4 million as of December 31, 2020, as a result of normal fluctuations in account balances.

Deferred Tax Asset / Liability

Our deferred tax liability, net, decreased \$7.3 million, or 26.8%, to \$19.9 million as of March 31, 2021, from \$27.2 million as of December 31, 2020, primarily due to the decrease in our mark-to-market gains partially offset by a decrease in our allowance for credit losses.

Capital Resources and Liquidity Management

Stockholders' equity is influenced primarily by earnings, dividends, sales and redemptions of common stock, and changes in the unrealized holding gains or losses, net of taxes, on available-for-sale investment securities. Stockholders' equity decreased \$26.4 million, or 1.3%, to \$1,933.4 million as of March 31, 2021, from \$1,959.8 million as of December 31, 2020, due to stock repurchases related to the stock repurchase program, stock repurchases of vested restricted shares tendered in lieu of cash for payment of income tax withholding amounts by participants, changes in other comprehensive loss, and cash dividends paid. This decrease was offset by retention of earnings and proceeds from stock option exercises.

On April 26, 2021, the Company's board of directors declared a dividend of \$0.41 per common share, payable on May 21, 2021, to common stockholders of record as of May 11, 2021. The dividend equates to a 3.7% annual yield based on the \$44.49 average closing pricing of the Company's common stock during the first quarter of 2021.

On June 11, 2019, the Company's board of directors adopted a stock repurchase program where the Company may repurchase up to 2.5 million of its outstanding shares of Class A common stock. On September 12, 2020, the Company's board of directors increased the number of shares of Class A common stock authorized to be repurchased by the Company under the stock repurchase program by an additional 3.0 million shares for a total of 5.5 million shares.

During the three months ended March 31, 2021, the Company repurchased and retired a total of 72,700 shares of our Class A common stock at a total cost of \$2.9 million, including costs and commissions, at an average cost of \$39.69 per share. As of March 31, 2021, there were 1.9 million shares remaining authorized to be repurchased under the repurchase program.

As a bank holding company, the Company must comply with the capital requirements established by the Federal Reserve, and our subsidiary Bank must comply with the capital requirements established by the FDIC. The current risk-based guidelines applicable to us and our Bank are based on the Basel III framework, as implemented by the federal bank regulators. As of March 31, 2021 and December 31, 2020, the Company had capital levels that, in all cases, exceeded the guidelines to be deemed "well-capitalized." For additional information regarding our capital levels, see "Note – Regulatory Capital" in the accompanying "Notes to Unaudited Consolidated Financial Statements" included in this report.

Liquidity. Liquidity measures our ability to meet current and future cash flow needs on a timely basis and at a reasonable cost. We manage our liquidity position to meet the daily cash flow needs of clients, while maintaining an appropriate balance between assets and liabilities to meet the return-on-investment objectives of our shareholders. Our liquidity position is supported by management of liquid assets and liabilities and access to alternative sources of funds. Liquid assets include cash, interest bearing deposits in banks, federal funds sold, available-for-sale investment securities, and maturing or prepaying balances in our held-to-maturity investment and loan portfolios. Liquid liabilities include core deposits, federal funds purchased, securities sold under repurchase agreements, and borrowings. Other sources of liquidity include the sale of loans, the ability to acquire additional national market funds through non-core deposits, the issuance of additional collateralized borrowings such as FHLB advances, the issuance of debt securities, additional borrowings through the Federal Reserve's discount window, and the issuance of preferred or common securities.

Our short-term and long-term liquidity requirements are primarily to fund on-going operations, including payment of interest on deposits and debt, extensions of credit to borrowers, capital expenditures, and shareholder dividends. These liquidity requirements are met primarily through cash flow from operations, redeployment of prepaying and maturing balances in our loan and investment portfolios, debt financing, and increases in client deposits. For additional information

regarding our operating, investing, and financing cash flows, see the unaudited “Consolidated Statements of Cash Flows,” included in Part I, Item 1.

As a holding company, we are a corporation separate and apart from our subsidiary Bank and, therefore, we provide for our own liquidity. Our primary sources of funding include management fees and dividends declared and paid by the Bank and access to capital markets. There are statutory, regulatory, and debt covenant limitations that affect the ability of our Bank to pay dividends to us. Management believes that such limitations will not impact our ability to meet our ongoing short-term cash obligations.

The Company continuously monitors our liquidity position and adjustments are made to the balance between sources and uses of funds as deemed appropriate. We are not aware of any events that are reasonably likely to have a material adverse effect on our liquidity, capital resources, or operations. In addition, we are not aware of any regulatory recommendations regarding liquidity, which if implemented, would have a material adverse effect on us.

Recent Accounting Pronouncements

See “Note – Recent Authoritative Accounting Guidance” in the accompanying “Notes to Unaudited Consolidated Financial Statements” included in this report for details of recently issued accounting pronouncements and their expected impact on our financial statements.

Item 3.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of March 31, 2021, there have been no material changes in the quantitative and qualitative information about market risk provided pursuant to Item 305 of Regulation S-K as presented in our Annual Report on Form 10-K for the year ended December 31, 2020.

Item 4.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management is responsible for establishing and maintaining effective disclosure controls and procedures, as defined under Rules 13a-15(e) and 15d-15(e) of the Exchange Act. As of March 31, 2021, an evaluation was performed, under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of March 31, 2021 were effective in ensuring that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods required by the SEC’s rules and forms, and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting for the quarter ended March 31, 2021 that have materially affected, or are reasonably likely to materially affect, such control.

Limitations on Controls and Procedures

The effectiveness of our disclosure controls and procedures and our internal control over financial reporting is subject to various inherent limitations, including cost limitations, judgments used in decision making, assumptions about the likelihood of future events, the soundness of our systems, the possibility of human error, and the risk of fraud. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions and the risk that the degree of compliance with policies or procedures may deteriorate over time. Because of these limitations, any system of disclosure controls and procedures or internal control over financial reporting may not be successful in preventing all errors or fraud or in making all material information known in a timely manner to the appropriate levels of management.

PART II.

OTHER INFORMATION

Item 1. Legal Proceedings

There have been no material changes in legal proceedings as described in our Annual Report on Form 10-K for the year ended December 31, 2020 during the period covered by this quarterly report.

Item 1A. Risk Factors

There have been no material changes in risk factors described in our Annual Report on Form 10-K for the year ended December 31, 2020 during the period covered by this quarterly report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) There were no unregistered sales of equity securities during the three months ended March 31, 2021.

(b) Not applicable.

(c) The following table provides information with respect to purchases made of our Class A common stock by or on behalf of us or any “affiliated purchasers” (as defined in Rule 10b-18(a)(3) under the Exchange Act), during the three months ended March 31, 2021.

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs
January 2021	42,700	\$ 39.82	42,700	1,919,158
February 2021	65,822	41.98	30,000	1,889,158
March 2021	18,658	49.58	—	1,889,158
Total	127,180	\$ 42.37	72,700	1,889,158

(1) Stock repurchases were redemptions of vested restricted shares tendered in lieu of cash for payment of income tax withholding amounts by participants of the Company’s 2015 Equity Compensation Plan and purchases related to our stock repurchase program.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description
10.1 *	First Amendment to the First Interstate BancSystem, Inc. Deferred Compensation Plan.
10.2 *	First Interstate BancSystem, Inc. 2015 Equity and Incentive Plan Performance Restricted Stock Grant Agreement.
10.3 *	First Interstate BancSystem, Inc. 2015 Equity and Incentive Plan Performance Time Vested Restricted Stock Grant Agreement.
31.1 *	Certification by Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended.
31.2 *	Certification by Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended.
32 **	18 U.S.C. Section 1350 Certifications.
101*	Interactive Data File - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
104*	Cover Page Interactive Data File - The cover page XBRL tags are embedded within the inline XBRL document (included in Exhibit 101)
	* Filed herewith.
	** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FIRST INTERSTATE BANCSYSTEM, INC.

Date: May 7, 2021

By: /s/ KEVIN P. RILEY

Kevin P. Riley
President and Chief Executive Officer

Date: May 7, 2021

By: /s/ MARCY D. MUTCH

Marcy D. Mutch
Executive Vice President and Chief Financial Officer

**FIRST AMENDMENT
TO THE
FIRST INTERSTATE BANCSYSTEM, INC.
DEFERRED COMPENSATION PLAN**

RECITALS

- A. Section 9.8 of the First Interstate BancSystem, Inc. Deferred Compensation Plan, restated effective January 1, 2016 (the “Plan”) gives First Interstate BancSystem, Inc. (the “Plan Sponsor”) the right to amend the Plan at any time.
- B. On July 26, 2006, the Board of Directors of the Plan Sponsor delegated authority to the First Interstate BancSystem, Inc. Benefits Committee (the “Committee”) to amend the Plan to modify Plan design, including without limitation any modification of Plan provisions governing eligibility and/or benefits, in any manner which the Benefits Committee has determined will not cause any substantial increase in the cost to the Plan Sponsor or its subsidiaries of maintaining the Plan, or any substantial reduction in the overall level of benefits provided to employees under the Plan.
- C. The following are amendments to the Plan adopted by the Committee as of the date specified below.

AMENDMENT OF PLAN

Sections 5.1(a) of the Plan is amended to add the following at the end of thereof:

Effective for contributions made to a Retirement Account effective on or after January 1, 2017, a Participant may elect substantially equal annual or monthly installments over a period not to exceed fifteen (15) years.

Section 5.1(c) of the Plan is amended to read as follows:

- (c) If annual installments are elected, the amount of each annual payment will be determined by multiplying the Account by a fraction, the denominator of which for the first payment equals the number years over which benefits are to be paid, and the numerator of which is one (1). The amount of each succeeding payment shall be determined by multiplying the Account balance as of each anniversary of the first installment by a fraction, the denominator of which equals the number of remaining years over which benefits are to be paid, and the numerator of which is one (1).

If monthly installments are elected, the amount of each monthly payment will be determined on an annual basis by multiplying the Account by a fraction, the denominator of which for the first payment equals the number of months over which benefits are to be paid, and the numerator of which is one (1). For the remainder of the calendar year, each monthly payment will equal that amount.

The amounts of monthly payments in succeeding calendar years will be determined by multiplying the Account balance as of the first of the calendar year by a fraction, the denominator of which equals the number of remaining months over which benefits are paid, and the numerator of which is one (1). For the remainder of the calendar year, each monthly payment will equal that amount. The amount of the last monthly payment will equal the remaining Account balance, which may be greater or less than the amount of the previous month's payment, to reflect investment gains and/or losses as provided in Section 4.3.

Section 5.3(a) of the Plan is amended to read as follows:

Retirement Accounts shall be paid: (i) if in a lump sum, within 90 days after the Participant's Retirement, in which case the Participant will have no ability to designate the taxable year of the payment; or (ii) if in installments, the first installment will be made within 90 days after the Participant's Retirement, in which case the Participant will have no ability to designate the taxable year of the payment, and each subsequent installment will be made (if annual installments) on the annual anniversary of the Retirement Date, or (if monthly installments) on an administratively feasible day in each following month.

All other provisions of the Plan shall remain unamended and in full force.

The Committee adopts this First Amendment, effective as of January 1, 2017, by unanimous consent of all members of the Committee, as permitted by Section 5.2 of the Committee Charter.

<u>/s/ KEVIN P. RILEY</u> Kevin Riley	<u>October 28, 2016</u> Date
<u>/s/ MARIA VALANDRA</u> Maria Valandra	<u>November 1, 2016</u> Date
<u>/s/ STEVE MAASCH</u> Steve Maasch	<u>October 21, 2016</u> Date
<u>/s/ LARRY JOHNS</u> Larry Johns	<u>October 24, 2016</u> Date
<u>/s/ PHIL GAGLIA</u> Phil Gaglia	<u>November 2, 2016</u> Date
<u>/s/ MARCY D. MUTCH</u> Marcy Mutch	<u>October 24, 2016</u> Date

**FIRST INTERSTATE BANCSYSTEM, INC. 2015 EQUITY AND INCENTIVE PLAN
202_ PERFORMANCE RESTRICTED STOCK GRANT AGREEMENT**

This Restricted Stock Grant Agreement (“Agreement”) is made and entered into as of the date specified in Exhibit A and referred to as (the “Grant Date”) between First Interstate BancSystem, Inc., a Montana corporation (the “Company”), and the below named Participant, an employee of the Company.

The Company and Participant agree as follows:

1. Precedence of Plan. This Agreement is subject to and will be construed in accordance with the terms and conditions of the First Interstate BancSystem, Inc. 2015 Equity and Incentive Plan (the “Plan”), as now or hereinafter in effect. Any capitalized terms that are used in this Agreement without being defined and that are defined in the Plan will have the meaning specified in the Plan.
2. Grant of Restricted Stock Award. Participant is hereby granted a Restricted Stock Award of the shares of Common Stock (the “Shares”) listed on the attached Exhibit A. In addition, Participant is granted the right to receive additional shares of Common Stock (the “Additional Shares”) as further provided in this Agreement.
3. Vesting.
 - a. *Performance Vesting.* To the extent that the following performance criteria are met over the period January 1, 202_ through December 31, 202_ (the “Performance Period”), the Shares will vest, and the Additional Shares will be issued on March 15, 202_ (the “Vesting Date”):
 - i. The proportion of Shares that will vest and Additional Shares that will be issued will be based on the percentile ranking of the Company over the Performance Period, relative to the Comparator Banks, for each of the following metrics: (1) Total Shareholder Return (TSR), calculated using a closing price average of the 20 trading days immediately prior to the Performance Period and last 20 trading days of the Performance Period; and (2) Adjusted Return on Average Equity (“Adjusted ROAE”). Adjusted ROAE is defined as Adjusted Net Income divided by Average Equity. Adjusted Net Income is defined as pretax net income, minus non-recurring revenue items, plus non-recurring expense items, with non-recurring items being defined by S&P Global (or its successor). Adjusted ROAE will be calculated as an average of the respective measures for each of the three calendar years of the Performance Period for the Company and all Comparator Banks, regardless of each entity’s fiscal year end. Relative performance results for TSR and Adjusted ROAE will be calculated separately, with total Shares vested and Additional Shares issued, if any, based on the sum of the results for the two metrics weighted equally.
 - ii. “Comparator Banks” for this purpose means commercial banks headquartered in the U.S. that are both (1) traded on NYSE, NYSE American or Nasdaq throughout the entire Performance Period; and (2) have total assets between 50% and 200% of the Company’s assets as of the beginning of the Performance Period. The Company itself will not be included in the set of Comparator Banks. A Comparator Bank included in the defined group at the beginning of the Performance Period that falls outside the total asset metric due to merger or acquisition during the Performance Period will be excluded from the calculation for the entire Performance Period.
 - iii. The TSR calculation will assume dividends paid during the Performance Period are reinvested in shares of stock.
 - iv. The amount, if any, of Shares vested and Additional Shares issued will be determined as follows:
 1. If the Company’s percentile rank is less than 35%, then 0% of the Shares will vest on the Vesting Date and no Additional Shares will be issued.
 2. If the Company’s percentile rank is greater than or equal to 35% and less than 50%, between 50% and 100% (the actual amount determined by linear interpolation) of that portion of the Shares will vest on the Vesting Date and 0% of that portion of the Additional Shares will be issued.
 3. If the Company’s percentile rank is greater than or equal to 50% and less than 90%, 100% of that portion of the Shares will vest on the Vesting Date and between 0% and 100% (the actual amount determined by linear interpolation) of that portion of the Additional Shares will be issued.

4. If the Company's percentile rank is greater than or equal to 90%, 100% of that portion of the Shares will vest on the Vesting Date and 100% of that portion of the Additional Shares will be issued (for a total issuance of 200% of the Shares).
 5. Notwithstanding the above, if the Company's calculated TSR over the Performance Period is negative, no Additional Shares will be issued regardless of the Company's relative performance ranking.
- b. *Death or Disability.* If Participant's Continuous Service is terminated due to death or Disability prior to the Vesting Date, the Participant will be entitled to 100% of the Shares regardless of attainment of the performance criteria and the restrictions on such Shares described in Section 4 will be immediately removed. No Additional Shares will be issued.
 - c. *Retirement.* If Participant's Continuous Service is terminated due to retirement at or after age 65 prior to the Vesting Date, the Participant will remain entitled to the Shares and Additional Shares, subject to attainment of the performance criteria on the Vesting Date.
 - d. *Dissolution or Reorganization.* As provided in the Plan, if the Company is a party to a Reorganization Event in which the Company is not the surviving corporation, the Restricted Stock Award may be assumed or substituted with substantially equivalent awards by the acquiring or succeeding corporation in the Committee's discretion. To the extent the Restricted Stock Award is not assumed by the acquiring or succeeding corporation, the Committee may provide that (1) the Restricted Stock Award will vest in whole or in part prior to or upon consummation of the Reorganization Event, or (2) that the Restricted Stock Award will be terminated in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the realization of the Participant's rights as of the date of the occurrence of the Reorganization Event (and if as of the date of the occurrence of the Reorganization Event the Committee determines in good faith that no amount would have been attained upon the realization of the Participant's rights, then such Restricted Stock Award may be terminated by the Company without payment).
 - e. *Termination of Continuous Service in Connection with Change in Control.* In the event of a Participant's termination of Continuous Service by the Company without Cause or the Participant's voluntary termination of Continuous Service for Good Reason during the 24-month period following a Change in Control, then:
 - i. the Shares will vest at 100% and Additional Shares will be issued if actual performance as of the date of the Change in Control meets the levels set forth above, and
 - ii. all other terms and conditions will be deemed met as of the date of the Participant's termination of Continuous Service.

4. Restrictions and Forfeiture.

- a. *Restricted Period.* The Shares are subject to the restrictions described in this Section 4 during the period between the Grant Date and Vesting Date (the "Restricted Period").
 - b. *Forfeiture.* Except as provided in paragraphs b, c, d and e of Section 3 above, in the event that Participant terminates Continuous Service with the Company during the Restricted Period, all of the Shares will be forfeited to the Company as of the date of termination of Continuous Service. In addition, to the extent that any of the performance criteria are not satisfied as of the Vesting Date, any unvested Shares will be forfeited to the Company as of the Vesting Date.
 - c. *Clawback.* Participant acknowledges and agrees that, if Participant is a reporting person of the Company under Section 16 of the Securities Exchange Act of 1934, as amended, any Shares or Additional Shares issued pursuant to this Agreement are subject to the First Interstate BancSystem Clawback Policy, as amended from time to time (the "Policy"), a current copy of which, if applicable, has been provided, which, among other things, authorizes and empowers the Company to recoup any and all Shares or Additional Shares issued pursuant hereto, to the extent Company deems it necessary or appropriate to comply with laws and regulations regarding compensation recapture, including the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. To the extent applicable, Participant hereby agrees to abide by the terms of the Policy.
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5. Stock Register and Certificates. The Shares and Additional Shares may be issued in book entry form. If so, the Company will cause the transfer agent for the Company's shares of Common Stock to make a book entry record showing ownership for the Shares in Participant's name subject to the terms and conditions of this Agreement. Participant will be issued an account statement acknowledging Participant's ownership of the Shares.
6. Rights with Respect to Shares. Participant has the right to vote the Shares (to the extent of the voting rights of said Shares, if any), and to exercise all other rights, powers and privileges of a holder of Common Stock with respect to the Shares, except as set forth in this Agreement and the Plan.

Participant does not have the right to vote the Additional Shares, unless and until such Additional Shares are awarded on the Vesting Date. In addition, Participant does not have the right to exercise any other rights, powers and privileges of a holder of Common Stock with respect to the Additional Shares, except as specifically set forth in this Agreement and the Plan.

7. Responsibility for Taxes. Participant may complete and file with the Internal Revenue Service an election in substantially the form attached hereto as Exhibit B pursuant to Section 83(b) of the Internal Revenue Code to be taxed currently on the fair market value of the Shares, without regard to the restrictions set forth in this Agreement. Participant will be responsible for all taxes associated with the acceptance of the Restricted Stock Award, including any tax liability associated with the representation of fair market value if the election is made pursuant to Section 83(b). **THE PARTICIPANT (AND NOT THE COMPANY OR ANY OF ITS AGENTS) SHALL BE SOLELY RESPONSIBLE FOR APPROPRIATELY FILING ANY 83(b) ELECTION FORM, EVEN IF PARTICIPANT REQUESTS THE COMPANY OR ITS AGENTS TO MAKE THIS FILING ON PARTICIPANT'S BEHALF. ANY 83(b) ELECTION FORM MUST BE FILED WITH THE INTERNAL REVENUE SERVICE WITHIN 30 DAYS AFTER THE DATE OF GRANT OF THIS RESTRICTED STOCK AWARD.**

8. General Provisions.

- a. *Withholding.* Participant must reimburse the Company, in cash, by certified or bank cashier's check, or any other form of legal payment permitted by the Company for any federal, state or local taxes required by law to be withheld with respect to the Shares and the Additional Shares. The Company has the right to deduct from any salary or other payments to be made to Participant any federal, state or local taxes required by law to be so withheld. The Company's obligation to deliver the Shares and Additional Shares upon vesting is subject to and contingent upon the payment by Participant of any applicable federal, state and local withholding tax.
 - b. *Tax Advisor Consultation.* Participant represents that Participant has reviewed with Participant's own tax advisors the federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Participant understands that Participant (and not the Company) shall be responsible for any tax liability that may arise as a result of the transactions contemplated by this Agreement.
 - c. *Data Privacy.* In order to administer the Plan, the Company may process personal data about the Participant. Such data includes, but is not limited to, the information provided in this Agreement and any changes thereto, other appropriate personal and financial data about Participant such as home address and business addresses and other contact information, payroll information and any other information that might be deemed appropriate by the Company to facilitate the administration of the Plan. By accepting this grant, Participant gives explicit consent to the Company to process any such personal data.
 - d. *Consent to Electronic Delivery.* The Company may choose to deliver certain statutory materials relating to the Plan in electronic form. By accepting this grant, Participant agrees that the Company may deliver the Plan prospectus and the Company's annual report to Participant in an electronic format. If at any time Participant would prefer to receive paper copies of these documents, as Participant is entitled to, please contact Fidelity Stock Plan Services at (800) 544-9354 to request paper copies of these documents.
 - e. *Fractions.* To the extent that a fractional number of Shares vest or that the Company is obligated to issue a fractional number of Additional Shares, such number will be rounded down to the nearest whole share number.
 - f. *Receipt of Plan.* By entering into this Agreement, Participant acknowledges (i) that he or she has received and read a copy of the Plan and (ii) that this Agreement is subject to and will be construed in accordance with the terms and conditions of the Plan, as now or hereinafter in effect.
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- g. *Legends*. Restricted Stock awarded under the Plan will bear a legend in such form as the Company deems appropriate.
- h. *Not an Employment Contract*. This Agreement is not an employment contract, and nothing in this Agreement may be deemed to create any obligation on the part of Participant to remain in the service of the Company or of the Company to continue Participant in the service of the Company.
- i. *Further Action*. The parties agree to execute such further instruments and to take such further action as may be necessary to carry out the intent of this Agreement.
- j. *Interpretation*. The interpretations and constructions of any provision of and determinations on any question arising under the Plan or this Agreement will be made by the Company, and all such interpretations, constructions and determinations will be final and conclusive as to all parties. This Agreement, as issued pursuant to the Plan, constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, representations and understandings. The invalidity or unenforceability of any provision hereof will in no way affect the validity or enforceability of any other provision hereof. This Agreement may be executed in counterparts, all of which will be deemed to be one and the same instrument, and it is sufficient for each party to have executed at least one, but not necessarily the same, counterpart. The headings contained in this Agreement are for reference purposes only and do not affect the meaning or interpretation of this Agreement in any way.
- k. *Governing Law; Venue*. This Agreement and the rights and obligations of the parties hereto will be governed by and construed in accordance with the laws of the State of Montana. The parties agree that any action brought by either party to interpret or enforce any provision of the Plan or this Agreement must be brought in the state or federal courts located in Yellowstone County, Montana, and the parties irrevocably submit to the exclusive jurisdiction of that court for any action, suit or proceeding, and hereby waive any right to contest such jurisdiction or change such venue on any grounds.
- l. *Successors*. This Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in this Agreement, this Agreement shall be binding upon Participant and Participant's heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF, the Company, by a duly authorized officer of the Company, and Participant has executed this Agreement effective as of the Grant Date as stated in Exhibit A.

FIRST INTERSTATE BANCSYSTEM, INC.

By: _____
Title: President and CEO

Address: 401 North 31st Street
Billings, MT 59116

Participant Signature

EXHIBIT A

NOTICE OF PERFORMANCE RESTRICTED STOCK AWARD FIRST INTERSTATE BANCSYSTEM INC.

Participant Name	_____
Participant ID	_____
Plan Name	First Interstate BancSystem Inc. 2015 Equity and Incentive Plan
Shares Awarded	_____
Additional Shares	_____
Grant Date	_____
Fair Market Value	_____
Performance Period	January 1, 202_ to December 31, 202_
Vesting Date	March 15, 202_
Weighted Percentages	Total Shareholder Return (TSR) weighted at 50% Adjusted Return on Equity (ROAE) weighted at 50%

EXHIBIT B

ELECTION TO INCLUDE VALUE OF RESTRICTED PROPERTY IN GROSS INCOME PURSUANT TO SECTION 83(b) OF THE INTERNAL REVENUE CODE

This election form is to be filed with the IRS Service Center with which the Participant files his or her return. It should be mailed "Certified Mail" and postmarked by the post office to establish proof of timely filing. Timely filing requires such mailing to occur within thirty (30) days following the date of the grant. One copy must be provided to the Company. Participant may also wish to determine the relevant state tax procedure for the state in which Participant resides.

Pursuant to the Restricted Stock Grant Agreement ("Agreement") entered into by and between the undersigned Participant and First Interstate BancSystem, Inc., a Montana corporation (the "Company"), as of ____, 202__, Participant has acquired ____ shares of Common Stock of the Company (the "Shares") which are subject to a substantial risk of forfeiture under the Agreement. Participant desires to make an election to have the Shares taxed under the provisions of Section 83(b) of the Internal Revenue Code of 1986, as amended (the "Code") at the time Participant acquired the Shares.

Therefore, pursuant to Code Section 83(b) and Treasury Regulation Section 1.83-2, Participant hereby makes an election to report as taxable income in [YEAR] the Shares' fair market value on [DATE], the date on which Participant acquired the Shares (or any subsequent date that may be determined to be the date of transfer for purposes of the Code).

The following information is supplied in accordance with Treasury Regulation Section 1.83-2(e):

1. The name, address and social security number of Participant: _____

2. A description of the property with respect to which the election is being made:
Shares of Common Stock of First Interstate BancSystem, Inc., a Montana corporation.

3. The date on which the property was transferred: _____.
The taxable year for which such election is made: Calendar Year _____.

4. The restrictions to which the property is subject:

The Shares are subject to forfeiture to the Company for no consideration should Participant's employment with the Company terminate or should other specified events occur. Shares vest only upon the achievement of predetermined performance metrics or the occurrence of specific events, including the Participant's death, disability, and termination of Continuous Service with the Company and upon the occurrence of certain corporate transactions involving the Company. Upon any transfer by the Participant, the Shares will be subject to the same restrictions.

5. The fair market value on ____, 202__, of the property with respect to which the election is being made, determined without regard to any lapse restrictions: \$_____.

6. The amount paid for such property: \$_____.

7. A copy of this election has been furnished to the Secretary of the Company pursuant to Treasury Regulations Section 1.83-2(e)(7).

Signature: _____

Print Name: _____

Date: _____

**FIRST INTERSTATE BANCSYSTEM, INC. 2015 EQUITY AND INCENTIVE PLAN
RESTRICTED STOCK GRANT AGREEMENT**

This Restricted Stock Grant Agreement (“Agreement”) is made and entered into as of the date specified in Exhibit A and referred to as (“Grant Date”) between First Interstate BancSystem, Inc., a Montana corporation (the “Company”), and the below named Participant, an employee of the Company.

The Company and Participant agree as follows:

1. Precedence of Plan. This Agreement is subject to and will be construed in accordance with the terms and conditions of the First Interstate BancSystem Inc. 2015 Equity and Incentive Plan (the “Plan”), as now or hereinafter in effect. Any capitalized terms that are used in this Agreement without being defined and that are defined in the Plan will have the meaning specified in the Plan.
 2. Grant of Restricted Stock Award. Participant is hereby granted a Restricted Stock Award for the number of shares of Common Stock (the “Shares”) as listed on Exhibit A Notice of Restricted Stock Award.
 3. Vesting.
 - a. *Time Vesting.* The Shares will vest according to the vesting schedule as listed on Exhibit A, Notice of Restricted Stock Award.
 - b. *Death, Disability or Retirement of Participant.* If Participant's Continuous Service is terminated due to death, disability, or retirement at or after age 65 prior to the Vesting Date, 100% of the Shares will vest.
 - c. *Dissolution or Reorganization.* As provided in the Plan, if the Company is a party to a Reorganization Event in which the Company is not the surviving corporation, the Restricted Stock Award may be assumed or substituted with substantially equivalent awards by the acquiring or succeeding corporation in the Committee's discretion. To the extent the Restricted Stock Award is not assumed by the acquiring or succeeding corporation, the Committee may provide that (1) the Restricted Stock Award will vest in whole or in part prior to or upon consummation of the Reorganization Event, or (2) that the Restricted Stock Award will be terminated in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the realization of the Participant's rights as of the date of the occurrence of the Reorganization Event (and if as of the date of the occurrence of the Reorganization Event the Committee determines in good faith that no amount would have been attained upon the realization of the Participant's rights, then such Restricted Stock Award may be terminated by the Company without payment).
 - d. *Termination of Continuous Service.* In the event of a Participant's termination of Continuous Service by the Company without Cause or the Participant's voluntary termination of Continuous Service for Good Reason, or in connection with a Change in Control of the Company, then 100% of the Shares will vest.
 4. Restrictions and Forfeiture.
 - a. *Restricted Period.* The Shares are subject to the restrictions described in this Section 4 during the period between the Grant Date and Vesting Date (the “Restricted Period”).
 - b. *Forfeiture.* Except as provided in b, c, and d of Section 3 above, in the event that Participant terminates Continuous Service with the Company during the Restricted Period, all of the Shares will be forfeited to the Company as of the date of termination of Continuous Service.
 - c. *Clawback.* Participant acknowledges and agrees that, if Participant is a reporting person of the Company under Section 16 of the Securities Exchange Act of 1934, as amended, any Shares issued pursuant to this Agreement are subject to the First Interstate BancSystem Clawback Policy, as amended from time to time (the “Policy”, a current copy of which, if applicable, has been provided), which, among other things, authorizes and empowers the Company to recoup any and all Shares issued pursuant hereto, to the extent Company deems it necessary or appropriate to comply with laws and regulations regarding compensation recapture, including the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. To the extent applicable, Participant hereby agrees to abide by the terms of the Policy.
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5. Stock Register and Certificates. The Shares may be issued in book entry form. If so, the Company will cause the transfer agent for the Company's shares of Common Stock to make a book entry record showing ownership for the Shares in Participant's name subject to the terms and conditions of this Agreement. Participant will be issued an account statement acknowledging Participant's ownership of the Shares.
6. Rights with Respect to Shares. Participant has the right to vote the Shares (to the extent of the voting rights of said Shares, if any), to receive and retain all regular cash dividends and such other distributions as the Board of Directors of the Company may, in its discretion, designate, pay or distribute on the Shares, and to exercise all other rights, powers and privileges of a holder of Common Stock with respect to the Shares, except as set forth in this Agreement and the Plan.
7. Responsibility for Taxes. Participant may complete and file with the Internal Revenue Service an election in substantially the form attached hereto as Exhibit B pursuant to Section 83(b) of the Internal Revenue Code to be taxed currently on the fair market value of the Shares, without regard to the restrictions set forth in this Agreement. Participant will be responsible for all taxes associated with the acceptance of the Restricted Stock Award, including any tax liability associated with the representation of fair market value if the election is made pursuant to Section 83(b).

THE PARTICIPANT (AND NOT THE COMPANY OR ANY OF ITS AGENTS) SHALL BE SOLELY RESPONSIBLE FOR APPROPRIATELY FILING THE 83(B) ELECTION FORM, EVEN IF PARTICIPANT REQUESTS THE COMPANY OR ITS AGENTS TO MAKE THIS FILING ON PARTICIPANT'S BEHALF. THE 83(B) ELECTION FORM MUST BE FILED WITH THE INTERNAL REVENUE SERVICE WITHIN 30 DAYS AFTER THE DATE OF GRANT OF THIS RESTRICTED STOCK.

8. General Provisions.

- a. *Withholding*. Participant must reimburse the Company, in cash, by certified or bank cashier's check, or any other form of legal payment permitted by the Company for any federal, state or local taxes required by law to be withheld with respect to the vesting of the Shares. The Company has the right to deduct from any salary or other payments to be made to Participant any federal, state or local taxes required by law to be so withheld. The Company's obligation to deliver the Shares upon the lapse of the Restricted Period is subject to and contingent upon the payment by Participant of any applicable federal, state and local withholding tax.
 - b. *Tax Advisor Consultation*. Participant represents Participant has reviewed with Participant's own tax advisors the federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Participant understands that Participant (and not the Company) shall be responsible for any tax liability that may arise as a result of the transactions contemplated by this Agreement.
 - c. *Data Privacy*. In order to administer the Plan, the Company may process personal data about the Participant. Such data includes, but is not limited to, the information provided in this Agreement and any changes thereto, other appropriate personal and financial data about Participant such as home address and business addresses and other contact information, payroll information and any other information that might be deemed appropriate by the Company to facilitate the administration of the Plan. By accepting this grant, Participant gives explicit consent to the Company to process any such personal data.
 - d. *Consent to Electronic Delivery*. The Company may choose to deliver certain statutory materials relating to the Plan in electronic form. By accepting this grant, Participant agrees that the Company may deliver the Plan prospectus and the Company's annual report to Participant in an electronic format. If at any time Participant would prefer to receive paper copies of these documents, as Participant is entitled to, please contact Fidelity Stock Plan Services at (800) 544-9354 to request paper copies of these documents.
 - e. *Fractions*. To the extent that a fractional number of Shares vest or that the Company is for any reason obligated to issue a fractional number of Shares, such number will be rounded down to the nearest whole share number.
 - f. *Receipt of Plan*. By entering into this Agreement, Participant acknowledges (i) that he or she has received and read a copy of the Plan and (ii) that this Agreement is subject to and will be construed in accordance with the terms and conditions of the Plan, as now or hereinafter in effect.
 - g. *Legends*. Restricted Stock awarded under the Plan will bear a legend in such form as the Company deems appropriate.
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- h. *Not an Employment Contract.* This Agreement is not an employment contract and nothing in this Agreement may be deemed to create in any way whatsoever any obligation on the part of Participant to remain in the service of the Company or of the Company to continue Participant in the service of the Company.
- i. *Further Action.* The parties agree to execute such further instruments and to take such further action as reasonably may be necessary to carry out the intent of this Agreement.
- j. *Interpretation.* The interpretations and constructions of any provision of and determinations on any question arising under the Plan or this Agreement will be made by the Company, and all such interpretations, constructions and determinations will be final and conclusive as to all parties. This Agreement, as issued pursuant to the Plan, constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, representations and understandings. The invalidity or unenforceability of any provision hereof will in no way affect the validity or enforceability of any other provision hereof. This Agreement may be executed in counterparts, all of which will be deemed to be one and the same instrument, and it is sufficient for each party to have executed at least one, but not necessarily the same, counterpart. The headings contained in this Agreement are for reference purposes only and do not affect the meaning or interpretation of this Agreement in any way.
- k. *Governing Law; Venue.* This Agreement and the rights and obligations of the parties hereto will be governed by and construed in accordance with the laws of the State of Montana. The parties agree that any action brought by either party to interpret or enforce any provision of the Plan or this Agreement must be brought in the state or federal court located in Yellowstone County, Montana, and the parties irrevocably submit to the exclusive jurisdiction of that court for any action, suit or proceeding, and hereby waive any right to contest such jurisdiction or change such venue on any grounds.
- l. *Successors.* This Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in this Agreement, this Agreement shall be binding upon Participant and Participant's heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF, the Company, by a duly authorized officer of the Company, and Participant has executed this Agreement effective as of the Grant Date as stated in Exhibit B.

FIRST INTERSTATE BANCSYSTEM, INC.

By:

Title: President and CEO

Participant Signature

Address: 401 North 31st
Billings, MT 59116

EXHIBIT A

NOTICE OF RESTRICTED STOCK AWARD OF FIRST INTERSTATE BANCSYSTEM

Participant Name	_____
Participant ID	_____
Plan Name	First Interstate BancSystem, Inc. 2015 Equity and Incentive Plan
Number of Shares Awarded	_____
Grant Date	_____
Grant Date Fair Market Value	_____
Vesting schedule	Please refer to Appendix: Vesting Schedule

EXHIBIT B

ELECTION TO INCLUDE VALUE OF RESTRICTED PROPERTY IN GROSS INCOME PURSUANT TO SECTION 83(b) OF THE INTERNAL REVENUE CODE

This election form is to be filed with the IRS Service Center with which the Participant files his or her return. It should be mailed "Certified Mail" and postmarked by the post office to establish proof of timely filing. Timely filing requires such mailing to occur within thirty (30) days following the date of the grant. One copy must be provided to the Company. Participant may also wish to determine the relevant state tax procedure for the state in which Participant resides.

Pursuant to the Restricted Stock Grant Agreement ("Agreement") entered into by and between the undersigned Participant and First Interstate BancSystem, Inc., a Montana corporation (the "Company"), as of ____, 20__, Participant has acquired ____ shares of Common Stock of the Company (the "Shares") which are subject to a substantial risk of forfeiture under the Agreement. Participant desires to make an election to have the Shares taxed under the provisions of Section 83(b) of the Internal Revenue Code of 1986, as amended (the "Code") at the time Participant acquired the Shares.

Therefore, pursuant to Code Section 83(b) and Treasury Regulation Section 1.83-2, Participant hereby makes an election to report as taxable income in [YEAR] the Shares' fair market value on [DATE], the date on which Participant acquired the Shares (or any subsequent date that may be determined to be the date of transfer for purposes of the Code).

The following information is supplied in accordance with Treasury Regulation Section 1.83-2(e):

1. The name, address and social security number of Participant: _____

2. A description of the property with respect to which the election is being made:
Shares of Common Stock of First Interstate BancSystem, Inc., a Montana corporation.

3. The date on which the property was transferred: _____.
The taxable year for which such election is made: Calendar Year _____.

4. The restrictions to which the property is subject:

The Shares are subject to forfeiture to the Company for no consideration should Participant's employment with the Company terminate or should other specified events occur. Shares vest only upon the passage of time or the occurrence of specific events, including the Participant's death, disability, termination of Continuous Service with the Company and upon the occurrence of certain corporate transactions involving the Company. Upon any transfer of the Shares by Participant, the Shares will be subject to the same restrictions.

5. The fair market value on ____, 20____, of the property with respect to which the election is being made, determined without regard to any lapse restrictions: \$ _____.

6. The amount paid for such property: \$ _____.

7. A copy of this election has been furnished to the Secretary of the Company pursuant to Treasury Regulations Section 1.83-2(e)(7).

Signature: _____

Print Name: _____

Date: _____

cc: First Interstate Bank Human Resources Department

APPENDIX:
VESTING SCHEDULE

Date	Quantity
March 15, 20xx	1/3 Shares Granted
March 15, 20xx	1/3 Shares Granted
March 15, 20xx	1/3 Shares Granted

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) AND RULE 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, Kevin P. Riley, certify that :

1. I have reviewed this quarterly report on Form 10-Q of First Interstate BancSystem, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions);
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: May 7, 2021

/s/ KEVIN P. RILEY

Kevin P. Riley

President and Chief Executive Officer

**CERTIFICATION BY CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) AND RULE 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, Marcy D. Mutch, certify that :

1. I have reviewed this quarterly report on Form 10-Q of First Interstate BancSystem, Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions);
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: May 7, 2021

/s/ MARCY D. MUTCH

Marcy D. Mutch

Executive Vice President and Chief Financial Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

The undersigned are the Chief Executive Officer and the Chief Financial Officer of First Interstate BancSystem, Inc. (the “Registrant”). This Certification is made pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. This Certification accompanies the Quarterly Report on Form 10-Q of the Registrant for the quarter ended March 31, 2021.

We certify that, based on our knowledge, such Quarterly Report on Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

This Certification is executed as of May 7, 2021.

/s/ KEVIN P. RILEY

Kevin P. Riley

President and Chief Executive Officer

/s/ MARCY D. MUTCH

Marcy D. Mutch

Executive Vice President and Chief Financial Officer