

**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 September 30, 2024

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)

Delaware

(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)

59101

(Zip Code)

Registrant's telephone number, including area code: (406) 255-5311

N/A

(Former name, former address and former fiscal year, if changed since last report)

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>
Common Stock, \$0.00001 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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:

September 30, 2024 – Common stock

104,529,863

Quarterly Report on Form 10-Q
FIRST INTERSTATE BANCSYSTEM, INC. AND SUBSIDIARIES
Index
September 30, 2024

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

	September 30, 2024	December 31, 2023
Assets		
Cash and due from banks	\$ 438.9	\$ 378.2
Interest-bearing deposits in banks	259.6	199.7
Federal funds sold	0.1	0.1
Total cash and cash equivalents	698.6	578.0
Investment securities:		
Available-for-sale, at fair value	5,534.3	5,841.5
Held-to-maturity (estimated fair values of \$2,480.5 at September 30, 2024 and \$2,874.0 at December 31, 2023)	2,741.3	3,207.9
Total investment securities	8,275.6	9,049.4
FHLB and FRB stock, at cost	155.5	223.2
Loans held for sale (\$2.1 and \$0.5 of which is recorded at fair value at September 30, 2024 December 31, 2023)	20.9	47.4
Loans held for investment, net of deferred fees and costs	18,027.1	18,279.6
Allowance for credit losses	(225.4)	(227.7)
Net loans held for investment	17,801.7	18,051.9
Goodwill	1,100.9	1,100.9
Company-owned life insurance	511.0	502.4
Premises and equipment, net of accumulated depreciation	432.7	444.3
Other intangibles, net of accumulated amortization	70.4	81.4
Accrued interest receivable	127.3	129.1
Mortgage servicing rights, net of accumulated amortization	26.3	28.3
Other real estate owned	4.4	16.5
Deferred tax asset, net	110.9	150.0
Other assets	259.3	268.4
Total assets	\$ 29,595.5	\$ 30,671.2
Liabilities and Stockholders' Equity		
Deposits:		
Non-interest bearing	\$ 5,919.0	\$ 6,029.6
Interest bearing	16,945.1	17,293.5
Total deposits	22,864.1	23,323.1
Securities sold under repurchase agreements	557.2	782.7
Accounts payable and accrued expenses	334.7	380.4
Accrued interest payable	87.7	52.2
Other borrowed funds	2,080.0	2,603.0
Long-term debt	137.3	120.8
Allowance for credit losses on off-balance sheet credit exposures	5.6	18.4
Subordinated debentures held by subsidiary trusts	163.1	163.1
Total liabilities	26,229.7	27,443.7
Stockholders' equity:		
Preferred stock, no par value; 100,000 shares authorized; none issued and outstanding	—	—
Common stock and additional paid-in-capital, \$0.00001 par value; 150,000,000 shares authorized; 104,529,863 and 103,941,626 shares were issued and outstanding at September 30, 2024 and December 31, 2023	2,457.4	2,448.9
Retained earnings	1,163.3	1,135.1
Accumulated other comprehensive loss, net	(254.9)	(356.5)
Total stockholders' equity	3,365.8	3,227.5
Total liabilities and stockholders' equity	\$ 29,595.5	\$ 30,671.2

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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Interest income:				
Interest and fees on loans	\$ 258.9	\$ 249.9	\$ 763.8	\$ 727.1
Interest and dividends on investment securities:				
Taxable	60.7	66.0	187.5	204.3
Exempt from federal taxes	0.7	0.8	2.1	2.5
Interest and dividends on FHLB and FRB stock	2.8	2.9	9.4	9.3
Interest on deposits in banks	4.9	3.0	13.9	12.6
Total interest income	328.0	322.6	976.7	955.8
Interest expense:				
Interest on deposits	84.2	68.8	244.2	162.7
Interest on securities sold under repurchase agreements	1.4	1.7	5.6	4.3
Interest on other borrowed funds	32.0	33.6	99.4	104.1
Interest on long-term debt	1.6	1.5	10.3	4.4
Interest on subordinated debentures held by subsidiary trusts	3.3	3.3	9.9	9.3
Total interest expense	122.5	108.9	369.4	284.8
Net interest income	205.5	213.7	607.3	671.0
Provision for credit losses	19.8	(0.1)	34.1	26.8
Net interest income after provision for credit losses	185.7	213.8	573.2	644.2
Non-interest income:				
Payment services revenues	18.7	19.2	55.7	58.0
Mortgage banking revenues	1.7	2.0	5.1	6.9
Wealth management revenues	9.6	8.7	28.2	26.5
Service charges on deposit accounts	6.6	6.0	19.0	17.0
Other service charges, commissions, and fees	2.2	2.2	6.5	7.0
Investment securities losses, net	—	—	—	(23.5)
Other income	7.6	3.9	16.6	10.6
Total non-interest income	46.4	42.0	131.1	102.5
Non-interest expense:				
Salaries and wages	70.9	65.4	202.4	199.1
Employee benefits	19.7	19.7	55.9	61.8
Outsourced technology services	14.6	14.5	42.2	44.5
Occupancy, net	11.8	11.7	35.8	35.9
Furniture and equipment	5.2	5.3	15.4	16.8
OREO expense, net of income	—	0.5	4.0	1.3
Professional fees	4.2	5.1	16.1	14.9
FDIC insurance premiums	5.2	5.0	19.2	15.4
Other intangibles amortization	3.6	3.9	11.0	11.8
Other expenses	24.2	30.0	74.5	89.3
Total non-interest expense	159.4	161.1	476.5	490.8
Income before income tax	72.7	94.7	227.8	255.9
Provision for income tax	17.2	22.0	53.9	59.9
Net income	\$ 55.5	\$ 72.7	\$ 173.9	\$ 196.0
Earnings per common share (Basic)	\$ 0.54	\$ 0.70	\$ 1.69	\$ 1.89
Earnings per common share (Diluted)	\$ 0.54	\$ 0.70	\$ 1.69	\$ 1.89

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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	\$ 55.5	\$ 72.7	\$ 173.9	\$ 196.0
Other comprehensive income (loss), before tax:				
Investment securities available for sale:				
Change in net unrealized gains (losses) during the period	158.5	(72.1)	134.6	(51.4)
Reclassification adjustment for net losses included in income	—	—	—	23.5
Reclassification adjustment for securities transferred from held-to-maturity to available-for-sale	—	—	—	(7.2)
Net change in unamortized losses on available-for-sale investment securities transferred into held-to-maturity	(0.2)	(0.3)	(0.5)	(1.1)
Cash flow hedges:				
Change in unrealized gains (losses) on derivatives	12.4	(13.1)	(10.1)	(27.2)
Reclassification adjustment for derivatives net losses included in income	3.1	2.1	11.2	4.1
Other comprehensive income (loss), before tax	173.8	(83.4)	135.2	(59.3)
Deferred tax (expense) benefit related to other comprehensive (loss) income	(43.2)	20.7	(33.6)	14.7
Other comprehensive income (loss), net of tax	130.6	(62.7)	101.6	(44.6)
Comprehensive income, net of tax	\$ 186.1	\$ 10.0	\$ 275.5	\$ 151.4

See accompanying notes to unaudited consolidated financial statements.

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

	Three Months Ended September 30,			
	Common stock	Retained earnings	Accumulated other comprehensive loss	Total stockholders' equity
Balance at June 30, 2024	\$ 2,453.9	\$ 1,156.9	\$ (385.5)	\$ 3,225.3
Net income	—	55.5	—	55.5
Other comprehensive income, net of tax expense	—	—	130.6	130.6
Common stock transactions:				
3,972 common shares purchased and retired	(0.1)	—	—	(0.1)
4,881 non-vested common shares issued	—	—	—	—
31,664 non-vested common shares forfeited or canceled	—	—	—	—
Stock-based compensation expense	3.6	—	—	3.6
Common stock cash dividends declared (\$0.47 per share)	—	(49.1)	—	(49.1)
Balance at September 30, 2024	\$ 2,457.4	\$ 1,163.3	\$ (254.9)	\$ 3,365.8
	Common stock	Retained earnings	Accumulated other comprehensive loss	Total stockholders' equity
Balance at June 30, 2023	\$ 2,481.3	\$ 1,098.8	\$ (459.0)	\$ 3,121.1
Net income	—	72.7	—	72.7
Other comprehensive loss, net of tax expense	—	—	(62.7)	(62.7)
Common stock transactions:				
494 common shares purchased and retired	—	—	—	—
12,663 non-vested common shares issued	—	—	—	—
21,481 non-vested common shares forfeited or canceled	—	—	—	—
Stock-based compensation expense	3.6	—	—	3.6
Common stock cash dividends declared (\$0.47 per share)	—	(49.2)	—	(49.2)
Balance at September 30, 2023	\$ 2,484.9	\$ 1,122.3	\$ (521.7)	\$ 3,085.5

See accompanying notes to unaudited consolidated financial statements.

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

	Nine Months Ended September 30,			
	Common stock	Retained earnings	Accumulated other comprehensive loss	Total stockholders' equity
Balance at December 31, 2023	\$ 2,448.9	\$ 1,135.1	\$ (356.5)	\$ 3,227.5
Cumulative change related to the adoption of ASU 2023-02	—	1.2	—	1.2
Adjusted balance at January 1, 2024	2,448.9	1,136.3	(356.5)	3,228.7
Net income	—	173.9	—	173.9
Other comprehensive income, net of tax expense	—	—	101.6	101.6
Common stock transactions:				
49,420 common shares purchased and retired	(1.2)	—	—	(1.2)
742,979 non-vested common shares issued	—	—	—	—
105,322 non-vested common shares forfeited or canceled	—	—	—	—
Stock-based compensation expense	9.7	—	—	9.7
Common cash dividends declared (\$1.41 per share)	—	(146.9)	—	(146.9)
Balance at September 30, 2024	\$ 2,457.4	\$ 1,163.3	\$ (254.9)	\$ 3,365.8

	Nine Months Ended September 30,			
	Common stock	Retained earnings	Accumulated other comprehensive loss	Total stockholders' equity
Balance at December 31, 2022	\$ 2,478.2	\$ 1,072.7	\$ (477.1)	\$ 3,073.8
Net income	—	196.0	—	196.0
Other comprehensive loss, net of tax expense	—	—	(44.6)	(44.6)
Common stock transactions:				
55,922 common shares purchased and retired	(1.9)	—	—	(1.9)
683,574 non-vested common shares issued	—	—	—	—
58,304 non-vested common shares forfeited or canceled	—	—	—	—
Stock-based compensation expense	8.6	—	—	8.6
Common cash dividends declared (\$1.41 per share)	—	(146.4)	—	(146.4)
Balance at September 30, 2023	\$ 2,484.9	\$ 1,122.3	\$ (521.7)	\$ 3,085.5

See accompanying notes to unaudited consolidated financial statements.

FIRST INTERSTATE BANCSYSTEM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions) (Unaudited)	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net income	\$ 173.9	\$ 196.0
Adjustments to reconcile net income from operations to net cash provided by operating activities:		
Provision for credit losses	34.1	26.8
Net gain on disposal of premises and equipment	—	(1.7)
Depreciation and amortization	41.4	40.5
Net premium amortization on investment securities	0.9	1.7
Net loss on investment securities transactions	—	23.5
Realized and unrealized net gains on mortgage banking activities	(1.4)	(2.3)
Net gain on sale of OREO	(0.4)	(0.1)
Write-downs of OREO and other assets pending disposal	4.2	1.1
Deferred taxes	6.6	9.9
Net increase in cash surrender value of company-owned life insurance	(10.7)	(8.1)
Stock-based compensation expense	9.7	8.6
Originations of mortgage loans held for sale	(131.4)	(250.8)
Proceeds from sales of mortgage loans held for sale	130.7	255.9
Changes in operating assets and liabilities:		
Decrease (increase) in accrued interest receivable	1.8	(10.9)
Decrease in other assets	10.9	38.5
Increase in accrued interest payable	35.5	49.2
Decrease in accounts payable and accrued expenses	(46.0)	(19.1)
Net cash provided by operating activities	259.8	358.7
Cash flows from investing activities:		
Purchases of investment securities:		
Available-for-sale	(102.2)	—
Proceeds from sales, maturities, and pay-downs of investment securities:		
Held-to-maturity	470.0	174.0
Available-for-sale	539.4	1,276.3
Purchases of FHLB and FRB stock	(92.4)	(187.3)
Proceeds from sales of FHLB and FRB stock	160.1	196.4
Proceeds from bank-owned life insurance settlements	2.1	5.2
Net change in loans held for investment	226.5	(118.1)
Proceeds from sale of OREO	12.9	2.6
Capital expenditures, net of sales	(16.4)	(19.4)
Net cash provided by investing activities	1,200.0	1,329.7
Cash flows from financing activities:		
Net decrease in deposits	(459.0)	(1,394.1)
Net decrease in securities sold under repurchase agreements	(225.5)	(163.4)
Net decrease in other borrowed funds	(773.0)	(260.0)
Repayments of long-term debt	(0.1)	(0.1)
Advances on long-term debt	266.5	—
Purchase and retirement of common stock	(1.2)	(1.8)
Dividends paid to common stockholders	(146.9)	(146.4)
Net cash used in financing activities	(1,339.2)	(1,965.8)
Net increase (decrease) in cash and cash equivalents	120.6	(277.4)
Cash and cash equivalents at beginning of period	578.0	870.5
Cash and cash equivalents at end of period	\$ 698.6	\$ 593.1

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

	Nine Months Ended September 30,	
	2024	2023
Supplemental disclosures of cash flow information:		
Cash paid during the period for income taxes	\$ 12.1	\$ 39.0
Cash paid during the period for interest expense	333.9	235.6
Supplemental disclosures of noncash investing and financing activities:		
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 1.1	\$ 6.4
Transfer of held-to-maturity to available-for sale securities	—	23.0
Transfer of held for investment loans to held-for-sale	—	3.1
Transfer of loans to OREO	4.6	2.5
Capitalization of internally originated mortgage servicing rights	0.5	0.9

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

The accompanying unaudited consolidated financial statements of First Interstate BancSystem, Inc., and its consolidated subsidiaries, including its wholly-owned subsidiary, First Interstate Bank (“FIB”) (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 September 30, 2024 and December 31, 2023, the results of operations, changes in stockholders’ equity, and cash flows for each of the three and the nine months ended September 30, 2024 and 2023, in conformity with U.S. generally accepted accounting principles (“GAAP”). The balance sheet information at December 31, 2023 is derived from audited consolidated financial statements. The unaudited consolidated financial statements have been prepared in conformity with the required interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X; and therefore, do not include all of the information and footnotes required by GAAP for a complete set of financial statements. Certain reclassifications, none of which were material, have been made to conform the Company’s prior year financial statements to the financial statements as of September 30, 2024. These reclassifications did not change previously reported net income, financial condition, cash flows, 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, 2023, which includes a description of significant accounting policies. Operating results for the three and the nine months ended September 30, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024.

(2) Investment Securities

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

<i>September 30, 2024</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<i>Available-for-Sale:</i>				
U.S. Treasury notes	\$ 250.2	\$ —	\$ (19.2)	\$ 231.0
State, county, and municipal securities	252.8	—	(31.9)	220.9
Obligations of U.S. government agencies	171.9	—	(6.5)	165.4
U.S. agency commercial mortgage-backed securities	1,164.1	1.4	(60.2)	1,105.3
U.S. agency residential mortgage-backed securities	1,354.2	2.4	(94.2)	1,262.4
Collateralized mortgage obligations	1,202.1	2.2	(87.7)	1,116.6
Private mortgage-backed securities	223.3	—	(23.7)	199.6
Collateralized loan obligation	987.4	0.6	—	988.0
Corporate securities	260.0	—	(14.9)	245.1
Total	\$ 5,866.0	\$ 6.6	\$ (338.3)	\$ 5,534.3

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

<i>September 30, 2024</i>	Amortized Cost ¹	Allowance for Credit Losses	Net Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<i>Held-to-Maturity:</i>						
U.S. Treasury notes	\$ 99.6	\$ —	\$ 99.6	\$ —	\$ (0.4)	\$ 99.2
State, county, and municipal securities	176.7	—	176.7	0.3	(20.6)	156.4
Obligations of U.S. government agencies	356.4	—	356.4	—	(32.0)	324.4
U.S. agency commercial mortgage-backed securities	493.0	—	493.0	—	(41.8)	451.2
U.S. agency residential mortgage-backed securities	1,119.5	—	1,119.5	0.5	(106.2)	1,013.8
Collateralized mortgage obligations	439.8	—	439.8	0.8	(57.8)	382.8
Corporate securities	57.0	(0.7)	56.3	—	(3.6)	52.7
Total	\$ 2,742.0	\$ (0.7)	\$ 2,741.3	\$ 1.6	\$ (262.4)	\$ 2,480.5

⁽¹⁾ Amortized cost presented above includes \$8.6 million of unamortized gains in U.S. agency residential and commercial mortgage-backed securities and collateralized mortgage obligations related to the 2021 transfer of securities from available-for-sale to held-to-maturity, and \$16.5 million of unamortized losses in state, county, and municipal, obligations of U.S. government agencies and collateralized loan obligations related to the 2022 transfer of securities from available-for-sale to held-to-maturity.

<i>December 31, 2023</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<i>Available-for-Sale:</i>				
U.S. Treasury notes	\$ 250.2	\$ —	\$ (25.5)	\$ 224.7
State, county, and municipal securities	256.7	—	(36.9)	219.8
Obligations of U.S. government agencies	179.4	—	(10.9)	168.5
U.S. agency commercial mortgage-backed securities	1,192.7	0.6	(87.7)	1,105.6
U.S. agency residential mortgage-backed securities	1,496.3	1.2	(130.6)	1,366.9
Collateralized mortgage obligations	1,308.5	1.3	(120.3)	1,189.5
Private mortgage-backed securities	241.3	—	(30.9)	210.4
Collateralized loan obligation	1,121.9	0.1	(2.3)	1,119.7
Corporate securities	260.8	—	(24.4)	236.4
Total	\$ 6,307.8	\$ 3.2	\$ (469.5)	\$ 5,841.5

<i>December 31, 2023</i>	Amortized Cost ¹	Allowance for Credit Losses	Net Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<i>Held-to-Maturity:</i>						
U.S. Treasury notes	\$ 399.0	\$ —	\$ 399.0	\$ —	\$ (2.8)	\$ 396.2
State, county, and municipal securities	179.2	—	179.2	0.2	(24.2)	155.2
Obligations of U.S. government agencies	354.5	—	354.5	—	(42.4)	312.1
U.S. agency commercial mortgage-backed securities	510.5	—	510.5	—	(52.9)	457.6
U.S. agency residential mortgage-backed securities	1,232.6	—	1,232.6	—	(137.0)	1,095.6
Collateralized mortgage obligations	475.9	—	475.9	0.2	(69.0)	407.1
Corporate securities	57.0	(0.8)	56.2	—	(6.0)	50.2
Total	\$ 3,208.7	\$ (0.8)	\$ 3,207.9	\$ 0.4	\$ (334.3)	\$ 2,874.0

⁽¹⁾ Amortized cost presented above includes \$10.7 million of unamortized gains and \$18.1 million of unamortized losses related to the 2021 and 2022 transfer of securities from available-for-sale to held-to-maturity.

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

The following tables show the gross unrealized losses and fair values of available-for-sale investment securities and the length of time individual investment securities have been in an unrealized loss position as of September 30, 2024 and December 31, 2023.

	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>September 30, 2024</i>						
<i>Available-for-Sale:</i>						
U.S. Treasury notes	\$ —	\$ —	\$ 231.0	\$ (19.2)	\$ 231.0	\$ (19.2)
State, county, and municipal securities	—	—	218.8	(31.9)	218.8	(31.9)
Obligations of U.S. government agencies	—	—	165.1	(6.5)	165.1	(6.5)
U.S. agency commercial mortgage-backed securities	0.1	—	1,048.8	(60.2)	1,048.9	(60.2)
U.S. agency residential mortgage-backed securities	—	—	1,167.0	(94.2)	1,167.0	(94.2)
Collateralized mortgage obligations	3.2	—	1,048.5	(87.7)	1,051.7	(87.7)
Private mortgage-backed securities	—	—	199.5	(23.7)	199.5	(23.7)
Corporate securities	—	—	217.0	(14.9)	217.0	(14.9)
Total	\$ 3.3	\$ —	\$ 4,295.7	\$ (338.3)	\$ 4,299.0	\$ (338.3)

	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, 2023</i>						
<i>Available-for-Sale:</i>						
U.S. Treasury notes	\$ —	\$ —	\$ 224.7	\$ (25.5)	\$ 224.7	\$ (25.5)
State, county, and municipal securities	—	—	217.1	(36.9)	217.1	(36.9)
Obligations of U.S. government agencies	—	—	168.0	(10.9)	168.0	(10.9)
U.S. agency commercial mortgage-backed securities	0.2	—	1,083.1	(87.7)	1,083.3	(87.7)
U.S. agency residential mortgage-backed securities	0.7	—	1,287.5	(130.6)	1,288.2	(130.6)
Collateralized mortgage obligations	—	—	1,142.4	(120.3)	1,142.4	(120.3)
Private mortgage-backed securities	—	—	210.5	(30.9)	210.5	(30.9)
Collateralized loan obligation	—	—	935.7	(2.3)	935.7	(2.3)
Corporate securities	—	—	236.5	(24.4)	236.5	(24.4)
Total	\$ 0.9	\$ —	\$ 5,505.5	\$ (469.5)	\$ 5,506.4	\$ (469.5)

As of September 30, 2024 and December 31, 2023, there were no holdings of securities of any issuer in an amount greater than 10% of stockholders' equity, other than holdings in the U.S. government and its agencies.

The Company determines the allowance for credit losses on both available-for-sale and held-to-maturity investment securities by a discounted cash flow approach when needed, using each security's effective interest rate at the time of purchase or upon acquisition. The allowance for credit losses is measured as the amount by which an investment security's amortized cost exceeds the net present value of expected future cash flows. However, the amount of credit losses for available-for-sale investment securities is limited to the amount of a security's unrealized loss. The allowance for credit loss on held-to-maturity investment securities is representative of current expected credit losses that management expects to be incurred over the life of the investment and established through a charge to provision for credit losses in current period earnings. For held-to-maturity investment securities, the Company has the intent and ability to hold these investment securities to maturity.

The investment securities portfolio primarily 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 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.

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As of September 30, 2024 and December 31, 2023, the Company had 648 and 704 individual available-for-sale investment securities, respectively, that were in an unrealized loss position, which was related primarily to fluctuations in current interest rates. The Company does not intend to sell any of the available-for-sale securities, and the Company does not anticipate it will be required to sell any securities before a recovery in cost.

On a quarterly basis, the Company refreshes the credit quality indicator of each held-to-maturity security. The following table summarizes the credit quality indicators of held-to-maturity securities at amortized cost for the periods indicated:

<i>September 30, 2024</i>	AAA	AA	A	BBB	BB	Not Rated	Total
U.S. Treasury notes	\$ 99.6	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 99.6
State, county, and municipal securities	85.7	74.2	10.1	—	—	6.7	176.7
Obligations of U.S. government agencies	356.4	—	—	—	—	—	356.4
U.S. agency commercial mortgage-backed securities							
FNMA/FHLMC	349.7	—	—	—	—	—	349.7
GNMA	143.3	—	—	—	—	—	143.3
U.S. agency residential mortgage-backed securities							
FNMA/FHLMC	1,080.7	—	—	—	—	—	1,080.7
GNMA	38.8	—	—	—	—	—	38.8
Collateralized mortgage obligations							
FNMA/FHLMC	308.5	—	—	—	—	—	308.5
GNMA	131.3	—	—	—	—	—	131.3
Corporate securities	—	—	—	47.0	5.0	5.0	57.0
Total	\$ 2,594.0	\$ 74.2	\$ 10.1	\$ 47.0	\$ 5.0	\$ 11.7	\$ 2,742.0

<i>December 31, 2023</i>	AAA	AA	A	BBB	BB	Not Rated	Total
U.S. Treasury notes	\$ 399.0	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 399.0
State, county, and municipal securities	69.0	92.3	10.6	—	—	7.3	179.2
Obligations of U.S. government agencies	354.5	—	—	—	—	—	354.5
U.S. agency commercial mortgage-backed securities							
FNMA/FHLMC	359.7	—	—	—	—	—	359.7
GNMA	150.8	—	—	—	—	—	150.8
U.S. agency residential mortgage-backed securities							
FNMA/FHLMC	1,189.8	—	—	—	—	—	1,189.8
GNMA	42.8	—	—	—	—	—	42.8
Collateralized mortgage obligations							
FNMA/FHLMC	334.1	—	—	—	—	—	334.1
GNMA	141.8	—	—	—	—	—	141.8
Corporate securities	—	—	—	47.0	5.0	5.0	57.0
Total	\$ 3,041.5	\$ 92.3	\$ 10.6	\$ 47.0	\$ 5.0	\$ 12.3	\$ 3,208.7

As of September 30, 2024 and December 31, 2023, the Company had \$33.1 million and \$38.5 million, respectively, of accrued interest receivable from investment securities on the consolidated balance sheets. Accrued interest receivable is presented as a separate line item on the consolidated balance sheets and the Company does not include accrued interest receivable in the carrying amount of financial assets held at the amortized cost basis or in the related allowance for credit losses calculation.

As of September 30, 2024 and December 31, 2023, there were no available-for-sale or held-to-maturity securities on nonaccrual status. All securities in the portfolio were current with their contractual principal and interest payments.

As of September 30, 2024 and December 31, 2023, there were no collateral-dependent available-for-sale or held-to-maturity securities.

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There were no material gross realized gains and no material gross realized losses during the three and the nine month periods ended September 30, 2024. During the three months ended September 30, 2023, there were no material gross realized gains and no material gross realized losses, and during the nine months ended September 30, 2023 there were no material gross realized gains and \$23.5 million in gross realized losses on the disposition of available-for-sale investment securities, resulting from the sale of \$853.0 million of investment securities.

The following schedule represents the amortized cost of debt securities by contractual maturity except for maturities of mortgage-backed securities, which have been adjusted to reflect shorter maturities based upon estimated prepayments of principal.

<i>September 30, 2024</i>	Available-for-Sale		Held-to-Maturity	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Within one year	\$ 88.7	\$ 87.5	\$ 101.1	\$ 100.6
After one year but within five years	1,326.9	1,265.9	416.0	396.8
After five years but within ten years	1,166.4	1,095.1	485.5	437.5
After ten years	3,284.0	3,085.8	1,739.4	1,545.6
Total	\$ 5,866.0	\$ 5,534.3	\$ 2,742.0	\$ 2,480.5

As of September 30, 2024, the Company held investment securities callable within one year having amortized costs and estimated fair values of \$1,514.6 million and \$1,478.0 million, respectively. These investment securities are primarily included in the “after five year” categories in the table above. As of September 30, 2024, the Company had no callable structured notes.

As of September 30, 2024 and December 31, 2023, the Company had amortized costs of \$3,159.8 million and \$3,858.6 million, respectively, for investment securities pledged to secure public deposits, derivatives, and securities sold under repurchase agreements that had estimated fair values of \$2,888.0 million and \$3,462.2 million, as of September 30, 2024 and December 31, 2023, 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.

As of September 30, 2024 and December 31, 2023, the Company held \$155.5 million and \$223.2 million, respectively, in equity securities primarily in a combination of Federal Reserve Bank and Federal Home Loan Bank stocks, which are restricted nonmarketable securities acquired to meet regulatory requirements. These securities are carried at cost.

(3) Loans Held for Sale

The following table presents loans held for sale by class of receivable for the dates indicated:

	September 30, 2024	December 31, 2023
Loans held for sale:		
Agricultural, at lower of cost or market	\$ 18.8	\$ 19.6
Commercial real estate, at lower of cost or market	—	27.3
Residential mortgage, at fair value	2.1	0.5
Total loans held for sale	\$ 20.9	\$ 47.4

The table below presents the non-residential mortgage loans held for sale activity for the 2024 period:

	Agricultural	Commercial Real Estate
Beginning balance as of December 31, 2023	\$ 19.6	\$ 27.3
Repayments	(0.8)	—
Loan disposals	—	(27.3)
Ending balance as of September 30, 2024	\$ 18.8	\$ —

As of September 30, 2024, loans held for sale included nonaccrual agricultural loans of \$18.8 million. As of December 31, 2023, loans held for sale included a nonaccrual commercial real estate loan of \$27.3 million.

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(4) Loans Held for Investment

The following table presents loans by class of receivable and portfolio segment as of the dates indicated:

	September 30, 2024	December 31, 2023
Real estate:		
Commercial	\$ 9,219.3	\$ 8,869.2
Construction	1,307.9	1,826.5
Residential	2,217.8	2,244.3
Agricultural	726.4	716.8
Total real estate	13,471.4	13,656.8
Consumer:		
Indirect	742.2	740.9
Direct and advance lines	136.9	141.6
Credit card	76.4	76.5
Total consumer	955.5	959.0
Commercial	2,919.7	2,906.8
Agricultural	689.8	769.4
Other, including overdrafts	2.5	0.1
Loans held for investment	18,038.9	18,292.1
Deferred loan fees and costs	(11.8)	(12.5)
Loans held for investment, net of deferred fees and costs	18,027.1	18,279.6
Allowance for credit losses	(225.4)	(227.7)
Net loans held for investment	\$ 17,801.7	\$ 18,051.9

Allowance for Credit Losses

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

<i>Three Months Ended September 30, 2024</i>	Beginning Balance	Provision for (reversal of) Credit Losses	Loans Charged- Off ⁽²⁾	Recoveries Collected	Ending Balance
Allowance for credit losses⁽¹⁾					
Real estate	\$ 139.7	\$ 18.3	\$ (22.2)	\$ 0.2	\$ 136.0
Consumer	18.5	1.5	(4.1)	1.3	17.2
Commercial	69.2	(0.1)	(2.5)	0.2	66.8
Agricultural	5.4	0.3	(0.3)	—	5.4
Total allowance for credit losses	\$ 232.8	\$ 20.0	\$ (29.1)	\$ 1.7	\$ 225.4

<i>Nine Months Ended September 30, 2024</i>	Beginning Balance	Provision for (reversal of) Credit Losses	Loans Charged- Off ⁽²⁾	Recoveries Collected	Ending Balance
Allowance for credit losses⁽¹⁾					
Real estate	\$ 160.1	\$ 10.3	\$ (35.5)	\$ 1.1	\$ 136.0
Consumer	13.0	12.5	(11.9)	3.6	17.2
Commercial	50.2	23.2	(8.7)	2.1	66.8
Agricultural	4.4	1.0	(0.3)	0.3	5.4
Total allowance for credit losses	\$ 227.7	\$ 47.0	\$ (56.4)	\$ 7.1	\$ 225.4

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<i>Three Months Ended September 30, 2023</i>	Beginning Balance	Provision for (reversal of) Credit Losses	Loans Charged-Off ⁽²⁾	Recoveries Collected	Ending Balance
Allowance for credit losses ⁽¹⁾					
Real estate	\$ 158.7	\$ 1.8	\$ (1.8)	\$ 3.5	\$ 162.2
Consumer	13.7	1.8	(3.7)	1.1	12.9
Commercial	49.5	(0.9)	(0.7)	0.5	48.4
Agricultural	2.7	0.5	—	—	3.2
Total allowance for credit losses	\$ 224.6	\$ 3.2	\$ (6.2)	\$ 5.1	\$ 226.7

<i>Nine Months Ended September 30, 2023</i>	Beginning Balance	Provision for (reversal of) Credit Losses	Loans Charged-Off ⁽²⁾	Recoveries Collected	Ending Balance
Allowance for credit losses ⁽¹⁾					
Real estate	\$ 138.7	\$ 35.6	\$ (16.6)	\$ 4.5	\$ 162.2
Consumer	23.3	(3.7)	(10.4)	3.7	12.9
Commercial	54.9	(6.2)	(2.2)	1.9	48.4
Agricultural	3.2	(0.4)	—	0.4	3.2
Total allowance for credit losses	\$ 220.1	\$ 25.3	\$ (29.2)	\$ 10.5	\$ 226.7

⁽¹⁾ Amounts presented exclude the allowance for credit losses related to unfunded commitments and investment securities. The allowance for credit losses related to unfunded commitments and investment securities are included in the “Financial Instruments with Off-Balance Sheet Risk” Note and “Investment Securities” Note, respectively.

⁽²⁾ 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.

Collateral-Dependent Loans

A collateral-dependent loan relies substantially on the operation or sale of the collateral securing the loan for repayment. A loan may become collateral-dependent when foreclosure is probable or the borrower is experiencing financial difficulty and its sources of repayment become inadequate over time. At such time, the Company develops an expectation that repayment will be provided substantially through the operation or sale of the collateral.

The following tables present the principal balance of collateral-dependent loans by class of receivable as of the dates indicated:

<i>As of September 30, 2024</i>	Collateral Type			
	Business Assets	Real Property	Other	Total
Real estate:				
Commercial	\$ —	\$ 34.1	\$ —	\$ 34.1
Construction	—	—	—	—
Residential	—	1.9	—	1.9
Agricultural	—	1.0	—	1.0
Total real estate	—	37.0	—	37.0
Commercial	71.2	0.1	0.7	72.0
Agricultural	—	0.5	0.1	0.6
Total collateral-dependent loans	\$ 71.2	\$ 37.6	\$ 0.8	\$ 109.6

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	Collateral Type			
	Business Assets	Real Property	Other	Total
<i>As of December 31, 2023</i>				
Real estate:				
Commercial	\$ —	\$ 26.6	\$ —	\$ 26.6
Construction	—	17.0	—	17.0
Residential	—	0.5	—	0.5
Agricultural	—	1.2	—	1.2
Total real estate	—	45.3	—	45.3
Commercial	4.5	1.4	0.7	6.6
Agricultural	0.7	—	—	0.7
Total collateral-dependent loans	\$ 5.2	\$ 46.7	\$ 0.7	\$ 52.6

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 90 days or more past due continue to accrue interest. The following tables present the contractual aging of the Company's recorded principal balance of loans by class of receivable as of the dates indicated:

	Total Loans				Current Loans	Non-accrual Loans ⁽¹⁾	Total Loans
	30 - 59 Days Past Due	60 - 89 Days Past Due	90 or more Days Past Due	30 or More Days Past Due			
<i>As of September 30, 2024</i>							
Real estate:							
Commercial	\$ 5.1	\$ 6.8	\$ —	\$ 11.9	\$ 9,162.2	\$ 45.2	\$ 9,219.3
Construction	3.6	0.1	—	3.7	1,304.1	0.1	1,307.9
Residential	2.6	2.1	0.2	4.9	2,198.6	14.3	2,217.8
Agricultural	2.4	—	—	2.4	719.3	4.7	726.4
Total real estate	13.7	9.0	0.2	22.9	13,384.2	64.3	13,471.4
Consumer:							
Indirect	6.4	1.6	0.1	8.1	730.7	3.4	742.2
Direct and advance lines	1.0	0.4	—	1.4	135.1	0.4	136.9
Credit card	0.7	0.5	0.7	1.9	74.5	—	76.4
Total consumer	8.1	2.5	0.8	11.4	940.3	3.8	955.5
Commercial	4.3	1.5	0.6	6.4	2,831.7	81.6	2,919.7
Agricultural	1.6	—	0.2	1.8	665.0	23.0	689.8
Other, including overdrafts	—	—	—	—	2.5	—	2.5
Loans held for investment	\$ 27.7	\$ 13.0	\$ 1.8	\$ 42.5	\$ 17,823.7	\$ 172.7	\$ 18,038.9

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As of December 31, 2023	30 - 59	60 - 89	90 or more	Total Loans	Current	Non-accrual	Total
	Days Past Due	Days Past Due	Days Past Due	30 or More Days Past Due			
Real estate:							
Commercial	\$ 12.7	\$ 6.1	\$ —	\$ 18.8	\$ 8,822.2	\$ 28.2	\$ 8,869.2
Construction	3.1	0.4	—	3.5	1,805.8	17.2	1,826.5
Residential	11.9	3.1	0.6	15.6	2,218.0	10.7	2,244.3
Agricultural	1.8	—	—	1.8	709.6	5.4	716.8
Total real estate	29.5	9.6	0.6	39.7	13,555.6	61.5	13,656.8
Consumer:							
Indirect	8.0	2.2	0.4	10.6	727.6	2.7	740.9
Direct and advance lines	0.9	0.2	—	1.1	140.2	0.3	141.6
Credit card	0.7	0.5	0.6	1.8	74.7	—	76.5
Total consumer	9.6	2.9	1.0	13.5	942.5	3.0	959.0
Commercial	14.5	1.1	0.3	15.9	2,879.4	11.5	2,906.8
Agricultural	0.1	—	3.0	3.1	735.9	30.4	769.4
Other, including overdrafts	—	—	—	—	0.1	—	0.1
Loans held for investment	\$ 53.7	\$ 13.6	\$ 4.9	\$ 72.2	\$ 18,113.5	\$ 106.4	\$ 18,292.1

⁽¹⁾ As of September 30, 2024 and December 31, 2023, none of our non-accrual loans were earning interest income. Additionally, no material interest income was recognized on non-accrual loans during the three and the nine months ended September 30, 2024 and 2023, respectively. There were \$0.4 million and \$2.4 million in reversals of accrued interest during the three and the nine months ended September 30, 2024, and \$1.0 million and \$1.9 million in reversals of accrued interest during the three and the nine months ended September 30, 2023.

Modifications to Borrowers Experiencing Financial Difficulty

Modifications of loans are made in the ordinary course of business and are completed on a case-by-case basis through negotiation with the borrower in connection with the ongoing loan collection processes. Loan modifications are made to provide payment relief to borrowers experiencing financial difficulty.

From time to time, we may modify certain loans to borrowers who are experiencing financial difficulty. In some cases, these modifications may result in new loans. Loan modifications to borrowers experiencing financial difficulty may be in the form of principal forgiveness, an interest rate reduction, an other-than-insignificant payment delay, a term extension, or a combination thereof, among other things.

The following table presents the amortized cost basis of loans, by class and by type of modification, at September 30, 2024 and 2023 that were both experiencing financial difficulty and modified during the periods indicated. The percentage of the principal balance of loans that were modified to borrowers in financial distress as compared to the principal balance of each class of receivable is also presented below:

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<i>Three Months Ended September 30, 2024</i>	Principal Forgiveness	Term Extension	Term Extension and Interest Rate Reduction	Total	% of Total Class of Loans Held for Investment ⁽¹⁾
Real estate:					
Commercial	\$ —	\$ 0.5	\$ —	\$ 0.5	0.01 %
Construction	—	1.9	—	1.9	0.15
Agricultural	—	6.5	—	6.5	0.89
Total real estate	—	8.9	—	8.9	0.07
Commercial	—	0.9	0.5	1.4	0.05
Agricultural	—	21.4	—	21.4	3.10
Loans held for investment ⁽²⁾	\$ —	\$ 31.2	\$ 0.5	\$ 31.7	0.18
<i>Nine Months Ended September 30, 2024</i>					
Real estate:					
Commercial	\$ —	\$ 14.7	\$ —	\$ 14.7	0.16 %
Construction	—	1.9	—	1.9	0.15
Residential	—	0.1	0.3	0.4	0.02
Agricultural	—	12.1	—	12.1	1.67
Total real estate	—	28.8	0.3	29.1	0.22
Commercial	—	14.4	0.5	14.9	0.51
Agricultural	—	23.2	22.2	45.4	6.58
Loans held for investment ⁽²⁾	\$ —	\$ 66.4	\$ 23.0	\$ 89.4	0.50
<i>Three Months Ended September 30, 2023</i>					
Real estate:					
Commercial	\$ —	\$ 10.9	\$ 0.6	\$ 11.5	0.13 %
Construction	—	13.1	—	13.1	0.68
Residential	—	0.4	—	0.4	0.02
Agricultural	—	6.1	—	6.1	0.83
Total real estate	—	30.5	0.6	31.1	0.23
Commercial	—	1.6	—	1.6	0.05
Agricultural	—	0.5	—	0.5	0.07
Loans held for investment ⁽²⁾	\$ —	\$ 32.6	\$ 0.6	\$ 33.2	0.18
<i>Nine Months Ended September 30, 2023</i>					
Real estate:					
Commercial	\$ 1.6	\$ 23.0	\$ 0.6	\$ 25.2	0.29 %
Construction	—	13.2	—	13.2	0.68
Residential	0.1	0.5	—	0.6	0.03
Agricultural	—	6.4	—	6.4	0.87
Total real estate	1.7	43.1	0.6	45.4	0.33
Commercial	—	9.4	—	9.4	0.32
Agricultural	—	36.4	—	36.4	5.27
Loans held for investment ⁽²⁾	\$ 1.7	\$ 88.9	\$ 0.6	\$ 91.2	0.50

⁽¹⁾ Based on the principal balance as of period end, divided by the period end principal balance of the corresponding class of receivables.

⁽²⁾ As of September 30, 2024 and 2023, the Company excluded \$1.1 million and \$1.7 million, respectively, in accrued interest from the amortized cost of the identified loans.

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The following tables present the financial effect of the loan modifications presented above to borrowers experiencing financial difficulty during the periods indicated:

	Principal Forgiveness	Weighted-Average Months of Term Extension	Term Extension and Interest Rate Reduction	
			Weighted-Average Months of Term Extension	Weighted-Average Interest Rate Reduction
<i>Three Months Ended September 30, 2024</i>				
Real estate:				
Commercial	\$ —	5.9	0.0	— %
Construction	—	4.0	0.0	—
Agricultural	—	7.7	0.0	—
Total real estate	—	—	—	—
Commercial	—	5.3	59.0	0.8
Agricultural	—	3.9	0.0	—
Loans held for investment ⁽¹⁾	\$ —	—	—	—
<i>Nine Months Ended September 30, 2024</i>				
Real estate:				
Commercial	\$ —	6.8	0.0	— %
Construction	—	4.0	0.0	—
Residential	—	11.0	31.2	3.4
Agricultural	—	7.4	0.0	—
Total real estate	—	—	—	—
Commercial	—	7.7	9.2	1.0
Agricultural	—	4.1	55.2	1.1
Loans held for investment ⁽¹⁾	\$ —	—	—	—

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	Term Extension and Interest Rate Reduction			
	Principal Forgiveness	Weighted-Average Months of Term Extension	Weighted-Average Months of Term Extension	Weighted-Average Interest Rate Reduction
<i>Three Months Ended September 30, 2023</i>				
Real estate:				
Commercial	\$ —	4.6	6.0	0.25 %
Construction	—	9.0	0.0	—
Residential	—	144.4	0.0	—
Agricultural	—	4.0	0.0	—
Total real estate	—	—	—	—
Commercial	—	7.8	0.0	—
Agricultural	—	3.5	0.0	—
Loans held for investment ⁽¹⁾	\$ —	—	—	—
<i>Nine Months Ended September 30, 2023</i>				
Real estate:				
Commercial	\$ 1.3	5.7	6.0	0.25 %
Construction	—	9.0	0.0	—
Residential	0.3	139.2	0.0	—
Agricultural	—	4.6	0.0	—
Total real estate	1.6	—	—	—
Commercial	—	8.8	0.0	—
Agricultural	—	9.2	0.0	—
Loans held for investment ⁽¹⁾	\$ 1.6	—	—	—

⁽¹⁾ Balances based on loan original contractual terms.

The Company monitors the performance of loan modifications to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. Of the loans that were modified during the twelve-months ended September 30, 2024, there were \$0.5 million of loans classified as past due 30 days or more, with the remaining loans performing in accordance with the modified terms and classified as current at September 30, 2024.

There were no commitments to lend additional funds to borrowers experiencing financial difficulty whose terms were modified during the three months ended September 30, 2024 through either principal forgiveness, interest rate reduction, term extension, or other than insignificant payment delay.

There were \$1.3 million of payment defaults on these loans subsequent to their modifications during the twelve-months ended September 30, 2024. The Company considers a payment default to occur when the loan is 90 days or more past due or the loan is placed on non-accrual status after the modification. The Company monitors the performance of modified loans on an ongoing basis. In the event of subsequent default, the allowance for credit losses continues to be reassessed based on an individual evaluation of each loan. The modifications made during the periods presented did not significantly impact the Company's determination of the allowance for credit losses.

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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. The factors considered by the Company include, among other factors, the borrower's 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, depending upon the size of exposure and the contractual obligations governing the borrower's financial reporting frequency. Homogeneous loans, including small business loans, are typically monitored by payment performance. The Company internally risk rates its loans in accordance with a Uniform Classification System developed jointly by the various bank regulatory agencies. 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.

Substandard — includes loans that are inadequately protected by the current net worth and paying capacity of the borrower which have well-defined 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 based on 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 pass-rated loans.

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The Company evaluates the credit quality and loan performance for the allowance for credit losses of the following class of receivables by origination year using the origination date or the loan's subsequent renewal or modification date based on the aforementioned risk scale as of and for the periods ended:

Risk by Collateral	As of and for the nine months ended September 30, 2024						Revolving Loans Amortized Cost Basis	Revolving Loans Converted To Term	Total
	Term Loans Amortized Cost Basis by Origination Year								
	2024	2023	2022	2021	2020	Prior			
Commercial real estate:									
Pass	\$ 1,026.8	\$ 1,366.2	\$ 1,981.5	\$ 1,441.7	\$ 1,137.3	\$ 1,922.5	\$ 48.2	\$ 56.7	\$ 8,980.9
Special mention	12.6	9.4	21.1	18.3	2.2	36.9	—	—	100.5
Substandard	27.6	10.7	4.6	39.3	7.9	47.8	—	—	137.9
Total	\$ 1,067.0	\$ 1,386.3	\$ 2,007.2	\$ 1,499.3	\$ 1,147.4	\$ 2,007.2	\$ 48.2	\$ 56.7	\$ 9,219.3
Current-period gross charge-offs	—	5.7	—	15.8	—	0.1	—	—	21.6
Construction real estate:									
Pass	\$ 256.1	\$ 263.4	\$ 484.4	\$ 114.0	\$ 19.7	\$ 24.2	\$ 129.3	\$ 4.9	\$ 1,296.0
Special mention	3.2	—	6.4	—	—	—	—	—	9.6
Substandard	1.9	—	—	—	—	0.4	—	—	2.3
Total	\$ 261.2	\$ 263.4	\$ 490.8	\$ 114.0	\$ 19.7	\$ 24.6	\$ 129.3	\$ 4.9	\$ 1,307.9
Current-period gross charge-offs	—	—	13.1	—	0.1	—	—	—	13.2
Agricultural real estate:									
Pass	\$ 92.2	\$ 65.0	\$ 113.6	\$ 121.4	\$ 79.9	\$ 159.4	\$ 25.8	\$ —	\$ 657.3
Special mention	1.1	6.6	5.9	5.1	7.6	1.0	—	—	27.3
Substandard	12.2	4.4	19.2	3.7	1.4	0.9	—	—	41.8
Total	\$ 105.5	\$ 76.0	\$ 138.7	\$ 130.2	\$ 88.9	\$ 161.3	\$ 25.8	\$ —	\$ 726.4
Current-period gross charge-offs	—	—	—	—	—	—	—	—	—
Commercial:									
Pass	\$ 386.0	\$ 395.5	\$ 406.9	\$ 335.8	\$ 176.1	\$ 278.3	\$ 783.5	\$ 6.7	\$ 2,768.8
Special mention	3.0	6.9	8.8	1.5	1.0	1.0	17.5	—	39.7
Substandard	28.9	4.2	5.6	5.2	8.1	3.6	7.1	—	62.7
Doubtful	1.2	1.7	2.5	—	—	—	43.1	—	48.5
Total	\$ 419.1	\$ 408.3	\$ 423.8	\$ 342.5	\$ 185.2	\$ 282.9	\$ 851.2	\$ 6.7	\$ 2,919.7
Current-period gross charge-offs	0.4	1.9	1.0	0.3	0.1	0.1	1.9	3.0	8.7
Agricultural:									
Pass	\$ 81.3	\$ 52.5	\$ 43.2	\$ 20.5	\$ 16.7	\$ 7.4	\$ 355.7	\$ —	\$ 577.3
Special mention	0.5	3.6	0.7	0.1	1.0	0.2	5.2	0.1	11.4
Substandard	51.9	24.6	—	0.1	0.6	—	23.9	—	101.1
Total	\$ 133.7	\$ 80.7	\$ 43.9	\$ 20.7	\$ 18.3	\$ 7.6	\$ 384.8	\$ 0.1	\$ 689.8
Current-period gross charge-offs	—	—	—	0.3	—	—	—	—	0.3

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Term Loans Amortized Cost Basis by Origination Year									
Risk by Collateral	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted To Term	Total
Commercial real estate:									
Pass	\$ 1,268.0	\$ 2,065.0	\$ 1,612.2	\$ 1,200.1	\$ 716.5	\$ 1,660.5	\$ 46.5	\$ 28.1	\$ 8,596.9
Special mention	4.2	9.1	42.6	12.9	27.5	17.1	0.3	—	113.7
Substandard	65.4	11.8	18.9	2.4	30.1	28.5	0.2	—	157.3
Doubtful	—	—	1.3	—	—	—	—	—	1.3
Total	\$ 1,337.6	\$ 2,085.9	\$ 1,675.0	\$ 1,215.4	\$ 774.1	\$ 1,706.1	\$ 47.0	\$ 28.1	\$ 8,869.2
Current-period gross charge-offs	1.7	0.3	1.7	2.6	—	1.3	—	—	7.6
Construction:									
Pass	\$ 493.7	\$ 735.3	\$ 331.2	\$ 36.7	\$ 16.8	\$ 36.2	\$ 104.4	\$ 13.7	\$ 1,768.0
Special mention	0.5	6.6	1.3	—	—	0.2	—	0.9	9.5
Substandard	7.0	4.0	24.4	0.2	—	0.4	—	—	36.0
Doubtful	—	13.0	—	—	—	—	—	—	13.0
Total	\$ 501.2	\$ 758.9	\$ 356.9	\$ 36.9	\$ 16.8	\$ 36.8	\$ 104.4	\$ 14.6	\$ 1,826.5
Current-period gross charge-offs	—	—	0.1	—	0.6	—	—	9.6	10.3
Agricultural real estate:									
Pass	\$ 86.2	\$ 123.7	\$ 126.2	\$ 93.5	\$ 56.7	\$ 124.3	\$ 31.8	\$ 7.0	\$ 649.4
Special mention	2.6	9.5	3.5	1.9	1.5	11.3	0.5	—	30.8
Substandard	8.1	20.8	3.6	2.6	0.4	1.1	—	—	36.6
Total	\$ 96.9	\$ 154.0	\$ 133.3	\$ 98.0	\$ 58.6	\$ 136.7	\$ 32.3	\$ 7.0	\$ 716.8
Current-period gross charge-offs	—	—	—	—	—	—	—	—	—
Commercial:									
Pass	\$ 481.6	\$ 507.7	\$ 389.8	\$ 215.1	\$ 108.7	\$ 272.9	\$ 762.3	\$ 7.6	\$ 2,745.7
Special mention	7.3	4.7	6.6	3.1	0.9	1.9	14.8	0.2	39.5
Substandard	15.8	19.6	9.0	7.0	1.6	3.0	58.8	0.4	115.2
Doubtful	3.3	1.3	1.6	—	—	0.1	0.1	—	6.4
Total	\$ 508.0	\$ 533.3	\$ 407.0	\$ 225.2	\$ 111.2	\$ 277.9	\$ 836.0	\$ 8.2	\$ 2,906.8
Current-period gross charge-offs	0.2	0.4	0.5	0.5	0.2	0.1	1.4	0.1	3.4
Agricultural:									
Pass	\$ 105.7	\$ 57.7	\$ 31.6	\$ 22.4	\$ 6.1	\$ 7.2	\$ 421.9	\$ 3.4	\$ 656.0
Special mention	2.6	0.8	0.5	0.2	0.1	0.1	9.0	3.1	16.4
Substandard	43.8	0.3	2.7	0.7	28.8	2.2	18.5	—	97.0
Total	\$ 152.1	\$ 58.8	\$ 34.8	\$ 23.3	\$ 35.0	\$ 9.5	\$ 449.4	\$ 6.5	\$ 769.4
Current-period gross charge-offs	—	—	—	—	—	—	—	—	—

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

As of and for the nine months ended September 30, 2024									
Term Loans Amortized Cost Basis by Origination Year									
Risk by Collateral	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted To Term	Total
Residential:									
Performing	\$ 14.6	\$ 70.5	\$ 419.9	\$ 489.5	\$ 454.7	\$ 264.6	\$ 480.2	\$ 9.3	\$ 2,203.3
Nonperforming	1.0	0.8	3.6	1.8	1.6	5.4	—	0.3	14.5
Total	\$ 15.6	\$ 71.3	\$ 423.5	\$ 491.3	\$ 456.3	\$ 270.0	\$ 480.2	\$ 9.6	\$ 2,217.8
Current-period gross charge-offs	—	0.2	0.1	0.1	0.2	0.1	—	—	0.7
Consumer indirect:									
Performing	\$ 203.0	\$ 146.9	\$ 194.8	\$ 83.0	\$ 55.4	\$ 55.6	\$ —	\$ —	\$ 738.7
Nonperforming	0.3	0.8	1.0	0.5	0.4	0.5	—	—	3.5
Total	\$ 203.3	\$ 147.7	\$ 195.8	\$ 83.5	\$ 55.8	\$ 56.1	\$ —	\$ —	\$ 742.2
Current-period gross charge-offs	0.2	1.7	2.9	0.9	0.3	0.9	—	—	6.9
Consumer direct and advance lines:									
Performing	\$ 37.1	\$ 29.8	\$ 22.2	\$ 12.0	\$ 5.5	\$ 5.9	\$ 24.0	\$ —	\$ 136.5
Nonperforming	0.1	0.1	0.1	—	—	0.1	—	—	0.4
Total	\$ 37.2	\$ 29.9	\$ 22.3	\$ 12.0	\$ 5.5	\$ 6.0	\$ 24.0	\$ —	\$ 136.9
Current-period gross charge-offs	0.1	0.5	0.7	0.2	0.1	1.3	—	—	2.9
Consumer credit card:									
Performing	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 75.7	\$ —	\$ 75.7
Nonperforming	—	—	—	—	—	—	0.7	—	0.7
Total	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 76.4	\$ —	\$ 76.4
Current-period gross charge-offs	—	—	—	—	—	—	2.1	—	2.1

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Risk by Collateral	December 31, 2023						Revolving Loans Amortized Cost Basis	Revolving Loans Converted To Term	Total
	Term Loans Amortized Cost Basis by Origination Year								
	2023	2022	2021	2020	2019	Prior			
Residential:									
Performing	\$ 44.7	\$ 356.9	\$ 521.3	\$ 500.6	\$ 88.5	\$ 217.1	\$ 471.8	\$ 32.1	\$ 2,233.0
Nonperforming	1.1	2.1	1.2	1.1	0.7	5.1	—	—	11.3
Total	\$ 45.8	\$ 359.0	\$ 522.5	\$ 501.7	\$ 89.2	\$ 222.2	\$ 471.8	\$ 32.1	\$ 2,244.3
Current-period gross charge-offs	0.3	—	0.1	0.1	—	0.1	—	—	0.6
Consumer indirect:									
Performing	\$ 194.9	\$ 264.7	\$ 115.4	\$ 81.1	\$ 32.9	\$ 48.8	\$ —	\$ —	\$ 737.8
Nonperforming	0.4	0.9	0.6	0.4	0.2	0.6	—	—	3.1
Total	\$ 195.3	\$ 265.6	\$ 116.0	\$ 81.5	\$ 33.1	\$ 49.4	\$ —	\$ —	\$ 740.9
Current-period gross charge-offs	0.5	3.2	1.8	0.8	0.3	0.7	—	—	7.3
Consumer direct and advance lines:									
Performing	\$ 44.5	\$ 32.9	\$ 18.5	\$ 9.4	\$ 3.6	\$ 6.0	\$ 26.2	\$ 0.2	\$ 141.3
Nonperforming	0.1	0.1	0.1	—	—	—	—	—	0.3
Total	\$ 44.6	\$ 33.0	\$ 18.6	\$ 9.4	\$ 3.6	\$ 6.0	\$ 26.2	\$ 0.2	\$ 141.6
Current-period gross charge-offs	0.2	0.5	0.2	0.4	0.1	2.6	0.1	—	4.1
Consumer credit card:									
Performing	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 75.9	\$ —	\$ 75.9
Nonperforming	—	—	—	—	—	—	0.6	—	0.6
Total	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 76.5	\$ —	\$ 76.5
Current-period gross charge-offs	—	—	—	—	—	—	2.6	—	2.6

In the normal course of business, there were no material purchases of portfolio loans and no material sales of loans held for investment during the three and the nine months ended September 30, 2024 or 2023.

(5) Other Real Estate Owned

Other real estate owned (“OREO”) is a category of real estate owned by the Company resulting from a default by the borrower. Information with respect to the Company’s OREO is reflected in the following table:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Beginning balance	\$ 6.7	\$ 14.4	\$ 16.5	\$ 12.7
Additions	0.9	—	4.6	2.5
Valuation adjustments	—	(0.3)	(4.2)	(1.1)
Dispositions	(3.2)	(2.5)	(12.5)	(2.5)
Ending balance	\$ 4.4	\$ 11.6	\$ 4.4	\$ 11.6

The carrying value of foreclosed residential real estate properties included in OREO was not material as of September 30, 2024 and December 31, 2023, respectively. The Company had \$1.7 million and \$0.5 million recorded investments in consumer mortgage loans secured by residential real estate for which formal foreclosure proceedings were in process of foreclosure as of September 30, 2024 and December 31, 2023, respectively.

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(6) Derivatives and Hedging Activities

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through the management of its business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its assets and liabilities and derivative financial instruments. The Company enters into derivative financial instruments, such as interest rate swap contracts to manage or hedge exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates and interest rate exposures. The Company does not enter into interest rate swap agreements for trading or speculative purposes.

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. The forward loan sales contracts are recorded at fair value with changes in fair value recorded 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.

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 primarily offset each other and do not significantly impact the Company's results of operations.

Cash Flow Hedges of Interest Rate Risk

The Company's objectives in using interest rate derivatives are to add stability to interest income (expense) and to manage its exposure to interest rate movements. To accomplish these objectives, the Company primarily uses interest rate swaps and collars as part of its interest rate risk management strategy.

As part of the Company's overall asset and liability management strategy, in 2022 the Company entered into two interest rate collars related to variable-rate loans that were designated as cash flow hedges with a total notional amount of \$300.0 million and entered into four swaps, two of which were related to variable-rate loans and two that were related to variable-rate securities that were designated as cash flow hedges with a total notional amount of \$850.0 million. The collars designated as cash flow hedges synthetically fix the interest income received by the Company when the interest index falls below a floor rate on a rate reset and when the interest index exceeds the cap rate on a rate reset. Each of the swaps designated as cash flow hedges synthetically fixes the interest income received by the Company.

During the quarter, the Company voluntarily terminated three swaps, two of which were related to variable-rate loans and one related to variable-rate securities that were designated as cash flow hedges with a total notional amount of \$550.0 million. The termination of the cash flow hedges resulted in a net loss of \$0.2 million being captured in accumulated other comprehensive income, net of tax, and reclassified to interest income over the period the forecasted transactions affects earnings.

The two interest rate collars and one remaining swap designated as cash flow hedges were effective with a total notional amount of \$600.0 million.

For derivatives that are designated and that qualify as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in accumulated other comprehensive income and subsequently reclassified into interest income in the same period(s) during which the hedged transaction affects earnings. Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified as interest income when interest payments on the Company's hedged items are earned. During the next twelve months, based on implied forward curves, the Company estimates that \$1.7 million will be reclassified to interest income.

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Fair Value Hedges of Interest Rate Risk

The Company is exposed to changes in the fair value of fixed-rate assets due to changes in benchmark interest rates. The Company uses interest rate swaps to manage its exposure to changes in fair value on these instruments attributable to changes in the designated benchmark interest rate. Interest rate swaps designated as fair value hedges involve the payment of fixed-rate amounts to a counterparty in exchange for the Company receiving variable-rate payments over the life of the agreements without the exchange of the underlying notional amount. During the third quarter of 2022, the Company terminated the \$200.0 million, three-year forward starting, four-year pay fixed interest rate swap, resulting in a \$8.5 million gain that will be accreted into income through July 2028 or until the securities are sold. The Company accreted \$0.4 million of the gain into interest income during the three months ended September 30, 2024.

For derivatives designated and that qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in interest income.

The following amounts were recorded on the consolidated balance sheets related to cumulative basis adjustment for fair value hedges for the periods indicated:

	September 30, 2024		December 31, 2023	
	Carrying Amount of the Hedged Assets/(Liabilities)	Cumulative Amount of Fair Value Hedging Adjustment	Carrying Amount of the Hedged Assets/(Liabilities)	Cumulative Amount of Fair Value Hedging Adjustment
Available-for-sale securities	\$ 194.3	\$ 5.7	\$ 193.3	\$ 6.7

Non-designated Hedge Derivatives

Derivative instruments not designated as accounting hedges are not speculative and result from a service the Company provides to certain customers. The Company executes interest rate swaps with commercial banking customers to facilitate their respective risk management strategies. Those interest rate swaps are simultaneously economically hedged by offsetting derivatives that the Company executes with a third party, such that the Company minimizes its net risk exposure resulting from such transactions. As the interest rate derivatives associated with this program do not meet the strict hedge accounting requirements, changes in the fair value of both the customer derivatives and the offsetting derivatives are recognized directly in earnings.

Risk Participation Agreements

The Company acquired, from Great Western Bank, risk participation agreements under which it assumes credit risk associated with a borrower's performance related to derivative contracts. The Company only entered into these credit risk participation agreements in instances in which the Company was also a party to the related loan participation agreements for such borrowers. The Company manages its credit risk under risk participation agreements by monitoring the creditworthiness of the borrower, based on its normal credit review process.

The following table summarizes the fair values of our derivative instruments on a gross and net basis for the periods indicated. The derivative asset and liability balances are presented on a gross basis, prior to the application of bilateral collateral and master netting agreements, but after the variation margin payments with central clearing organizations have been applied as settlement, as applicable. Total derivative assets and liabilities are adjusted to account for the impact of legally enforceable master netting agreements that allow us to settle all derivative contracts with a single counterparty on a net basis and to offset the net derivative position with the related cash collateral. Securities collateral related to legally enforceable master netting agreements is not offset on the consolidated balance sheets.

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	September 30, 2024			December 31, 2023		
	Notional Amount	Consolidated Balance Sheet Location	Estimated Fair Value	Notional Amount	Consolidated Balance Sheet Location	Estimated Fair Value
<i>Derivatives designated as accounting hedges:</i>						
Interest rate swap contracts	\$ 300.0		\$ 0.3	\$ 550.0		\$ 3.0
<i>Derivatives not designated as accounting hedges:</i>						
Interest rate swap contracts	1,468.5		28.3	1,589.0		34.3
Interest rate lock commitments	5.3		—	5.7		0.1
Derivative assets	\$ 1,773.8	Other assets	\$ 28.6	\$ 2,144.7	Other assets	\$ 37.4
<i>Derivatives designated as accounting hedges:</i>						
Interest rate collars	\$ 300.0		\$ 1.2	\$ 300.0		\$ 3.6
Interest rate swap contracts	—		—	300.0		2.4
<i>Derivatives not designated as accounting hedges:</i>						
Interest rate swap contracts	1,468.5		93.0	1,589.0		121.1
Risk participation agreements	95.5		—	101.1		0.1
Forward loan sales contracts	4.9		—	5.6		0.1
Derivative liabilities	\$ 1,868.9	Accounts payable and accrued expenses	\$ 94.2	\$ 2,295.7	Accounts payable and accrued expenses	\$ 127.3

There was an unrealized fair value gain on cash flow hedging derivative instruments in accumulated other comprehensive income of \$12.4 million and an unrealized fair value loss of \$10.1 million during the three and the nine months ended September 30, 2024, respectively. There was an unrealized fair value loss on cash flow hedging derivative instruments in accumulated other comprehensive income of \$13.1 million and \$27.2 million during the three and the nine months ended September 30, 2023.

There was a loss of \$3.1 million and \$11.2 million reclassified from accumulated other comprehensive loss into the consolidated statements of income during the three and the nine months ended September 30, 2024 from the Company's cash flow hedged derivative financial instruments, and a loss of \$2.1 million and \$4.1 million reclassified during the comparable 2023 periods.

The table below presents the effect of the Company's derivative financial instruments that are not designated as hedging instruments on the consolidated statements of income for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,			
	2024	2023	2024	2023		
Location of Gain (Loss) Recognized in Income on Derivative	Amount of Gain (Loss) Recognized in Income on Derivative		Amount of Gain (Loss) Recognized in Income on Derivative			
Interest rate lock commitments	Mortgage banking revenues	\$ —	\$ 0.1	Mortgage banking revenues	\$ —	\$ (0.1)

The Company includes swap fee revenues in other service charges, commissions, and fees on the consolidated statements of income. The Company had no material swap fee revenues during the three and the nine months ended September 30, 2024 and 2023.

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The tables below present the gross presentation, the effects of offsetting, and a net presentation of the Company's derivatives as of the dates indicated:

September 30, 2024						
	Gross Assets Recognized	Gross Assets Offset in the Balance Sheet	Net Assets in the Balance Sheet	Financial Instruments	Cash Collateral Received ⁽¹⁾	Net Amount
Interest rate swap and collar contracts	\$ 28.6	\$ —	\$ 28.6	\$ —	\$ 25.8	\$ 2.8
Total derivatives	28.6	—	28.6	—	25.8	2.8
Total assets	\$ 28.6	\$ —	\$ 28.6	\$ —	\$ 25.8	\$ 2.8

⁽¹⁾ Netting adjustments represent the amounts recorded to convert derivatives assets and liabilities from a gross basis to a net basis in accordance with the applicable accounting guidance. The application of the collateral cannot reduce the net derivative position below zero. Therefore, excess collateral, if any, is not reflected above.

	Gross Liabilities Recognized	Gross Liabilities Offset in the Balance Sheet	Net Liabilities in the Balance Sheet	Financial Instruments	Cash Collateral Posted	Net Amount
Interest rate swap and collar contracts	\$ 94.2	\$ —	\$ 94.2	\$ —	\$ —	\$ 94.2
Total derivatives	94.2	—	94.2	—	—	94.2
Repurchase agreements ⁽²⁾	557.2	—	557.2	—	—	557.2
Total liabilities	\$ 651.4	\$ —	\$ 651.4	\$ —	\$ —	\$ 651.4

⁽²⁾ Repurchase agreements are fully collateralized by investment securities.

December 31, 2023						
	Gross Assets Recognized	Gross Assets Offset in the Balance Sheet	Net Assets in the Balance Sheet	Financial Instruments	Cash Collateral Received ⁽¹⁾	Net Amount
Interest rate swap and collar contracts	\$ 37.3	\$ —	\$ 37.3	\$ —	\$ 32.7	\$ 4.6
Interest rate lock commitments	0.1	—	0.1	—	—	0.1
Total derivatives	37.4	—	37.4	—	32.7	4.7
Total assets	\$ 37.4	\$ —	\$ 37.4	\$ —	\$ 32.7	\$ 4.7

⁽¹⁾ Netting adjustments represent the amounts recorded to convert derivatives assets and liabilities from a gross basis to a net basis in accordance with the applicable accounting guidance. The application of the collateral cannot reduce the net derivative position below zero. Therefore, excess collateral, if any, is not reflected above.

	Gross Liabilities Recognized	Gross Liabilities Offset in the Balance Sheet	Net Liabilities in the Balance Sheet	Financial Instruments	Cash Collateral Posted	Net Amount
Interest rate swap and collar contracts	\$ 127.1	\$ —	\$ 127.1	\$ —	\$ —	\$ 127.1
Risk participation agreements	0.1	—	0.1	—	—	0.1
Forward loan sales contracts	0.1	—	0.1	—	—	0.1
Total derivatives	127.3	—	127.3	—	—	127.3
Repurchase agreements ⁽²⁾	782.7	—	782.7	—	—	782.7
Total liabilities	\$ 910.0	\$ —	\$ 910.0	\$ —	\$ —	\$ 910.0

⁽²⁾ Repurchase agreements are fully collateralized by investment securities.

Credit-risk-related Contingent Feature

The Company has agreements with each of its derivative counterparties that contain a provision where if the Company defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the Company could also be declared in default on its derivative obligations.

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The Company has agreements with certain of its derivative counterparties that contain a provision where if the Company fails to maintain its status as a well / adequately capitalized institution, then the counterparty could terminate the derivative positions and the Bank would be required to settle its obligations. Similarly, the Bank could be required to settle its obligations under certain of its agreements if specific regulatory events occur, such as a publicly issued prompt corrective action directive, cease and desist order, or a capital maintenance agreement that required the Bank to maintain a specific capital level. If the Bank had breached any of these provisions at September 30, 2024 or December 31, 2023, it could have been required to settle its obligations under the agreements at the termination value.

As of September 30, 2024, the fair value of derivatives in a net liability position, which includes accrued interest but excludes any adjustment for nonperformance risk, was zero related to these agreements. As of September 30, 2024, the Company has minimum collateral posting thresholds with certain of its derivative counterparties and has not posted excess collateral. If the Company had breached any of these provisions at September 30, 2024, it could have been required to settle its obligations under the agreements at their termination value.

(7) Long-Term Debt and Other Borrowed Funds

A summary of long-term debt follows:

	September 30, 2024	December 31, 2023
Parent Company:		
Fixed to floating subordinated notes, 5.25% fixed rate effective May 2020 through May 2025	\$ 99.1	\$ 99.0
Subsidiaries:		
0.00% FHLB borrowings maturing in August 2029	3.9	—
8.00% finance lease obligation with term ending October 31, 2029	0.8	0.9
1.00% note payable maturing December 31, 2041, interest only payable quarterly until September 30, 2024 and then principal and interest until maturity	5.1	5.1
Note payable maturing March 31, 2038, interest only payable at 1.30% monthly until March 31, 2025 and then principal and interest at 3.25% until maturity	2.0	2.0
1.30% note payable maturing June 1, 2034, interest only payable monthly until March 31, 2025 and then principal and interest until maturity	0.6	0.6
1.12% note payable maturing December 31, 2045, interest only payable annually until December 31, 2028 and then principal and interest until maturity	6.8	6.8
1.35% note payable maturing December 31, 2046 interest only payable annually until December 31, 2025 and then principal and interest until maturity	6.4	6.4
1.26% note payable maturing December 31, 2051 interest only payable annually until December 31, 2031 and then principal and interest until maturity	12.6	—
Total long-term debt	\$ 137.3	\$ 120.8

In addition to the long-term debt instruments noted above, at September 30, 2024, the Company had other borrowed funds totaling \$2,080.0 million of outstanding Bank Term Funding Program (“BTFP”) and FHLB fixed rate borrowings with remaining tenors of up to twelve-months at an average rate of 4.86%, as compared to \$2,603.0 million of outstanding FHLB fixed rate borrowings with tenors of up to three-months at an average rate of 5.52% at December 31, 2023. As of September 30, 2024 and December 31, 2023, the Company had no other material outstanding borrowings classified as other borrowed funds.

At September 30, 2024, the Company has remaining available lines of credit with the FHLB of approximately \$4,885.2 million, subject to collateral availability. The available line of credit and outstanding borrowings with the FHLB are collateralized by certain loans and securities with an advance equivalent collateral value of \$5,969.0 million.

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The following table presents outstanding FHLB and BTFP borrowings by original maturity classification for the dates indicated:

As of September 30, 2024	Average Rate	Outstanding Balance
Fixed rate borrowings with tenors of up to twelve-months	4.87 % \$	1,830.0
Fixed rate borrowings with tenors over twelve-months	4.72	250.0
		<u>\$ 2,080.0</u>
As of December 31, 2023	Average Rate	Outstanding Balance
Fixed rate borrowings with tenors of up to three-months	5.52 % \$	2,603.0
		<u>\$ 2,603.0</u>

(8) Capital Stock

On May 24, 2023, the Company's shareholders approved the proposed change of the Company's state of incorporation from Montana to Delaware. As a result, each outstanding share of the then Company's Class A common stock became an outstanding share of common stock of the Company and each outstanding option, warrant or other right to acquire shares of the Company's previously designated Class A common stock became an outstanding option, warrant or other right to acquire shares of common stock of the Company.

On May 21, 2024, the Company's 2023 Equity and Incentive Plan was amended to increase the number of shares of common stock authorized for issuance thereunder by an additional two million shares, all of which were registered pursuant to a Registration Statement on Form S-8 filed with the SEC on May 23, 2024.

As of September 30, 2024, the Company is authorized to issue an aggregate of 150,100,000 shares of capital stock, of which 150,000,000 shares are designated as common stock, and 100,000 are designated as preferred stock. Our common stock is uncertificated and has one vote per share.

The Company had 104,529,863 shares and 103,941,626 shares of common stock outstanding as of September 30, 2024 and December 31, 2023, respectively, and no shares of preferred stock outstanding as of September 30, 2024 and December 31, 2023.

During the nine months ended September 30, 2024, the Company issued 43,514 shares of its common stock to directors for their annual service on the Company's board of directors. The aggregate value of the shares issued to directors of \$1.2 million is amortized into stock-based compensation expense in the accompanying consolidated statements of changes in stockholders' equity over a one-year service-based period.

As of September 30, 2024, the Company does not have a stock repurchase program in place. Stock repurchases during the nine months ended September 30, 2024 and 2023, 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.

(9) 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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	\$ 55.5	\$ 72.7	\$ 173.9	\$ 196.0
Weighted average common shares outstanding for basic earnings per share computation	102,970,851	103,822,311	102,917,610	103,793,851
Dilutive effects of stock-based compensation	262,767	4,116	207,449	30,425
Weighted average common shares outstanding for diluted earnings per common share computation	103,233,618	103,826,427	103,125,059	103,824,276
Basic earnings per common share	\$ 0.54	\$ 0.70	\$ 1.69	\$ 1.89
Diluted earnings per common share	0.54	0.70	1.69	1.89
Anti-dilutive unvested time restricted stock	5,841	162,231	47,854	162,231

The Company had 773,563 and 967,996 shares of unvested restricted stock as of September 30, 2024 and 2023, respectively, that were not included in the computation of diluted earnings per common share because performance conditions for vesting had not been met.

(10) Regulatory Capital

As of September 30, 2024 and December 31, 2023, 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 September 30, 2024 and December 31, 2023 are presented in the following tables:

September 30, 2024	Actual		Minimum Required for Capital Adequacy Purposes		For Capital Adequacy Purposes Plus Capital Conservation Buffer ⁽¹⁾		Minimum to Be Well Capitalized Under Prompt Corrective Action Requirements ⁽²⁾	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total risk-based capital:								
Consolidated	\$ 2,976.2	14.11 %	\$ 1,687.2	8.00 %	\$ 2,214.4	10.50 %	\$ 2,109.0	10.00 %
FIB	2,701.2	12.84	1,683.6	8.00	2,209.7	10.50	2,104.5	10.00
Tier 1 risk-based capital:								
Consolidated	2,495.8	11.83	1,265.4	6.00	1,792.6	8.50	1,687.2	8.00
FIB	2,478.4	11.78	1,262.7	6.00	1,788.8	8.50	1,683.6	8.00
Common equity tier 1 risk-based capital:								
Consolidated	2,495.8	11.83	949.0	4.50	1,476.3	7.00	1,370.8	6.50
FIB	2,478.4	11.78	947.0	4.50	1,473.1	7.00	1,367.9	6.50
Leverage capital ratio:								
Consolidated	2,495.8	8.57	1,164.9	4.00	1,164.9	4.00	1,456.2	5.00
FIB	2,478.4	8.52	1,163.1	4.00	1,163.1	4.00	1,453.9	5.00

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<i>December 31, 2023</i>	Actual		Minimum Required for Capital Adequacy Purposes		For Capital Adequacy Purposes Plus Capital Conservation Buffer ⁽¹⁾		Minimum to Be Well Capitalized Under Prompt Corrective Action Requirements ⁽²⁾	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total risk-based capital:								
Consolidated	\$ 2,941.1	13.28 %	\$ 1,771.6	8.00 %	\$ 2,325.2	10.50 %	\$ 2,214.5	10.00 %
FIB	2,662.0	12.04	1,768.3	8.00	2,320.8	10.50	2,210.3	10.00
Tier 1 risk-based capital:								
Consolidated	2,454.4	11.08	1,328.7	6.00	1,882.3	8.50	1,771.6	8.00
FIB	2,433.0	11.01	1,326.2	6.00	1,878.8	8.50	1,768.3	8.00
Common equity tier 1 risk-based capital:								
Consolidated	2,454.4	11.08	996.5	4.50	1,550.1	7.00	1,439.4	6.50
FIB	2,433.0	11.01	994.6	4.50	1,547.2	7.00	1,436.7	6.50
Leverage capital ratio:								
Consolidated	2,454.4	8.22	1,193.9	4.00	1,193.9	4.00	1,492.3	5.00
FIB	2,433.0	8.16	1,192.2	4.00	1,192.2	4.00	1,490.2	5.00

(1) The capital conservation buffer is an additional 2.5% of the amount necessary to meet the minimum risk-based capital requirements for total, tier 1, and common equity tier 1 risk-based capital.

(2) The ratios to meet 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 on January 1, 2020, the Company recognized an after-tax cumulative effect on retained earnings with a reduction 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 ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (“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 effects on regulatory capital for an additional two years. This rule allows an institution to defer incorporating 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 elected to opt into the transition election and adopted transition relief over the permissible five-year period.

(11) Commitments and Contingencies

In the normal course of business, the Company is involved in various claims and litigation. The Company establishes accruals for legal matters when potential losses associated with the actions become probable and the amount of loss can be reasonably estimated. There is no assurance that the ultimate resolution of these matters will not significantly exceed the amounts that the Company has accrued. Accruals for legal matters are based on management’s best judgment after consultation with counsel and others. In the opinion of management, following consultation with legal counsel, the ultimate liability or disposition of all such 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 September 30, 2024, the Company had commitments under construction contracts of \$5.5 million.

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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 \$0.7 million of sold residential mortgage loans with recourse provisions still in effect as of September 30, 2024.

(12) Financial Instruments with Off-Balance Sheet Risk

In the normal course of business, the Company is a party to financial instruments with off-balance sheet risk 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 so 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 the credit risk involved in extending loan facilities to clients. The Company's policy for obtaining collateral, and determining the nature of such collateral, is essentially the same as in the Company's policies for 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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Beginning balance	\$ 5.8	\$ 20.8	\$ 18.4	\$ 16.2
Provision for credit loss expense	(0.2)	(2.0)	(12.8)	2.6
Ending balance	\$ 5.6	\$ 18.8	\$ 5.6	\$ 18.8

	September 30, 2024	December 31, 2023
Unused credit card lines	\$ 861.4	\$ 814.0
Commitments to extend credit	3,290.7	4,069.2
Standby letters of credit	88.7	97.1

(13) Other Comprehensive Loss

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

<i>Three Months Ended September 30,</i>	Pre-tax		Tax (Expense) Benefit		Net of Tax	
	2024	2023	2024	2023	2024	2023
Investment securities available-for sale:						
Change in net unrealized gains (losses) during the period	\$ 158.5	\$ (72.1)	\$ (39.4)	\$ 17.9	\$ 119.1	\$ (54.2)
Net change in unamortized losses on available-for-sale investment securities transferred into held-to-maturity	(0.2)	(0.3)	—	0.1	(0.2)	(0.2)
Cash flow hedge:						
Change in unrealized gains (losses) on derivatives	12.4	(13.1)	(3.0)	3.2	9.4	(9.9)
Reclassification adjustment for derivatives net losses included in income	3.1	2.1	(0.8)	(0.5)	2.3	1.6
Total other comprehensive income (loss)	\$ 173.8	\$ (83.4)	\$ (43.2)	\$ 20.7	\$ 130.6	\$ (62.7)

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<i>Nine Months Ended September 30,</i>	Pre-tax		Tax (Expense) Benefit		Net of Tax	
	2024	2023	2024	2023	2024	2023
Investment securities available-for sale:						
Change in net unrealized gains (losses) during the period	\$ 134.6	\$ (51.4)	\$ (33.5)	\$ 12.7	\$ 101.1	\$ (38.7)
Reclassification adjustment for net losses included in income	—	23.5	—	(5.8)	—	17.7
Reclassification adjustment for securities transferred from held-to-maturity to available-for-sale	—	(7.2)	—	1.8	—	(5.4)
Net change in unamortized losses on available-for-sale investment securities transferred into held-to-maturity	(0.5)	(1.1)	—	0.3	(0.5)	(0.8)
Cash flow hedge:						
Change in unrealized gains on derivatives	(10.1)	(27.2)	2.8	6.7	(7.3)	(20.5)
Reclassification adjustment for derivatives net losses included in income	11.2	4.1	(2.9)	(1.0)	8.3	3.1
Total other comprehensive income (loss)	\$ 135.2	\$ (59.3)	\$ (33.6)	\$ 14.7	\$ 101.6	\$ (44.6)

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

	September 30, 2024	December 31, 2023
Net unrealized loss on investment securities available-for-sale	\$ (249.0)	\$ (350.1)
Net unrealized loss on investment securities transferred to held-to-maturity	(5.9)	(5.6)
Net unrealized loss on derivatives	—	(0.8)
Net accumulated other comprehensive loss	\$ (254.9)	\$ (356.5)

(14) 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.

The three levels of inputs 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 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 as of September 30, 2024.

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 significant transfers between fair value hierarchy levels as of September 30, 2024.

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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 others. 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 residential mortgage 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. Commercial and agricultural loans held for sale are derived from quotes or bids from third party investors.

Interest Rate Collars. The fair values of interest rate collars are obtained from an independent third party. The values are determined using the market standard methodology of discounting the future expected cash receipts that would occur if variable interest rates fell below (rise above) the strike rate of the floors (caps). The variable interest rates used in the calculation of projected receipts on the collars are based on an expectation of future interest rates derived from observable market interest rate curves and volatilities. The Company also compares the reasonableness of the pricing quarterly through a validation process involving additional independent third parties.

Interest Rate Swap Contracts. Fair values for derivative interest rate swap contracts are obtained from an independent third party. The values 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 United States Dollar – Secured Overnight Financing Rate (“SOFR”) forward curve to estimate variable rate cash inflows and SOFR 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 Company also compares the reasonableness of the pricing quarterly through a validation process involving additional independent third parties.

For purposes of potential valuation adjustments to our derivative positions, we evaluate both our credit risk and the credit risk of our counterparties. 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.

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.

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

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

<i>As of September 30, 2024</i>	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)
Investment debt securities available-for-sale:				
U.S. Treasury notes	\$ 231.0	\$ —	\$ 231.0	\$ —
State, county, and municipal securities	220.9	—	220.9	—
Obligations of U.S. government agencies	165.4	—	165.4	—
U.S. agency commercial mortgage-backed securities	1,105.3	—	1,105.3	—
U.S. agency residential mortgage-backed securities	1,262.4	—	1,262.4	—
Collateralized mortgage obligations	1,116.6	—	1,116.6	—
Private mortgage-backed securities	199.6	—	199.6	—
Collateralized loan obligations	988.0	—	988.0	—
Corporate securities	245.1	—	245.1	—
Loans held for sale	2.1	—	2.1	—
Derivative assets:				
Interest rate swap contracts	28.6	—	28.6	—
Derivative liabilities:				
Interest rate collars	1.2	—	1.2	—
Interest rate swap contracts	93.0	—	93.0	—
Deferred compensation plan assets	21.8	21.8	—	—
Deferred compensation plan liabilities	21.8	21.8	—	—

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<i>As of December 31, 2023</i>	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)
Investment debt securities available-for-sale:				
U.S. Treasury notes	\$ 224.7	\$ —	\$ 224.7	\$ —
State, county and municipal securities	219.8	—	219.8	—
Obligations of U.S. government agencies	168.5	—	168.5	—
U.S. agency commercial mortgage-backed securities	1,105.6	—	1,105.6	—
U.S. agency residential mortgage-backed securities	1,366.9	—	1,366.9	—
Collateralized mortgage obligations	1,189.5	—	1,189.5	—
Private mortgage-backed securities	210.4	—	210.4	—
Collateralized loan obligations	1,119.7	—	1,119.7	—
Corporate securities	236.4	—	236.4	—
Loans held for sale	0.5	—	0.5	—
Derivative assets:				
Interest rate swap contracts	37.3	—	37.3	—
Forward loan sales contracts	0.1	—	0.1	—
Derivative liabilities				
Interest rate collars	3.6	—	3.6	—
Interest rate swap contracts	123.5	—	123.5	—
Risk participation agreements	0.1	—	0.1	—
Forward loan sales contracts	0.1	—	0.1	—
Deferred compensation plan assets	19.2	19.2	—	—
Deferred compensation plan liabilities	19.2	19.2	—	—

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 September 30, 2024</i>	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)
Collateral-dependent loans	\$ 109.6	\$ —	\$ —	\$ 109.6
Loans held for sale	18.8	—	—	18.8
Other real estate owned	4.4	—	—	4.4
Long-lived assets to be disposed of by sale	1.0	—	—	1.0

<i>As of December 31, 2023</i>	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)
Collateral-dependent loans	\$ 52.6	\$ —	\$ —	\$ 52.6
Loans held for sale	46.9	—	—	46.9
Other real estate owned	16.5	—	—	16.5
Long-lived assets to be disposed of by sale	1.0	—	—	1.0

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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 September 30, 2024 and December 31, 2023, the Company had collateral-dependent loans with a carrying and fair value of \$109.6 million and \$52.6 million, respectively.

Loans Held for Sale. Fair value measurements for non-residential mortgage loans held for sale are derived from valuations, appraisals, and quotes or bids from third party investors. 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.

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.

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 September 30, 2024 and December 31, 2023, the Company had long-lived assets to be disposed of by sale with carrying and fair values aggregating \$1.0 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)			
	September 30, 2024	December 31, 2023						
Collateral-dependent loans	\$ 109.6	\$ 52.6	Appraisal	Appraisal adjustment	0%	-	71%	(41%)
Loans held for sale	18.8	46.9	Fair value of collateral	Discount for type of property, age of appraisal, and current status	0	-	28	(24)
Other real estate owned	4.4	16.5	Appraisal	Appraisal adjustment	17	-	40	(23)
Long-lived assets to be disposed of by sale	1.0	1.0	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.

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Financial Liabilities. The fair values of demand deposits, savings accounts, securities sold under repurchase agreements, and accrued interest payable are the amounts that are payable on demand at the reporting date. The fair values of fixed-maturity certificates of deposit are estimated using external market rates that are currently offered for deposits that have similar remaining maturities. The fair values of derivative liabilities are obtained from an independent pricing service, which considers observable data that may include the United States Dollar – SOFR forward curve, the federal funds effective swap rate and cash flows, among other things. The fixed and floating rate subordinated debentures, floating rate subordinated term loan, other borrowed funds, fixed rate subordinated term debt, and capital lease obligation are estimated by discounting future cash flows using current rates for advances that have 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.

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

	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)
<i>As of September 30, 2024</i>					
Financial assets:					
Cash and cash equivalents	\$ 698.6	\$ 698.6	\$ 698.6	\$ —	\$ —
Investment debt securities held-to-maturity	2,741.3	2,480.5	—	2,480.5	—
Accrued interest receivable	127.3	127.3	—	127.3	—
Mortgage servicing rights, net	26.3	37.2	—	37.2	—
Loans held for sale	20.9	20.9	—	2.1	18.8
Net loans held for investment	17,801.7	17,257.5	—	17,147.9	109.6
Total financial assets	\$ 21,416.1	\$ 20,622.0	\$ 698.6	\$ 19,795.0	\$ 128.4
Financial liabilities:					
Total deposits, excluding time deposits	\$ 19,985.9	\$ 19,985.9	\$ 19,985.9	\$ —	\$ —
Time deposits	2,878.2	2,864.3	—	2,864.3	—
Securities sold under repurchase agreements	557.2	557.2	—	557.2	—
Other borrowed funds	2,080.0	2,080.0	—	2,080.0	—
Accrued interest payable	87.7	87.7	—	87.7	—
Long-term debt	137.3	132.1	—	132.1	—
Subordinated debentures held by subsidiary trusts	163.1	151.0	—	151.0	—
Total financial liabilities	\$ 25,889.4	\$ 25,858.2	\$ 19,985.9	\$ 5,872.3	\$ —

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As of December 31, 2023	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	\$ 578.0	\$ 578.0	\$ 578.0	\$ —	\$ —
Investment debt securities held-to-maturity	3,207.9	2,874.0	—	2,874.0	—
Accrued interest receivable	129.1	129.1	—	129.1	—
Mortgage servicing rights, net	28.3	38.8	—	38.8	—
Loans held for sale	47.4	47.4	—	0.5	46.9
Net loans held for investment	18,051.9	17,334.4	—	17,281.8	52.6
Total financial assets	\$ 22,042.6	\$ 21,001.7	\$ 578.0	\$ 20,324.2	\$ 99.5
Financial liabilities:					
Total deposits, excluding time deposits	\$ 20,313.2	\$ 20,313.2	\$ 20,313.2	\$ —	\$ —
Time deposits	3,009.9	2,981.7	—	2,981.7	—
Securities sold under repurchase agreements	782.7	782.7	—	782.7	—
Other borrowed funds	2,603.0	2,603.0	—	2,603.0	—
Accrued interest payable	52.2	52.2	—	52.2	—
Long-term debt	120.8	115.6	—	115.6	—
Subordinated debentures held by subsidiary trusts	163.1	151.1	—	151.1	—
Total financial liabilities	\$ 27,044.9	\$ 26,999.5	\$ 20,313.2	\$ 6,686.3	\$ —

(15) Recent Authoritative Accounting Guidance

ASU 2023-02, “Investments—Equity Method and Joint Ventures (Topic 323), Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method” In March 2023, the FASB issued ASU 2023-02, *Investments—Equity Method and Joint Ventures (Topic 323), Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method* that permit reporting entities to elect to account for their tax equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met. Previously, this method was only available for qualifying tax equity investments in low-income housing tax credit structures. The amendments also require that a reporting entity disclose certain information in annual and interim reporting periods that enable investors to understand certain information about its investments that generate income tax credits and other income tax benefits from a tax credit program. For public business entities, the amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. The Amendments in this ASU became effective for the Company on January 1, 2024. The Company elected the modified retrospective approach for qualifying New Market Tax Credits and adjusted beginning retained earnings by an increase of \$1.2 million related to the previously recorded deferred taxes. Prospectively, both the amortization of the investment in Low Income Housing Tax Credits and the New Market Tax Credits are recorded net within income tax expense.

ASU 2023-06, “Disclosure Improvements—Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative” In October 2023, the FASB issued ASU 2023-06, *Disclosure Improvements—Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative* that amends the ASC to incorporate certain disclosure requirements from SEC Release No. 33-10532 - Disclosure Update and Simplification that was issued in 2018. The effective date for each amendment will be the date on which the SEC’s removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. The Company does not anticipate the adoption of ASU 2023-06 will have a significant impact on the Company’s financial position, results of operations, or liquidity.

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ASU 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures” In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* to improve disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This update does not change how a public entity identifies its operating segments; however, it does require that an entity that has single reportable segment provide all the disclosures required by the amendments in this update. The amendments in this update are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. A public entity should apply the amendments in this update retrospectively to all prior periods presented in the consolidated financial statements. Early adoption is permitted. The Company currently has one reportable operating segment, Community Banking. This ASU will not impact the Company’s consolidated financial statements and will have minimal impact to the disclosures, requiring identification of the chief operating decision maker and the information used to make operating decisions and to allocate resources.

ASU 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures” In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* that require public business entities to annually disclose (1) specific categories in their rate reconciliation; (2) additional information for reconciling items that meet a quantitative threshold; (3) the amount of income taxes paid (net of refunds received) disaggregated by federal, state, and foreign taxes; (4) the amount of income taxes paid (net of refunds received) disaggregated by individual jurisdictions in which the income taxes paid that meet a quantitative threshold; (5) income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign; and (6) income tax expense (or benefit) from continuing operations disaggregated by federal, state, and foreign. The ASU eliminates the requirement to disclose the nature and estimate of the range of the reasonably possible change in the unrecognized tax benefits balance in the next 12 months and to disclose the cumulative amount of each type of temporary difference when a deferred tax liability is not recognized because of the exceptions to comprehensive recognition of deferred taxes related to subsidiaries and corporate joint ventures. For public business entities, the amendments are effective for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The amendments should be applied on a prospective basis, but retrospective application is permitted. 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, results of operations, or liquidity.

(16) Subsequent Events

Subsequent events have been evaluated for potential recognition and disclosure through the date the Company’s financial statements were filed with the SEC. On October 23, 2024, the Company declared a quarterly dividend to common shareholders of \$0.47 per share, to be paid on November 14, 2024 to shareholders of record as of November 4, 2024.

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 accompanying notes 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, 2023, 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, 2023, 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.

Non-GAAP Financial Measures

In addition to financial measures presented in accordance with generally accepted accounting principles (“GAAP”) in the United States, this document contains non-GAAP financial measures where management believes it would be helpful to understand our results of operations or financial position. The Company’s management believes that the non-GAAP financial measures provide additional intelligence about ongoing operations and enhance comparability of results of operations with prior periods by presenting financial results without the impact of items or events that may obscure trends in the Company’s underlying performance. This information should be considered as supplemental in nature and should not be considered in isolation or as a substitute for the related financial information prepared in accordance with GAAP. Where non-GAAP financial measures are used, the comparable GAAP financial measure, as well as the reconciliation to the comparable GAAP financial measure, can be found herein.

Fully-Taxable Equivalent Basis. The Company adjusts its net interest income to include its interest income on a fully-taxable equivalent (FTE) basis and further adjusts to exclude purchase accounting interest accretion on acquired loans. Interest income, yields, and ratios on an FTE basis are considered non-GAAP financial measures. Net interest margin (FTE) is calculated as annualized net interest income on an FTE basis divided by average earning assets. Management believes net interest income on an FTE basis provides an insightful picture of the interest margin for comparison purposes. The FTE basis also allows management to assess the comparability of revenue arising from both taxable and tax-exempt sources. The FTE basis assumes a federal statutory tax rate of 21 percent. These measures are considered standard measures of comparison within the banking industry. We encourage readers to consider the Unaudited Consolidated Financial Statements and other financial information contained in this Form 10-Q in their entirety, and not to rely on any single financial measure. See Non-GAAP Financial Measures included herein for a reconciliation to the most directly comparable GAAP financial measures.

Limitations associated with non-GAAP financial measures include the risks that persons might disagree as to the appropriateness of items included in these measures and that other companies might calculate these measures differently. These non-GAAP disclosures should not be considered an alternative to the Company's GAAP results.

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. We operate 299 banking offices, including branches and detached drive-up facilities, in communities across fourteen states—Arizona, Colorado, Idaho, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, North Dakota, 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, government entities, 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
- Construction
- Education
- Governmental services
- Healthcare
- Hospitality
- Housing
- Professional services
- Real Estate Development
- Retail
- Technology
- Tourism
- Wholesale trade

Our principal business activity is lending to, accepting deposits from, and conducting financial transactions with or for individuals, businesses, governmental units, 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 deposit 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) intangible amortization; (ix) other real estate owned expenses; and (x) other ancillary expenses including legal expenses, credit card rewards expense, fees associated with originating and closing loans, insurance, and other expenses necessary to support our employees and service our clients. From time to time, we also incur acquisition costs related to our strategic acquisitions.

Recent Trends and Developments

Our community banking footprint spans across the Rocky Mountain, Pacific Northwest, Midwest, and Southwest regions, in large part due to our acquisition activity. As part of our normal course of business, we continue to evaluate bank acquisitions and other strategic opportunities on an on-going basis.

The Company has ample liquidity, and the capital ratios exceed all regulatory requirements to be deemed “well-capitalized” as of September 30, 2024. Our deposit base is diversified, including by depositor, which includes individuals, businesses across multiple industries, governmental units, and other entities, as well as geographically, across the communities we serve.

As of September 30, 2024, our FDIC insured deposits consisted of 65.0% of total deposits, including accounts eligible for pass-through insurance. As of October 28, 2024, the Bank had available borrowing capacity of \$4.7 billion with the FHLB and \$0.9 billion with the Federal Reserve Bank (“FRB”) based on pledged investment securities and loan collateral.

U.S. inflation data hit a multi-decade high in June 2022, climbing to 9.1%, as reported by the Bureau of Labor Statistics. However, we have now seen a meaningful decrease to 2.4% as of September 2024. While our operating expenses are affected by general inflation, the asset and liability structure of the Company largely consists of monetary items. Monetary items, such as cash, investments, loans, deposits and other borrowings, are assets and liabilities which are or will be converted into a fixed number of dollars regardless of changes in prices. As a result, changes in interest rates have a more significant impact on the Company’s performance than does general inflation. However, despite the more recent declines, inflationary pressures from the last two years may still have negative impacts on the Company’s clients and their customers, impacting their ability or willingness to repay loans or maintain deposits.

The Federal Reserve stated its current objective is to return the rate of inflation to 2.0% and it is closely monitoring the progress that has been made to achieve this goal. The Federal Reserve increased short-term interest rates 525 basis points between March 16, 2022 and July 29, 2023. With general inflationary pressures easing, since July 2023, the Federal Reserve had paused any further changes to short-term interest rates only to decrease them by 50 basis points in September 2024. While many financial industry experts have speculated that rates will decline further in the near-term, the Federal Reserve has not yet provided definitive guidance on any further changes to short-term interest rates.

The Company’s quarterly yield on interest earning assets increased to 4.83% as of September 30, 2024 from 4.80% as of June 30, 2024, and 4.63% as of September 30, 2023.

The sustained elevation of short-term interest rates have also impacted the Company’s cost of funds, primarily resulting from the shift of non-interest-bearing deposits into higher-cost, interest-bearing, and time deposit balances as well as variable rate debt. The Company’s cost of funds was stable at 1.86% during the three months ended September 30, 2024 and June 30, 2024, and increased from 1.59% during the three months ended September 30, 2023. During the third quarter of 2024, the change in the mix and yield on earning assets offset the changes in the mix and cost of funds, resulting in an increase of the Company’s net interest margin during the three months ended September 30, 2024 to 3.01% from 2.97% during the three months ended June 30, 2024. The change in mix and cost of funds more than offset the change in the mix and yield on earning assets as the net interest margin declined from 3.05% for the three months ended September 30, 2023. The Company’s FTE net interest margin increased to 3.04% during the three months ended September 30, 2024, from 3.00% during the three months ended June 30, 2024, and decreased from 3.07% during the three months ended September 30, 2023.

A slowdown, downturn, or recession in the U.S. economy could impact the Company by impacting the level of deposits held by our clients, whether through a higher volume of withdrawals or through a lower volume of deposits. Client deposits are one of the Company’s primary lending sources. The credit quality of the Company’s loans may also be impacted if clients must weather adverse economic conditions which could result in an increase in credit losses or other related expenses.

Primary Factors Used in Evaluating Our Business

As a banking institution, we monitor and evaluate our financial condition and our results of operations by examining the levels and trends of the line items included in our balance sheet and statements of income, as well as the various financial ratios that are commonly used in our industry and monitored by our regulators. We analyze these ratios and financial trends against both our own historical levels as well as 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, 2023, 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. See Part II – Other Information, “Item 1A – Risk Factors” for an update of the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023.

Critical Accounting Estimates and Significant Accounting Policies

Our consolidated financial statements are prepared in accordance with GAAP 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, 2023, and are also referenced in Note 1 to the unaudited financial statements in this quarterly report. There have been no material changes during the third quarter of 2024 in our critical accounting estimates and policies from the critical accounting estimates and policies as described in our Annual Report on Form 10-K for the year ended December 31, 2023.

The preparation of financial statements in conformity with GAAP requires management to measure the Company's financial position and operating results primarily in terms of historic dollars. Changes in the relative value of money due to inflation or recession are generally not considered. We manage our interest rate risk in several ways. Refer to "Note – Derivatives and Hedging Activities" in the accompanying "Notes to Unaudited Consolidated Financial Statements" for further discussion on how we manage interest rate risk. There can be no assurance that we will not be materially adversely affected by future changes in interest rates, as interest rates are highly sensitive to many factors that are beyond our control.

Results of Operations

The following discussion and analysis is intended to provide detail about the results of our operations and financial condition. More information regarding the results as of December 31, 2023 can be found in our Annual Report on Form 10-K for the year ended December 31, 2023.

Net Income

Net income decreased \$17.2 million to \$55.5 million, or \$0.54 per share, during the three months ended September 30, 2024, as compared to net income of \$72.7 million, or \$0.70 per share, for the same period in 2023, and is primarily attributable to a higher provision for credit losses and lower net interest income. Lower net interest income resulted from higher interest expense on interest-bearing liabilities during the 2024 period. This decrease in net interest income was partially offset by higher non-interest income, lower tax expense, and lower non-interest expenses.

Net income decreased \$22.1 million to \$173.9 million, or \$1.69 per share during the nine months ended September 30, 2024, as compared to net income of \$196.0 million, or \$1.89 per share for the same period in 2023. The decrease during the nine months ended September 30, 2024 when compared to the same period in 2023 was primarily attributable to lower net interest income, which has resulted from higher interest expense on interest-bearing liabilities and higher provision expense. This decrease was partially offset by an increase in non-interest income resulting from a \$23.4 million loss on the disposition of available-for-sale investment securities during the 2023 period as well as from lower non-interest expenses during the 2024 period.

Net Interest Income

Our operating results depend primarily on our net interest income, which is the difference between the interest the Company earns on its interest-earning assets, such as loans and investment securities, and the expense the Company pays on interest-bearing liabilities, such as deposits and borrowings. Net interest income depends on both the volume of our interest-earning assets and interest-bearing liabilities and the interest rates the Company earns or pays on them.

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.

For the periods indicated, the following table presents 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					
	September 30, 2024			September 30, 2023		
	Average Balance	Interest (1)(5)	Average Rate	Average Balance	Interest (1)(5)	Average Rate
Interest-earning assets:						
Loans (1)	\$ 18,209.1	\$ 260.3	5.69 %	\$ 18,317.4	\$ 251.5	5.45 %
Investment securities:						
Taxable	8,209.7	60.7	2.94	8,877.6	66.0	2.95
Tax-exempt	185.3	0.9	1.93	190.4	0.9	1.88
Investment in FHLB and FRB stock	176.0	2.8	6.33	202.6	2.9	5.68
Interest-bearing deposits in banks	353.1	4.9	5.52	208.5	3.0	5.71
Federal funds sold	0.1	—	—	0.3	—	—
Total interest-earning assets	\$ 27,133.3	\$ 329.6	4.83 %	\$ 27,796.8	\$ 324.3	4.63 %
Non-interest-earning assets	2,813.6			2,955.5		
Total assets	\$ 29,946.9			\$ 30,752.3		
Interest-bearing liabilities:						
Demand deposits	\$ 6,143.9	\$ 15.1	0.98 %	\$ 6,361.5	\$ 13.3	0.83 %
Savings deposits	7,763.4	42.2	2.16	7,838.4	33.6	1.70
Time deposits	2,863.1	26.9	3.74	2,938.0	21.9	2.96
Repurchase agreements	643.9	1.4	0.86	895.2	1.7	0.75
Other borrowed funds	2,526.6	32.0	5.04	2,396.3	33.6	5.56
Long-term debt	147.2	1.6	4.32	120.8	1.5	4.93
Subordinated debentures held by subsidiary trusts	163.1	3.3	8.05	163.1	3.3	8.03
Total interest-bearing liabilities	\$ 20,251.2	\$ 122.5	2.41 %	\$ 20,713.3	\$ 108.9	2.09 %
Non-interest-bearing deposits	5,927.2			6,401.2		
Other non-interest-bearing liabilities	461.4			504.0		
Stockholders' equity	3,307.1			3,133.8		
Total liabilities and stockholders' equity	\$ 29,946.9			\$ 30,752.3		
Net FTE interest income (non-GAAP)(3)		\$ 207.1			\$ 215.4	
Less FTE adjustments(2)		(1.6)			(1.7)	
Net interest income from consolidated statements of income		\$ 205.5			\$ 213.7	
Interest rate spread			2.42 %			2.54 %
Net interest margin			3.01			3.05
Net FTE interest margin (non-GAAP)(3)			3.04			3.07
Cost of funds, including non-interest-bearing demand deposits (4)			1.86			1.59

(1) Average loan balances include loans held for sale and loans held for investment, net of deferred fees and costs, which include non-accrual loans. Interest income includes amortization of deferred loan fees net of deferred loan costs, which is not material.

(2) The Company adjusts interest income and average rates for tax exempt loans and securities to an FTE basis utilizing a 21% tax rate.

(3) Management believes fully taxable equivalent, or FTE, interest income is useful to investors in evaluating the Company's performance as a comparison of the returns between a tax-free investment and a taxable alternative. Net FTE interest income and net FTE interest margin are non-GAAP financial measures. See "Non-GAAP Reconciliations" included herein for a reconciliation to the most directly comparable GAAP financial measures.

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

(5) Dividends on FHLB and FRB stock.

Net interest income decreased \$8.2 million during the three months ended September 30, 2024, as compared to the same period in 2023, primarily due to an increase in interest expense resulting from higher costs of interest-bearing deposits, partially offset by an increase in interests income on loans.

Net interest income included interest accretion related to the fair valuation of acquired loans of \$4.4 million during the three months ended September 30, 2024, compared to interest accretion of \$5.2 million during the three months ended September 30, 2023.

Our net interest margin ratio decreased 4 basis points to 3.01% for the three months ended September 30, 2024, as compared to 3.05% for the same period in 2023 and our net FTE interest margin ratio, a non-GAAP financial measure, decreased 3 basis points for the three months ended September 30, 2024, as compared to the same period in 2023. Exclusive of the impact of interest accretion on acquired loans, the net FTE interest margin ratio, decreased 3 basis points to 2.97% during the three months ended September 30, 2024, as compared to 3.00% for the same period in 2023. The decreases in net interest margin ratio were primarily a result of higher interest bearing deposit costs and higher FHLB and BTFP borrowings, which were partially offset by increases in interest earned on our loans and a modestly favorable change in the mix of earning assets.

Average Balance Sheets, Yields and Rates

(Dollars in millions)

	Nine Months Ended					
	September 30, 2024			September 30, 2023		
	Average Balance	Interest ^{(2) (5)}	Average Rate	Average Balance	Interest ^{(2) (5)}	Average Rate
Interest earning assets:						
Loans ⁽¹⁾	\$ 18,250.5	\$ 768.3	5.62 %	\$ 18,314.3	\$ 731.9	5.34 %
Investment securities						
Taxable	8,415.1	187.5	2.98	9,329.3	204.3	2.93
Tax-exempt	187.4	2.6	1.85	202.9	3.0	1.98
Investment in FHLB and FRB stock	186.6	9.4	6.73	212.7	9.3	5.85
Interest-bearing deposits in banks	332.7	13.9	5.58	330.6	12.6	5.10
Federal funds sold	0.1	—	—	0.6	—	—
Total interest-earning assets	\$ 27,372.4	\$ 981.7	4.79 %	\$ 28,390.4	\$ 961.1	4.53 %
Non-interest-earning assets	2,830.9			2,955.3		
Total assets	\$ 30,203.3			\$ 31,345.7		
Interest-bearing liabilities:						
Demand deposits	\$ 6,149.4	\$ 41.9	0.91 %	\$ 6,581.8	\$ 31.9	0.65 %
Savings deposits	7,768.5	122.1	2.10	8,063.4	84.8	1.41
Time deposits	2,899.5	80.2	3.69	2,506.8	46.0	2.45
Repurchase agreements	740.1	5.6	1.01	973.4	4.3	0.59
Other borrowed funds	2,599.9	99.4	5.11	2,658.5	104.1	5.24
Long-term debt	293.2	10.3	4.69	120.8	4.4	4.87
Subordinated debentures held by subsidiary trusts	163.1	9.9	8.11	163.1	9.3	7.62
Total interest-bearing liabilities	\$ 20,613.7	\$ 369.4	2.39 %	\$ 21,067.8	\$ 284.8	1.81 %
Non-interest-bearing deposits	5,872.6			6,660.2		
Other non-interest-bearing liabilities	473.2			463.2		
Stockholders' equity	3,243.8			3,154.5		
Total liabilities and stockholders' equity	\$ 30,203.3			\$ 31,345.7		
Net FTE interest income (non-GAAP) ⁽³⁾		\$ 612.3			\$ 676.3	
Less FTE adjustments ⁽²⁾		(5.0)			(5.3)	
Net interest income from consolidated statements of income		\$ 607.3			\$ 671.0	
Interest rate spread			2.40 %			2.72 %
Net interest margin			2.96			3.16
Net FTE interest margin (non-GAAP) ⁽³⁾			2.99			3.18
Cost of funds, including non-interest-bearing demand deposits ⁽⁴⁾			1.86			1.37

⁽¹⁾ Average loan balances include loans held for sale and loans held for investment, net of deferred fees and costs, which include non-accrual loans. Interest income includes amortization of deferred loan fees net of deferred loan costs, which is not material.

⁽²⁾ The Company adjusts interest income and average rates for tax exempt loans and securities to an FTE basis utilizing a 21% tax rate.

⁽³⁾ Management believes fully taxable equivalent, or FTE, interest income is useful to investors in evaluating the Company's performance as a comparison of the returns between a tax-free investment and a taxable alternative. Net FTE interest income and net FTE interest margin are non-GAAP financial measures. See "Non-GAAP Reconciliations" included herein for a reconciliation to the most directly comparable GAAP financial measures.

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

⁽⁵⁾ Dividends on FHLB and FRB stock.

Net interest income decreased \$63.7 million during the nine months ended September 30, 2024, as compared to the same period in 2023, primarily due to an increase in interest expense resulting from higher costs of interest-bearing deposits, partially offset by an increase in interest income on loans.

Net interest income included interest accretion related to the fair valuation of acquired loans of \$16.0 million during the nine months ended September 30, 2024, compared to interest accretion of \$15.0 million for the same period in 2023.

Our net FTE interest margin ratio, a non-GAAP measure, decreased 19 basis points for the nine months ended September 30, 2024, as compared to the same period in 2023. Exclusive of the impact of interest accretion on acquired loans, the net FTE interest margin ratio, decreased 20 basis points to 2.91% during the nine months ended September 30, 2024, as compared to 3.11% for the same period in 2023.

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 and the nine months ended September 30, 2024 and 2023. 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 September 30, 2024 compared with Three Months Ended September 30, 2023			Nine Months Ended September 30, 2024 compared with Nine Months Ended September 30, 2023		
	Volume	Rate ⁽²⁾	Net	Volume	Rate	Net
Interest earning assets:						
Loans ⁽¹⁾	\$ (1.5)	\$ 10.3	\$ 8.8	\$ (2.6)	\$ 39.0	\$ 36.4
Investment securities ⁽¹⁾	(5.0)	(0.3)	(5.3)	(20.3)	3.1	(17.2)
Investment in FHLB and FRB stock	(0.4)	0.3	(0.1)	(1.1)	1.2	0.1
Interest bearing deposits in banks	2.1	(0.2)	1.9	0.1	1.2	1.3
Total change	(4.8)	10.1	5.3	(23.9)	44.5	20.6
Interest bearing liabilities:						
Demand deposits	(0.5)	2.3	1.8	(2.1)	12.1	10.0
Savings deposits	(0.3)	8.9	8.6	(3.1)	40.4	37.3
Time deposits	(0.6)	5.6	5.0	7.2	27.0	34.2
Repurchase agreements	(0.5)	0.2	(0.3)	(1.0)	2.3	1.3
Other borrowed funds	1.8	(3.4)	(1.6)	(2.3)	(2.4)	(4.7)
Long-term debt	0.3	(0.2)	0.1	6.3	(0.4)	5.9
Subordinated debentures held by subsidiary trusts	—	—	—	—	0.6	0.6
Total change	0.2	13.4	13.6	5.0	79.6	84.6
Decrease in FTE net interest income ⁽¹⁾	\$ (5.0)	\$ (3.3)	\$ (8.3)	\$ (28.9)	\$ (35.1)	\$ (64.0)

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

⁽²⁾ Dividends on FHLB and FRB stock is used to determine the rate.

Non-GAAP Reconciliations

The table below provides a reconciliation of the non-GAAP financial measures to the most directly comparable GAAP financial measure.

(In millions, except % and per share data)		Three Months Ended		Nine Months Ended	
		Sep 30, 2024	Sep 30, 2023	Sep 30, 2024	Sep 30, 2023
Net interest income	(A)	\$ 205.5	\$ 213.7	\$ 607.3	\$ 671.0
FTE interest income		1.6	1.7	5.0	5.3
Net FTE interest income (Non-GAAP)	(B)	207.1	215.4	612.3	676.3
Less purchase accounting accretion		4.4	5.2	16.0	15.0
Adjusted net FTE interest income (Non-GAAP)	(C)	\$ 202.7	\$ 210.2	\$ 596.3	\$ 661.3
Average interest-earning assets	(D)	\$ 27,133.3	\$ 27,796.8	\$ 27,372.4	\$ 28,390.4
Net interest margin (GAAP)	(A) / (D)	3.01 %	3.05 %	2.96 %	3.16 %
Net FTE interest margin (Non-GAAP)	(B) / (D)	3.04	3.07	2.99	3.18
Adjusted FTE net interest margin (Non-GAAP)	(C) / (D)	2.97	3.00	2.91	3.11

Provision for Credit Losses

The Company had a \$19.8 million provision for credit losses, which included a provision for credit losses of \$20.0 million on loans held for investment and a reduction of credit losses for unfunded commitments of \$0.2 million during the three months ended September 30, 2024, as compared to an \$0.1 million reduction of credit losses during same period in 2023. The provision incorporated the impact of credit movement during the quarter, changes in loan balances, the attributes of the current portfolio, asset quality metrics, a review of the current economic outlook, and net charge-offs of \$27.4 million, or an annualized 0.60% of average loans outstanding during the three months ended September 30, 2024, as compared to net charge-offs of \$1.1 million, or an annualized 0.02% of average loans outstanding during the same period in 2023. Net loan charge-offs in the third quarter of 2024 were composed of charge-offs of \$29.1 million, primarily consisting of a \$15.9 million commercial real estate loan and a \$6.2 million construction real estate loan. These charge-offs were offset by recoveries of \$1.7 million.

The provision during the nine months ended September 30, 2024 of \$34.1 million included a provision for credit losses on loans held for investment of \$47.0 million, a reduction of credit losses on unfunded commitments of \$12.8 million, and a reduction of credit losses on investment securities of \$0.1 million. This compares to a provision for credit losses of \$26.8 million during the same period in 2023. The allowance for credit losses is updated quarterly based on the attributes of the current loan and investment securities portfolios, asset quality metrics, and a review of the current economic outlook.

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

Non-interest income also contributes to our operating results with 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 being our principal source of non-interest income. The following table presents the composition of our non-interest income as of the periods indicated:

Non-Interest Income (Dollars in millions)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Payment services revenues	\$ 18.7	\$ 19.2	\$ (0.5)	(2.6)%	\$ 55.7	\$ 58.0	\$ (2.3)	(4.0)%
Mortgage banking revenues	1.7	2.0	(0.3)	(15.0)	5.1	6.9	(1.8)	(26.1)
Wealth management revenues	9.6	8.7	0.9	10.3	28.2	26.5	1.7	6.4
Service charges on deposit accounts	6.6	6.0	0.6	10.0	19.0	17.0	2.0	11.8
Other service charges, commissions and fees	2.2	2.2	—	—	6.5	7.0	(0.5)	(7.1)
Investment securities losses, net	—	—	—	—	—	(23.5)	23.5	(100.0)
Other income	7.6	3.9	3.7	94.9	16.6	10.6	6.0	56.6
Total non-interest income	\$ 46.4	\$ 42.0	\$ 4.4	10.5	\$ 131.1	\$ 102.5	\$ 28.6	27.9

Total non-interest income increased \$4.4 million for the three months ended September 30, 2024, as compared to the same period in 2023 and increased \$28.6 million for the nine months ended September 30, 2024, as compared to the same period in 2023. The increase for the three months ended September 30, 2024 reflects a \$2.6 million gain on the sale of a branch. The increase for the nine months ended September 30, 2024 was primarily the result of the realized loss of \$23.4 million on the disposition of available-for-sale investment securities and a \$1.9 million loss related to the fair value of loans held for sale recognized through other income during the nine months ended September 30, 2023, and a gain on the sale of a branch during the nine months ended September 30, 2024.

Non-Interest Expense

Non-interest expense decreased \$1.7 million during the three months ended September 30, 2024 compared to the same period in 2023 driven by lower other expenses and professional fees, which were partially offset by higher salaries and wages, that included \$3.8 million in CEO transition related expenses. Non-interest expense decreased \$14.3 million during the nine months ended September 30, 2024 as compared to the same period in 2023. The decreases were driven by lower employee benefits, software costs, and other expenses. These decreases were partially offset by increases in salaries and wages that included \$3.8 million in CEO transition expenses, expenses related to OREO, and FDIC insurance premiums, driven by \$1.5 million in FDIC special assessment accruals in the first quarter of 2024.

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

Non-Interest Expense (Dollars in millions)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Salaries and wages	\$ 70.9	\$ 65.4	\$ 5.5	8.4 %	\$ 202.4	\$ 199.1	\$ 3.3	1.7 %
Employee benefits	19.7	19.7	—	—	55.9	61.8	(5.9)	(9.5)
Outsourced technology services	14.6	14.5	0.1	0.7	42.2	44.5	(2.3)	(5.2)
Occupancy, net	11.8	11.7	0.1	0.9	35.8	35.9	(0.1)	(0.3)
Furniture and equipment	5.2	5.3	(0.1)	(1.9)	15.4	16.8	(1.4)	(8.3)
OREO expense, net of income	—	0.5	(0.5)	(100.0)	4.0	1.3	2.7	207.7
Professional fees	4.2	5.1	(0.9)	(17.6)	16.1	14.9	1.2	8.1
FDIC insurance premiums	5.2	5.0	0.2	4.0	19.2	15.4	3.8	24.7
Other intangibles amortization	3.6	3.9	(0.3)	(7.7)	11.0	11.8	(0.8)	(6.8)
Other expenses	24.2	30.0	(5.8)	(19.3)	74.5	89.3	(14.8)	(16.6)
Total non-interest expense	\$ 159.4	\$ 161.1	\$ (1.7)	(1.1)	\$ 476.5	\$ 490.8	\$ (14.3)	(2.9)

Salaries and wages expense increased \$5.5 million during the three months ended September 30, 2024 and increased \$3.3 million during the nine months ended September 30, 2024, as compared to the same periods in 2023. The increases during the three and the nine months ended September 30, 2024 are primarily due to the accrual of \$3.8 million for transition expenses related to the CEO's pending retirement, lower deferred loan costs, and higher short-term incentive accruals over the prior year, which were offset by lower salaries and wages and net severance costs as a result of staffing reductions.

Employee benefits expense was stable during the three months ended September 30, 2024 and decreased \$5.9 million during the nine months ended September 30, 2024, as compared to the same periods in 2023. The decrease was primarily due to lower health insurance costs and lower payroll taxes, partially offset by higher long-term incentive accruals.

Outsourced technology services expense increased \$0.1 million during the three months ended September 30, 2024, as compared to the same period in 2023 and decreased \$2.3 million during the nine months ended September 30, 2024, as compared to the same periods in 2023. The decrease was primarily due to lower software maintenance costs.

FDIC insurance premiums increased \$0.2 million during the three months ended September 30, 2024 and increased \$3.8 million during the nine months ended September 30, 2024, compared to the same periods in 2023, primarily resulting from a \$1.5 million special assessment accrual recorded during the nine months ended September 30, 2024.

Other expenses primarily include advertising and public relations costs; office supply, postage, freight, telephone, and travel expenses; donations expense; debit and credit card expenses; board of director fees; legal expenses; and other losses. Other expenses decreased \$5.8 million during the three months ended September 30, 2024 and decreased \$14.8 million during the nine months ended September 30, 2024, compared to the same periods in 2023, primarily resulting from decreases in donation expense, credit card reward accruals, reclassifications of new market tax credit amortization expenses, which moved to income tax expenses, as a result of the adoption of ASU 2023-02, fraud losses, travel costs, and continued focus on our cost saving initiatives.

Income Tax Expense

Our effective tax rate was 23.7% for the three months ended September 30, 2024 compared to 23.2% for the three months ended September 30, 2023 and 23.7% for the nine months ended September 30, 2024 compared to 23.4% for the same period in 2023. Differences between the Company's effective tax rate and applicable federal and state blended statutory rate of approximately 24.9% are due to the proportion of non-taxable revenues, non-deductible expenses, and net benefits from tax credits as compared to the levels of pre-tax earnings. Additionally, in connection with the Company's adoption of ASU 2023-02 on January 1, 2024, the Company began recording proportional amortization of New Market Tax Credits as a component of income tax expense instead of other expenses.

Financial Condition

Total Assets

Total assets decreased \$1,075.7 million, or 3.5%, to \$29,595.5 million as of September 30, 2024, from \$30,671.2 million as of December 31, 2023, primarily due to decreases in investment securities and loans held for investment which supported declines in deposits and securities sold under repurchase agreements, which was partially offset by an increase in cash and cash equivalents. Significant fluctuations in balance sheet accounts are discussed below. More information regarding the results as of December 31, 2023 can be found in our Annual Report on Form 10-K for the year ended December 31, 2023.

Investment Securities

We manage our investment portfolio primarily as a source of liquidity. In doing so, we seek to obtain the highest risk adjusted return within our risk tolerance and liquidity guidelines, while satisfying the pledging requirements for deposits of state and political subdivisions and securities sold under repurchase agreements. Our portfolio is primarily comprised of U.S. Treasury notes, state, county, and municipal, U.S. government agency, U.S. government agency residential and commercial mortgage-backed securities and collateralized mortgage obligations, collateralized loan obligations, private mortgage-backed, and corporate securities. Federal funds sold and interest-bearing deposits in the 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 decreased \$773.8 million, or 8.6%, to \$8,275.6 million, or 28.0% of total assets, as of September 30, 2024, from \$9,049.4 million, or 29.5% of total assets, as of December 31, 2023. The decrease was primarily resulting from normal pay-downs and maturities, partially offset by \$134.6 million increase in fair market values and \$102.2 million of reinvestment into investment securities.

As of September 30, 2024 and December 31, 2023, the estimated duration of our investment portfolio was 3.4 and 3.5 years, respectively.

As of September 30, 2024 and December 31, 2023, we had \$6,662.4 million and \$8,284.5 million, respectively, of investment securities that had been in a continuous loss position for more than twelve months. At September 30, 2024 and December 31, 2023, the Company had no allowance for credit losses on available-for-sale securities and an allowance for credit losses on held-to maturity securities classified as corporate and municipal securities of \$0.7 million and \$0.8 million, respectively.

Loans Held for Investment, Net of Deferred Fees and Costs

Loans held for investment, net of deferred fees and costs, decreased \$252.5 million as of September 30, 2024 as compared to December 31, 2023.

The following table presents the composition and comparison of loans held for investment for the periods indicated:

	September 30, 2024	December 31, 2023	\$ Change	% Change
Real estate:				
Commercial	\$ 9,219.3	\$ 8,869.2	\$ 350.1	3.9 %
Construction	1,307.9	1,826.5	(518.6)	(28.4)
Residential	2,217.8	2,244.3	(26.5)	(1.2)
Agricultural	726.4	716.8	9.6	1.3
Total real estate	13,471.4	13,656.8	(185.4)	(1.4)
Consumer:				
Indirect	742.2	740.9	1.3	0.2
Direct and advance lines	136.9	141.6	(4.7)	(3.3)
Credit card	76.4	76.5	(0.1)	(0.1)
Total consumer	955.5	959.0	(3.5)	(0.4)
Commercial	2,919.7	2,906.8	12.9	0.4
Agricultural	689.8	769.4	(79.6)	(10.3)
Other, including overdrafts	2.5	0.1	2.4	NM
Deferred loan fees and costs	(11.8)	(12.5)	0.7	(5.6)
Loans held for investment, net of deferred loan fees and costs	\$ 18,027.1	\$ 18,279.6	\$ (252.5)	(1.4)

Declines in the construction real estate loans are primarily a result of the conversion of loans to permanent commercial real estate financing.

Non-Performing Assets

Non-performing assets include non-performing loans and OREO.

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

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 or if the collection of principal and interest is in doubt. When a loan is placed on non-accrual status, any interest previously accrued but not collected is reversed from income. Non-accrual loans increased approximately \$66.3 million, or 62.3%, to \$172.7 million as of September 30, 2024, from \$106.4 million as of December 31, 2023, primarily driven by the categorization of a single \$54.4 million commercial and industrial loan relationship to non-accrual in the first quarter of 2024. As of September 30, 2024 there were approximately \$60.7 million of non-accrual loans for which there was no related allowance for credit losses, as these loans had sufficient collateral securing the loan for repayment.

Loans contractually past due 90 days or more and still accruing interest. Loans past due 90 days or more accruing interest were \$1.8 million as of September 30, 2024, a decrease of \$3.1 million, or 63.3%, from \$4.9 million as of December 31, 2023.

Other Real Estate Owned (“OREO”). OREO consists of real property acquired through foreclosure on the collateral underlying defaulted loans. We record OREO at fair value less estimated selling costs. Any excess of loan carrying value over the fair value of the real estate at the time it is acquired, is recorded as a charge against the allowance for credit losses. Estimated losses that result from the ongoing periodic valuation of these properties are charged to earnings in the period in which they are identified. OREO decreased \$12.1 million, or 73.3%, to \$4.4 million as of September 30, 2024, from \$16.5 million as of December 31, 2023, primarily resulting from the disposal of a \$9.0 million agricultural real estate property and a \$3.0 million commercial property.

The following table sets forth information regarding non-performing assets as of the dates indicated:

Non-Performing Assets (Dollars in millions)	September 30, 2024		June 30, 2024		September 30, 2023	
Non-performing loans:						
Non-accrual loans	\$	172.7	\$	165.6	\$	81.4
Accruing loans past due 90 days or more		1.8		2.6		3.2
Total non-performing loans		174.5		168.2		84.6
OREO		4.4		6.7		11.6
Total non-performing assets	\$	178.9	\$	174.9	\$	96.2
Non-accrual loans to loans held for investment		0.96 %		0.91 %		0.45 %
Non-performing loans to loans held for investment		0.97		0.92		0.46
Non-performing assets to loans held for investment and OREO		0.99		0.96		0.53
Non-performing assets to total assets		0.60		0.58		0.31

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)	September 30, 2024		December 31, 2023			
		Percent of Total		Percent of Total		
Real estate:						
Commercial	\$	45.2	25.9 %	\$	28.2	25.3 %
Construction		0.1	0.1		17.2	15.5
Residential		14.5	8.3		11.3	10.2
Agricultural		4.7	2.7		5.4	4.8
Total real estate		64.5	37.0		62.1	55.8
Consumer		4.6	2.6		4.0	3.6
Commercial		82.2	47.1		11.8	10.6
Agricultural		23.2	13.3		33.4	30.0
Total non-performing loans	\$	174.5	100.0 %	\$	111.3	100.0 %

Allowance for Credit Losses

The Company performs a quarterly assessment of the appropriateness of its allowance for credit losses in accordance with GAAP. 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 over the life of the loans. 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 forecasted economic conditions on 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 and other individually evaluated 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) Collective valuation allowances based on loan loss experience and future expectations for similar loans with similar characteristics and trends. The Company applies open pool methodologies for all portfolio segments. The open pool methodology averages quarterly loss rates by modeling segment, calculated as quarter-to-date net charge off balance divided by the end of period balance. Loss rates are recalculated quarterly with recoveries captured in the quarter a loan was charged off, are averaged across a look back period from 2009 to the current period, and are annualized. Macroeconomic-conditioned historical loss rates are applied to loan-level cash flows. Expected future principal and interest cash flows are calculated using contractual repayment terms and prepayment, utilization, interest rate, and probability of default assumptions. Macroeconomic sensitivity models calculate segment-specific multipliers using third party forecast data. The multipliers condition the annual loss rates over the 2-year forecast period, followed by a 1-year straight-line reversion to the unadjusted historical average loss rates. The unadjusted loss rates then apply for the remaining life of the loan. Estimated losses are totaled and aggregated to the segment level.
- (3) Qualitative allowance adjustments are determined based on asset quality trends, industry concentrations, environmental risks, changes in portfolio composition, and other qualitative risk factors, both internal and external to the Company. Other qualitative factors, including changes in loan and lending policies, collateral quality, underwriting standards and personnel, credit review quality, and model imprecision, are also considered.

Based on the assessment of the appropriateness 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. 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 for credit losses 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.

Our allowance for credit losses was \$225.4 million, or 1.25% of loans held for investment as of September 30, 2024 compared to \$227.7 million, or 1.25% of loans held for investment, as of December 31, 2023. The Company's allowance for off-balance sheet credit losses was \$5.6 million as of September 30, 2024, compared to \$18.4 million as of December 31, 2023, due to a decline in off-balance sheet commitments.

Although we have established our allowance for credit losses in accordance with GAAP in the United States and we believe that the allowance for credit losses is appropriate to provide for known and expected losses in the portfolio, future provisions will be subject to on-going evaluations of the risks in the loan portfolio. If the economy declines or asset quality deteriorates, material additional provisions could be required.

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			Nine Months Ended	
	Sep 30, 2024	Dec 31, 2023	Sep 30, 2023	Sep 30, 2024	Sep 30, 2023
Beginning balance	\$ 232.8	\$ 226.7	\$ 224.6	\$ 227.7	\$ 220.1
Provision for credit losses	20.0	5.8	3.2	47.0	25.3
Charge offs:					
Real estate					
Commercial	15.9	1.3	1.7	21.6	6.3
Construction	6.2	0.6	—	13.2	9.7
Residential	0.1	—	0.1	0.7	0.6
Consumer	4.1	3.6	3.7	11.9	10.4
Commercial	2.5	1.2	0.7	8.7	2.2
Agricultural	0.3	—	—	0.3	—
Total charge-offs	29.1	6.7	6.2	56.4	29.2
Recoveries:					
Real estate					
Commercial	0.1	0.1	3.4	0.8	4.1
Construction	0.1	0.1	—	0.1	—
Residential	—	—	0.1	0.1	0.1
Agricultural	—	—	—	0.1	0.3
Consumer	1.3	1.0	1.1	3.6	3.7
Commercial	0.2	0.7	0.5	2.1	1.9
Agricultural	—	—	—	0.3	0.4
Total recoveries	1.7	1.9	5.1	7.1	10.5
Net charge-offs	27.4	4.8	1.1	49.3	18.7
Ending balance	\$ 225.4	\$ 227.7	\$ 226.7	\$ 225.4	\$ 226.7
Allowance for off-balance sheet credit losses:					
Beginning balance	\$ 5.8	\$ 18.8	\$ 20.8	\$ 18.4	\$ 16.2
(Reduction of) provision for credit losses	(0.2)	(0.4)	(2.0)	(12.8)	2.6
Ending balance	\$ 5.6	\$ 18.4	\$ 18.8	\$ 5.6	\$ 18.8
Allowance for credit losses on investment securities:					
Beginning balance	\$ 0.7	\$ 0.8	\$ 2.1	\$ 0.8	\$ 1.9
Reduction of provision for investment securities	—	—	(1.3)	(0.1)	(1.1)
Ending balance	\$ 0.7	\$ 0.8	\$ 0.8	\$ 0.7	\$ 0.8
Total allowance for credit losses	\$ 231.7	\$ 246.9	\$ 246.3	\$ 231.7	\$ 246.3
Total provision for (reduction of) credit losses	19.8	5.4	(0.1)	34.1	26.8
Loans held for investment, net of deferred fees and costs	18,027.1	18,279.6	18,213.3	18,027.1	18,213.3
Average loans	18,209.1	18,255.9	18,317.4	18,250.5	18,314.3
Net loans charged-off to average loans, annualized	0.60 %	0.10 %	0.02 %	0.36 %	0.14 %
Allowance to non-accrual loans	130.52	214.00	278.50	130.52	278.50
Allowance to loans held for investment	1.25	1.25	1.24	1.25	1.24

Total Liabilities

Total liabilities decreased \$1,214.0 million, or 4.4%, to \$26,229.7 million as of September 30, 2024, from \$27,443.7 million as of December 31, 2023, primarily due to decreases in deposits, securities sold under repurchase agreements, and other borrowed funds. Significant fluctuations in liability accounts are discussed below.

Deposits

Our deposits consist of non-interest-bearing and interest-bearing demand, savings, individual retirement, and time deposit accounts. Total deposits decreased \$459.0 million, or 2.0%, to \$22,864.1 million as of September 30, 2024, from \$23,323.1 million as of December 31, 2023, with decreases in all categories except for savings and time deposits \$250 thousand and over. Included in the decline was \$185.0 million of high-cost, government entity deposits withdrawn during the first quarter of 2024.

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

Deposits	September 30, 2024	Percent of Total	December 31, 2023	Percent of Total
<i>(Dollars in millions)</i>				
Non-interest-bearing demand	\$ 5,919.0	25.9 %	\$ 6,029.6	25.9 %
Interest bearing:				
Demand	6,261.4	27.4	6,507.8	27.9
Savings	7,805.5	34.1	7,775.8	33.3
Time, \$250k and over	818.6	3.6	811.6	3.5
Time, other ⁽¹⁾	2,059.6	9.0	2,198.3	9.4
Total interest-bearing	16,945.1	74.1	17,293.5	74.1
Total deposits	\$ 22,864.1	100.0 %	\$ 23,323.1	100.0 %

⁽¹⁾ Included in “Time, other” are IntraFi Network Deposits, or Intrafi, deposits of \$6.9 million and \$26.6 million as of September 30, 2024 and December 31, 2023, respectively.

Deposit Insurance

The deposits of the Bank are insured up to the applicable limits by the Deposit Insurance Fund (“DIF”) of the FDIC, generally up to \$250,000 per insured depositor. The Bank pays deposit insurance premiums based on assessment rates established by the FDIC. The estimated amount of deposits in excess of the FDIC insurance limit at September 30, 2024 was \$8.0 billion, or 35.0% of total deposits. Estimates of uninsured deposits are based on the methodologies and assumptions used in the Bank’s call reports and do not necessarily reflect an evaluation of all scenarios that potentially would determine the availability of deposit insurance to customer accounts based on FDIC regulations.

Securities Sold Under Repurchase Agreements

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 our client’s business. Securities sold under repurchase agreement balances decreased \$225.5 million, or 28.8%, to \$557.2 million as of September 30, 2024, from \$782.7 million as of December 31, 2023.

Other Borrowed Funds

Other borrowed funds is comprised of FHLB and BTFP overnight and fixed-rate borrowings with remaining contractual tenors of up to one year. Other borrowed funds decreased \$523.0 million, or 20.1%, to \$2,080.0 million as of September 30, 2024 from \$2,603.0 million as of December 31, 2023.

Capital Resources and Liquidity Management

Capital Resources. 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 increased \$138.3 million, or 4.3%, to \$3,365.8 million as of September 30, 2024, from \$3,227.5 million as of December 31, 2023, due to a decrease to the unrealized losses on available-for-sale securities through other comprehensive income and the retention of retained earnings, partially offset by cash dividends paid and stock repurchases of vested restricted shares tendered in lieu of cash for payment of income tax withholding amounts by participants.

On October 23, 2024, the Company's board of directors declared a dividend of \$0.47 per common share, payable on November 14, 2024, to common stockholders of record as of November 4, 2024. The dividend equates to a 6.3% annual yield based on the \$29.85 average closing pricing of the Company's common stock during the third quarter of 2024.

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 September 30, 2024 and December 31, 2023, 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 and BTFP 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, the issuance of securities, borrowings and other debt financing, and increases in client deposits.

For the nine months ended September 30, 2024, net cash provided by operating activities was \$259.8 million, net cash provided by investing activities was \$1,200.0 million and net cash used in financing activities was \$1,339.2 million. Major uses of cash were \$459.0 million in outflows of deposits and \$773.0 million in repayment of other borrowed funds. Major sources of cash included \$266.5 million of advances in long-term debt and \$1,009.4 million in investment security maturities and paydowns. Total cash and cash equivalents were \$698.6 million as of September 30, 2024, compared to \$578.0 million as of December 31, 2023. For additional information regarding our operating, investing, and financing cash flows, see the unaudited "Consolidated Statements of Cash Flows," included in Part I – Financial Information, "Item 1 – Financial Statements." For additional information regarding our deposits, see "Financial Condition – Deposits," included in Part I – Financial Information, "Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations."

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. The Bank satisfies incremental liquidity needs with either liquid assets or external funding sources. Available liquidity includes cash, FHLB advances and FRB borrowings through the discount window. The Bank has pledged its investment securities portfolio to access wholesale funding as needed and does not intend to sell or restructure securities at this time.

<i>(Dollars in billions)</i>	September 30, 2024				December 31, 2023			
	FHLB	FRB	BTFP	Total	FHLB	FRB	BTFP	Total
Total borrowing capacity	\$ 6.0	\$ 0.9	\$ 1.0	\$ 7.9	\$ 6.2	\$ 0.7	\$ 2.4	\$ 9.3
Borrowings outstanding	1.1	—	1.0	2.1	2.6	—	—	2.6
Remaining Capacity, at period end	\$ 4.9	\$ 0.9	\$ —	\$ 5.8	\$ 3.6	\$ 0.7	\$ 2.4	\$ 6.7
Cash and due from banks				0.4				0.4
Interest-bearing deposits				0.3				0.2
Total available liquidity				\$ 6.5				\$ 7.3

Through the Bank's relationship with the FHLB, the Bank owns \$59.3 million of FHLB stock and has access to additional liquidity and funding sources through FHLB advances. The Bank's borrowing capacity is dependent upon the amount of collateral the Bank places at the FHLB. As of September 30, 2024, the Bank had FHLB borrowings of \$1,080.0 million with remaining tenors of one-year or less and \$3.9 million with original tenors of greater than one-year. The Bank's remaining borrowing capacity with the FHLB was \$4,885.2 million as of September 30, 2024.

The Bank had a \$1.0 billion advance through the BTFP as of September 30, 2024. As of September 30, 2024, the Bank's borrowing capacity at the Federal Reserve Discount Window was \$0.9 billion.

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

This analysis should be read in conjunction with text under the caption "Quantitative and Qualitative Disclosures About Market Risk" in our Form 10-K, which text is incorporated herein by reference. Our analysis of market risk and market-sensitive financial information contains forward-looking statements and is subject to the disclosure at the beginning of "Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding such forward-looking information.

Asset Liability Management

The goal of asset liability management is the prudent control of market risk, liquidity, and capital. Asset liability management is governed by policies, goals, and objectives adopted and reviewed by the Bank's board of directors. Development of asset liability management strategies and monitoring of interest rate risk are the responsibility of the Asset Liability Committee, or ALCO, which is composed of members of senior management.

Interest Rate Risk

Interest rate risk is the risk of loss of future earnings or long-term value due to changes in interest rates. Our primary source of earnings is net interest income, which is affected by the level of interest rates, changes in interest rates, the speed of changes in interest rates, the relationship between rates on interest-bearing assets and liabilities, the impact of interest rate fluctuations on asset prepayments, and the mix of interest-bearing assets and liabilities.

The ability to optimize net interest income is largely dependent upon the achievement of an interest rate spread that can be managed during periods of fluctuating interest rates. Interest sensitivity is a measure of the extent to which net interest income will be affected by market interest rates over a period.

Net Interest Income Sensitivity

We believe net interest income sensitivity provides the best perspective of how day-to-day decisions affect our interest rate risk profile. We monitor net interest income sensitivity by utilizing an income simulation model to subject 12- and 24- month net interest income to various rate movements. Simulations modeled quarterly include scenarios where market rates change instantaneously up or down in a parallel or non-parallel manner. Estimates produced by our income simulation model are based on numerous assumptions including, but not limited to: (1) the timing of changes in interest rates, (2) shifts or rotations in the yield curve, (3) repricing characteristics for market rate sensitive instruments, (4) differing sensitivities of financial instruments due to differing underlying rate indices, (5) varying loan prepayment speeds for different interest rate scenarios, (6) the effect of interest rate limitations in our assets, such as caps and floors, and (7) overall growth and repayment rates and product mix of assets and liabilities. Because of limitations inherent in any approach used to measure interest rate risk, simulation results are not intended as a forecast of the actual effect of a change in market interest rates on our results, but rather to provide insight into our current interest rate exposure and execute appropriate asset/liability management strategies accordingly.

The following table presents the net interest income simulation model's projected change in net interest income over a one-year horizon due to a change in interest rates. The net interest income simulation assumes parallel shifts in the yield curve and a static balance sheet. The net interest income simulation also uses a "deposit beta" modeling assumption which is an estimate of the change in interest-bearing deposit pricing for a given change in market interest rates. In up-rate scenarios, the deposit beta assumption is 30% with the pricing change occurring in the first month of the net interest income simulation horizon. In down-rate scenarios, the deposit beta assumption is 50% with the pricing change occurring in the first month of the net interest income simulation horizon. Actual changes to deposit pricing may vary significantly from this assumption due to management actions, customer behavior, and market forces, which may have significant impacts to our net interest income. The net interest income simulations at September 30, 2024 project that interest-bearing liabilities reprice faster than our interest earning assets.

Change in Interest Rate (basis points)	Percent Change in Net Interest Income September 30, 2024
+200	(4.28)%
+100	(1.94)
-100	4.86
-200	8.30

The preceding interest rate sensitivity analysis does not represent a forecast and should not be relied upon as being indicative of expected operating results.

The Company uses financial derivative instruments for management of interest rate sensitivity. In August 2022, the Company entered into two interest rate collars related to variable-rate loans that were designated as cash flow hedges with a total notional amount of \$300.0 million. The collars designated as cash flow hedges synthetically fix the interest income received by the Company when the interest index falls below a floor rate on a rate reset and when the interest index exceeds the cap rate on a rate reset. In October 2022, the Company entered into four forward starting receive-fixed hedges related to pools of variable-rate loans and securities that were designated as cash flow hedges with a total notional amount of \$850.0 million. The swaps designated as cash flow hedges synthetically fix the interest income received by the Company. During the third quarter of 2024, the Company voluntarily terminated three swaps, which were designated as cash flow hedges, two of which were related to variable-rate loans and one related to variable-rate securities with a total notional amount of \$550.0 million. The termination of the cash flow hedges resulted in a net unrealized loss totaling \$0.2 million. The two interest rate collars and one remaining swap designated as cash flow hedges were effective with a total notional amount of \$600.0 million. For more information regarding these financial derivative instruments, see "Note - Derivatives and Hedging Activities" in the accompanying "Notes to Unaudited Consolidated Financial Statements" included in this report.

Item 4.
CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of the Chief Executive Officer (who is our principal executive officer) and Chief Financial Officer (who is our principal financial officer), evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of September 30, 2024. The term "disclosure controls and procedures" means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of September 30, 2024, our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in reports that we file or submit 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 September 30, 2024 that have materially affected, or are reasonably likely to materially affect, such control.

Limitations on the Effectiveness of 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

The Company is involved in various claims, legal actions, and complaints which arise in the ordinary course of business. In the Company's opinion, all such matters are adequately covered by insurance, are without merit, or are of such kind, or involve such amounts, that unfavorable disposition would not have a material adverse effect on the financial condition or results of operations of the Company.

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, 2023 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 September 30, 2024.

(b) Not applicable.

(c) The following table provides information with respect to purchases made of our 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 September 30, 2024.

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
July 1, 2024 to July 31, 2024	541	\$ 32.35	—	—
August 1, 2024 to August 31, 2024	1,444	30.43	—	—
September 1, 2024 to September 30, 2024	1,987	30.44	—	—
Total	3,972	\$ 30.70	—	—

⁽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 and 2023 Equity Compensation Plan.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information**Rule 10b5-1 Trading Plans**

During the quarter ended September 30, 2024, none of the Company's directors or executive officers adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

Item 6. Exhibits

Exhibit Number	Description
3.1	Certificate of Incorporation (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, File No. 001-34653, filed on May 25, 2023)
3.2	Bylaws (incorporated herein by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q, File No. 001-34653, filed on May 3, 2024)
10.1 †	Employment Agreement by and among James Reuter, First Interstate BancSystem Inc. and First Interstate Bank, dated as of October 9, 2024 (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, File No. 001-34653, filed on October 9, 2024)
10.2 †	First Amendment to the Transition and Separation Agreement and General Release by and between Kevin P. Riley, First Interstate BancSystem, Inc. and First Interstate Bank, effective October 8, 2024
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.INS	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.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File - The cover page XBRL tags are embedded within the inline XBRL document (included in Exhibit 101)

† Management contract or compensatory plan or arrangement.

** 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: November 4, 2024

By: /s/ JAMES A. REUTER
James A. Reuter
President and Chief Executive Officer

Date: November 4, 2024

By: /s/ MARCY D. MUTCH
Marcy D. Mutch
Executive Vice President and Chief Financial Officer

FIRST AMENDMENT TO THE TRANSITION AND SEPARATION AGREEMENT AND GENERAL RELEASE

This First Amendment to the Transition and Separation Agreement and General Release, dated as of October 8, 2024 (this "Amendment"), is made and entered into by and among Kevin P. Riley ("Employee"), First Interstate BancSystem, Inc. (the "Company") and First Interstate Bank (the "Bank" and, together with the Company, "First Interstate"). Capitalized terms used in this Amendment shall have the meanings set forth in the Agreement (as defined below).

WHEREAS, the Company and Employee are parties to that certain Transition and Separation Agreement and General Release, dated as of July 8, 2024, by and among the Company, the Bank and Employee (the "Agreement"), and wish to amend and supplement the Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto intending to be legally bound, hereby agree as follows:

I. Section 1 of the Agreement is hereby deleted in its entirety and replaced with the following:

"Transition Period. Employee will continue to serve as the Chief Executive Officer during the period (the "CEO Transition Period") from July 8, 2024 (the "Transition Date") through November 1, 2024 or such later date in 2024 that the new Chief Executive Officer commences employment with First Interstate (the "CEO Transition Date") and, as of the CEO Transition Date, will continue employment until January 1, 2025 as Special Advisor to the Chair of the Board (such date, the "Specified Separation Date" and the period from the CEO Transition Date to the Specified Separation Date, the "Advisor Transition Period" and, together with the CEO Transition Period, the "Transition Period"). Notwithstanding the foregoing, the Board may terminate Employee's employment for Cause (as defined in the Employment Agreement and modified by Section 1(f) below) at any time without prior notice to Employee and the Consulting Period pursuant to Section 3 shall never commence. The actual date of Employee's termination of employment under this Agreement shall be referred to herein as the "Separation Date".

- a. During the (i) CEO Transition Period, Employee shall continue to report to the Board and shall have duties and responsibilities that are substantially the same as his existing duties and responsibilities, subject to the parameters set forth on Appendix A hereto (the "CEO Transition Duties") and (ii) Advisor Transition Period, Employee shall continue to report to the Board and shall have duties and responsibilities that are reasonably assigned by the Chair of the Board in good faith.
 - b. During the Transition Period, Employee shall (i) receive Employee's base salary at the rate in effect as of the date hereof and (ii) continue to participate in First Interstate's annual short term incentive award based on Employee's target short term incentive opportunity, in an amount determined by the Board based on First Interstate's actual achievement of business performance objectives in a manner consistent with how such objectives are determined for other executive officers of
-

First Interstate (assuming achievement of all personal performance objectives) and paid at the same time as short term incentive awards are paid to executive officers of First Interstate (provided that Employee shall not be required to be employed on the bonus payment date to be entitled to receive an annual short term incentive award). Employee shall not be eligible to be granted any long-term incentive awards during the Transition Period.

- c. During the Transition Period, Employee shall continue to accrue paid vacation and shall remain eligible for all employee benefit plans available to executive officers of First Interstate through the Separation Date. First Interstate shall also continue to reimburse Employee for all reasonable business expenses incurred by Employee in the course of performing his Transition Duties in accordance with Company policies applicable to executive officers of First Interstate.
- d. As of the Specified Separation Date, Employee shall be fully vested in all contribution amounts under the Company's Deferred Compensation Plan SERP Award Notice (2016).
- e. All payments made to Employee during the Transition Period shall occur on customary payment dates and will be subject to standard payroll deductions and withholdings.
- f. The parties agree that none of the changes set forth in this Agreement shall constitute or give rise to "Good Reason" as defined in the Employment Agreement.
- g. For purposes of Employee's rights under this Agreement, "Cause", as defined in the Employment Agreement, shall be modified to include a material breach by Employee of any provision of this Agreement, including, without limitation, in connection with performing the Transition Duties.

II. Section 10 of the Agreement is hereby deleted in its entirety and replaced with the following:

"Resignation. Upon the CEO Transition Date, Employee's service as a director of the Company and as an officer or director of any affiliate of First Interstate shall immediately terminate, including, without limitation, the board of directors of the First Interstate BancSystem Foundation. This Section 10 shall constitute a resignation notice for such purposes (provided that, for the avoidance of doubt, (i) Employee shall continue to be an employee following the CEO Transition Date and (ii) Section 7 of the Employment Agreement shall not be deemed to apply as a result)."

- III. Legal Fee Reimbursement.** Upon presentation of reasonable documentation, First Interstate shall reimburse Employee for reasonable and customary attorneys' fees incurred in connection with the review and finalization of this Amendment, up to a maximum amount of \$7,500 in the aggregate.
 - IV. Entire Agreement.** This Amendment embodies the entire agreement and understanding of the parties hereto with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings, whether oral or written, relating thereto.
 - V. General.** Except as set forth above in this Amendment, the Agreement shall remain in full force and effect in accordance with its terms.
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IN WITNESS WHEREOF, the parties have executed this Amendment to the Agreement as of the day and year first written above.

EMPLOYEE

/s/ KEVIN RILEY

Kevin P. Riley

Agreed to by First Interstate BancSystem, Inc.

/s/ Biff Bowman

Stephen B. Bowman

Chair of the Board of Directors

10/8/2024

Date

Agreed to by First Interstate Bank

/s/ Marcy D. Mutch

Marcy D. Mutch

EVP, Chief Financial Officer

10/8/2024

Date

**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, James A. Reuter, 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: November 4, 2024

/s/ JAMES A. REUTER

James A. Reuter

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: November 4, 2024

/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 September 30, 2024.

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 November 4, 2024.

/s/ JAMES A. REUTER

James A. Reuter

President and Chief Executive Officer

/s/ MARCY D. MUTCH

Marcy D. Mutch

Executive Vice President and Chief Financial Officer