# Investor Presentation

March 2020

First Interstate BancSystem

# Safe Harbor

This presentation contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, 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,” “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.

The following factors, among others, may cause actual results to differ materially from current expectations in the forward-looking statements, including those set forth in this presentation: political, legal, regulatory, and general economic or business conditions, either nationally or regionally; geopolitical uncertainties throughout the world; weather-related, disease, viruses, wide-spread health emergencies, pandemics, and other adverse climate or other conditions that may impact our business and our customers’ business; changes in the interest rate environment or interest rate changes made by the Board of Governors of the Federal Reserve; credit performance of our loan portfolio; adequacy of the allowance for loan losses and access to low-cost funding sources; our ability to achieve the projected cost savings from our recent acquisitions and do so in the time expected; operating costs, customer loss and business disruption following the acquisitions may be greater than expected; the unavailability of LIBOR; impairment of goodwill; dependence on the Company’s management team and ability to attract and retain qualified employees; governmental regulation and changes in regulatory, tax and accounting rules and interpretations; stringent capital requirements; future FDIC insurance premium increases; CFPB restrictions on our ability to originate and sell mortgage loans; cyber-security risks, including items such as “denial of service,” “hacking” and “identity theft”; unfavorable resolution to litigation and regulatory proceedings; liquidity risks and technological innovations; inability to grow organically or through acquisitions; impairment of collateral underlying our loans; environmental remediation and other costs associated with repossessed properties; ineffective internal operational controls; competition; meeting market demand with current and new products; reliance on external vendors; soundness of other financial institutions; failure of technology and failure to effectively implement technology-driven products and services; risks associated with introducing and implementing new lines of business, products or services; failure to execute on strategic or operational plans, including the ability to complete mergers and acquisitions or fully achieve expected costs savings or revenue growth associated with mergers and acquisitions; deposit attrition, customer loss and/or revenue loss following completed acquisitions; anti-takeover provisions; changes in dividend policy and the inability of our bank subsidiary to pay dividends; the uninsured nature of any investment in Class A or Class B common stock; decline in market price and volatility of Class A and Class B common stock; voting control of Class B common stock stockholders; controlled company status; dilution as a result of future equity issuances; and subordination of common stock to Company debt.

These factors are not necessarily all of the 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 and included in the Company’s periodic reports filed with the SEC under the caption “Risk Factors.” Interested parties are urged to read in their entirety such 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 laws. 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.

# FIBK Overview

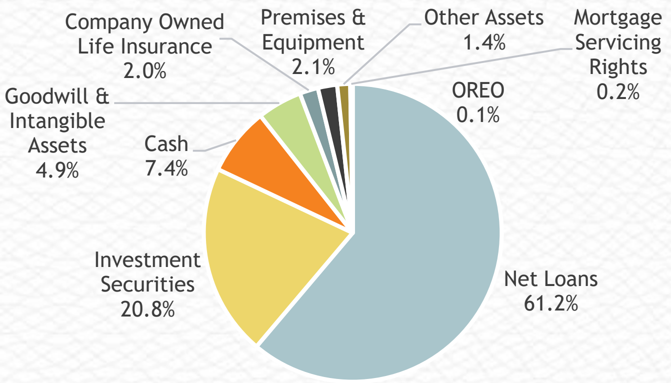
| OVERVIEW | |
|---|---|
| Headquarters | Billings, MT |
| Kroll Rating (Subordinated Notes) | BBB |
| Total Assets | $14.64 Billion |
| Trust Assets Under Management | $5.52 Billion |
| Total Core Deposits* | $11.01 Billion |

*Core Deposits defined as total deposits excluding time deposits >$100,000 and Brokered Deposits
Sources: SNL and company reports

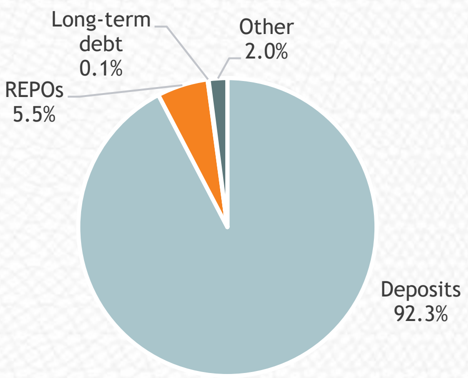
## DESCRIPTION

- Headquartered in Billings, MT and focused on regional community banking in Idaho, Montana, Oregon, South Dakota, Washington, and Wyoming:
  - Over 145 banking offices
  - 238 ATMs, plus 24,000 MoneyPass ATMs
- Offering a full suite of products:
  - Commercial Banking
  - Credit Card Products
  - Indirect Lending
  - Mortgage
  - Retail and small business
  - SBA Lending
  - Treasury Management
  - Wealth Management
- Guided by four strategic pillars:
  - Our People, Our Priority
  - Relentless Client Focus
  - Future-Ready, Today
  - Financial Vitality

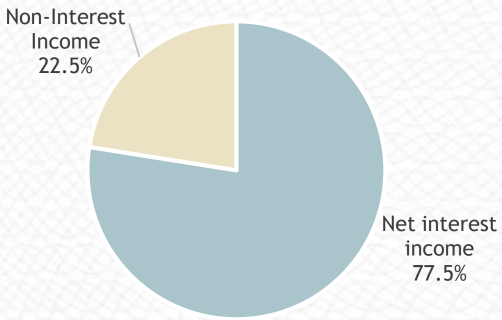
## ASSET MIX




## LIABILITY MIX




## Q4 2019 REVENUE BREAKDOWN




As of December 31, 2019

# Investment Highlights

- Experienced Management Team
- Long Track Record of Profitability
- Strong Core Deposit Funding
- Conservative Credit Strategy which Limits Exposure to Large Losses
- Diversified Client Base Tempers Economic Volatility
- Substantial Insider Ownership Aligns Management With Stakeholders

# Executive Leadership Team

| Name | Title | Age | Industry Experience | Years at FIBK |
|---|---|---|---|---|
| Kevin P. Riley | President and Chief Executive Officer | 60 | 30+ Years | 7 Years |
| James R. Scott* | Chair of the Board | 70 | 50+ Years | 48 Years |
| Marcy D. Mutch | Chief Financial Officer | 60 | 30+ Years | 13 Years |
| Renee L. Newman | Chief Strategy Officer | 50 | 25+ Years | 3 Years |
| Jodi D. Hubbell | Chief Operating Officer | 54 | 30+ Years | 3 Years |
| Phillip G. Gaglia | Chief Risk Officer | 55 | 30+ Years | 30 Years |
| Russell A. Lee | Chief Banking Officer | 64 | 40+ Years | 2 Years |
| Kade G. Peterson | Chief Information Officer | 54 | 30+ Years | 2 Years |

*James Scott will be stepping down as Chair of the Board in accordance with normal transition procedures and he will remain a director; David Jahnke, the current Vice Chair, will become the new Chair of the Board

# Building the First Interstate Franchise

**2018**
Inland Northwest Bank, filling in footprint in the PNW
$826.8 million 20 Branches

**April 2019**
Idaho Independent Bank
$725 million 11 Branches

Community 1st Bank
$130 million 3 Branches

**2016**
Flathead Bank of Bigfork
$225 million 7 Branches

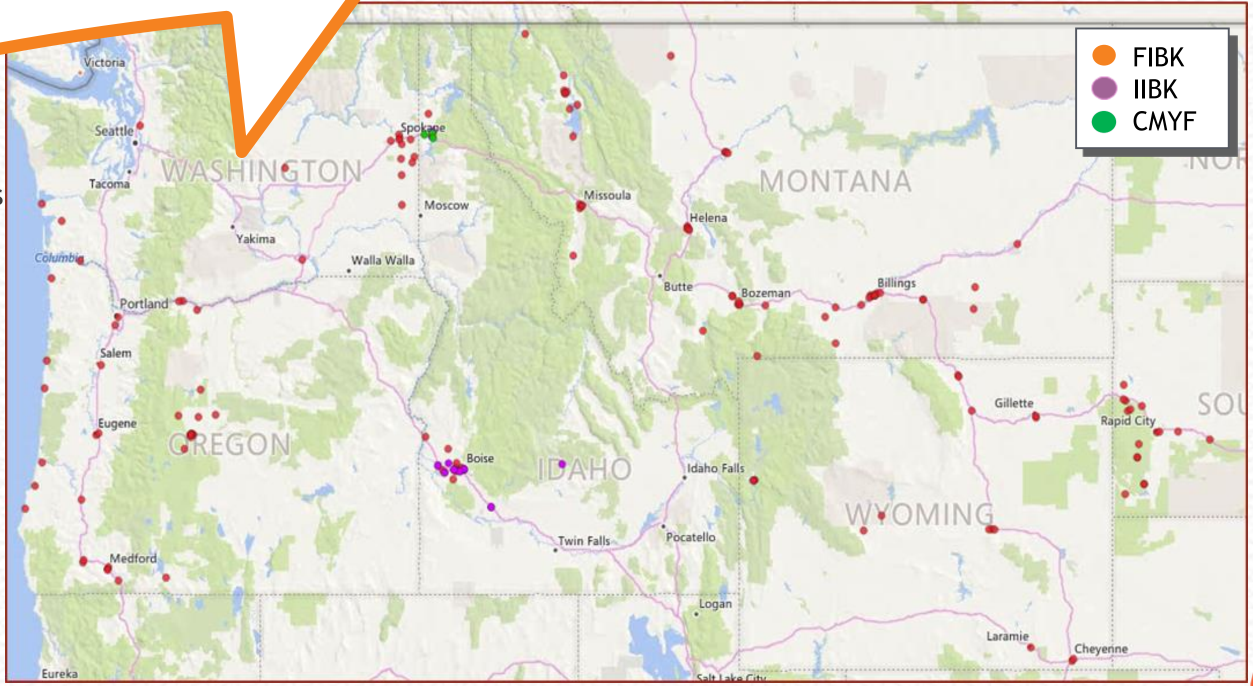
**2017**
Bank of the Cascades
$3.2 Billion 46 branches

**2014**
Mountain West Financial Corp

**2015**
Absarokee Bancorporation, Inc.

**1968**
Mr. Homer Scott establishes First Interstate Bank with the purchase of the Bank of Commerce in Sheridan, Wyoming

**1916**
First Interstate Bank is Established



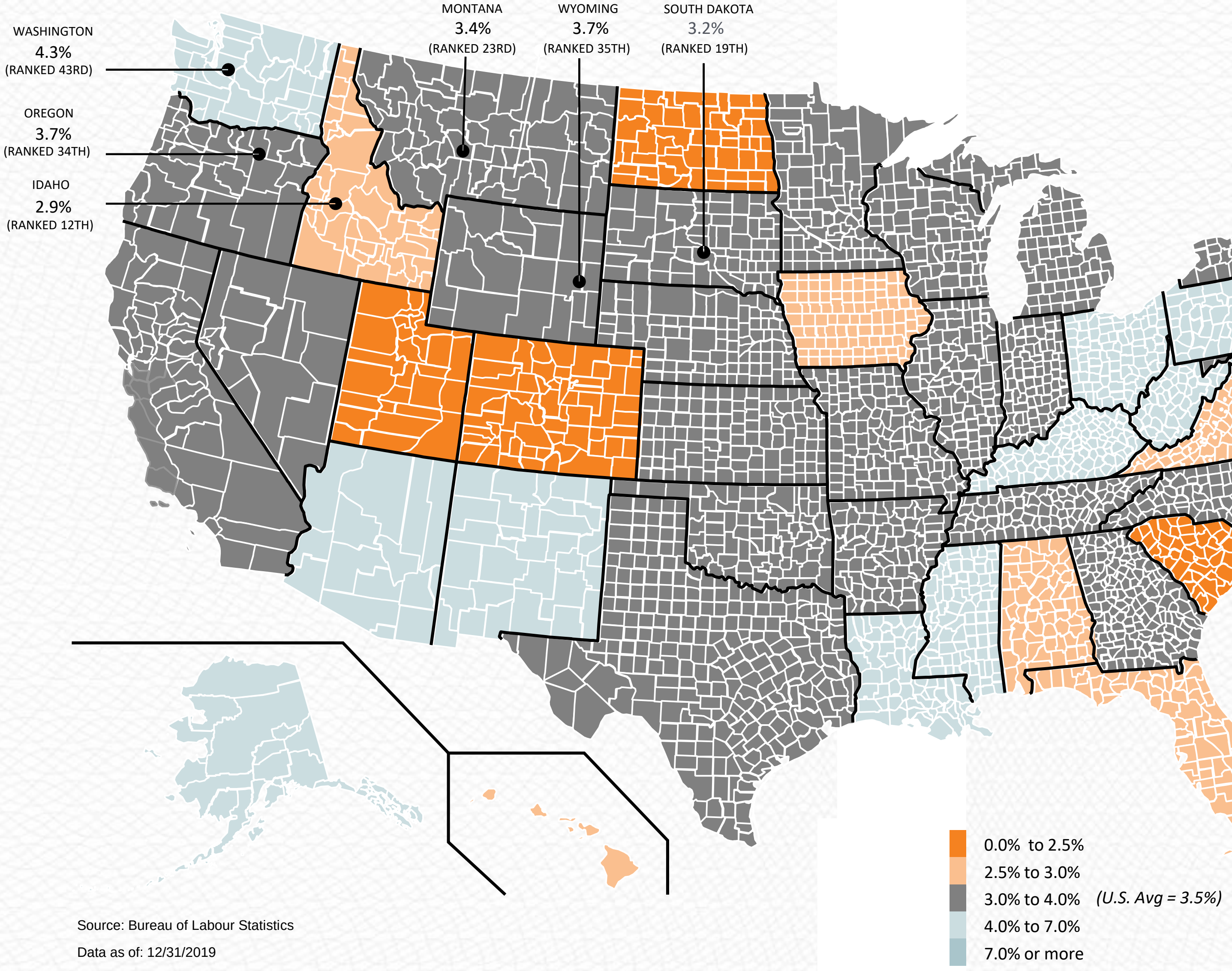
# Attractive Markets

**Deposit Market Share and Branch Locations by State**

| | *States* | | | | | |
|---|---|---|---|---|---|---|
| **State / Metric** | **Idaho** | **Montana** | **Oregon** | **South Dakota** | **Washington** | **Wyoming** |
| **% of Market Deposits** | 5.13% | 17.72% | 2.39% | .12% | .32% | 15.43% |
| **Deposit Market Share Rank** | 6th | 2nd | 11th | 13th | 32nd | 1st |
| **Number of Branches** | 23 | 48 | 33 | 14 | 18 | 16 |
| **Total Population** | 1,798,355 | 1,076,710 | 4,264,603 | 894,964 | 7,702,023 | 576,531 |
| **Projected Population Growth ('20-'25)** | 6.5% | 4.4% | 5.5% | 4.8% | 6.2% | 0.7% |

Note: Population by state, projected population growth rate, and total deposits data is sourced from S&P Global Market Intelligence as of June 30, 2019

# Attractive Markets: Stable Employment




**Best 5 States**

1 South Carolina 2.3%
2 Utah 2.3%
3 Vermont 2.3%
4 North Dakota 2.4%
5 Colorado 2.5%

**Worst 5 States**

50 Alaska 6.1%
49 Mississippi 5.7%
48 West Virginia 5%
47 Louisiana 4.9%
46 New Mexico 4.7%

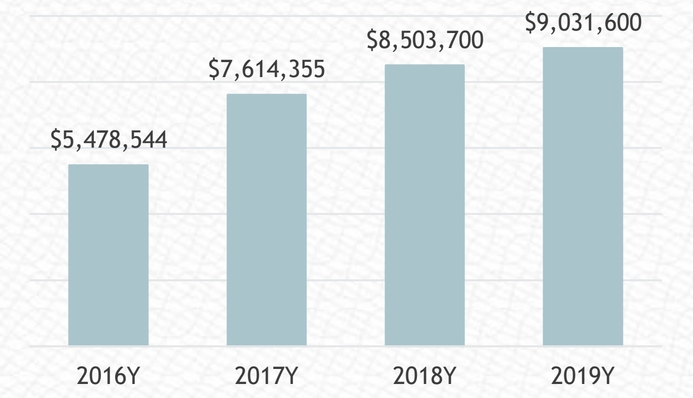
Source: Bureau of Labour Statistics

Data as of: 12/31/2019

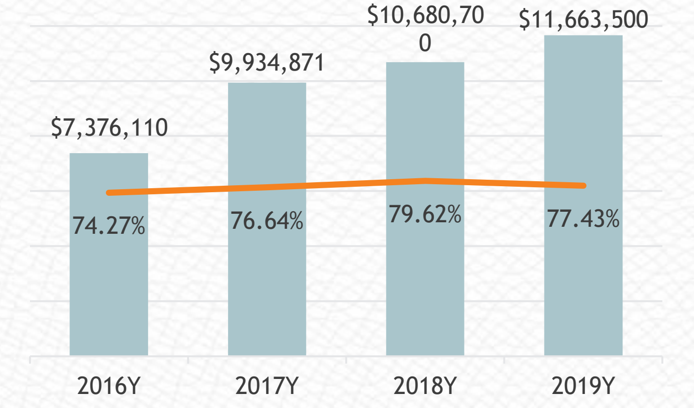
# Historical Financial Performance

## *Summary Results*

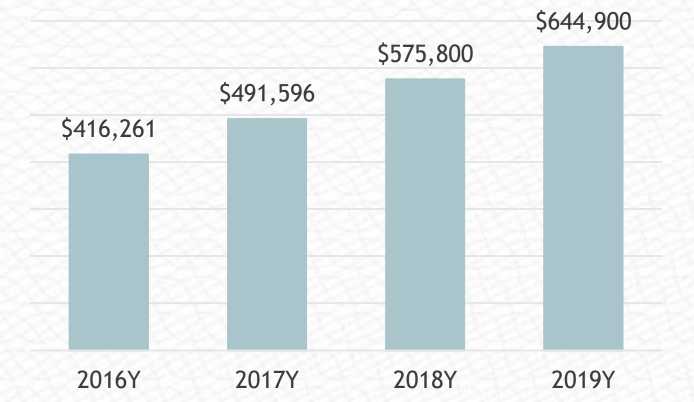
### Gross Loans ($000)



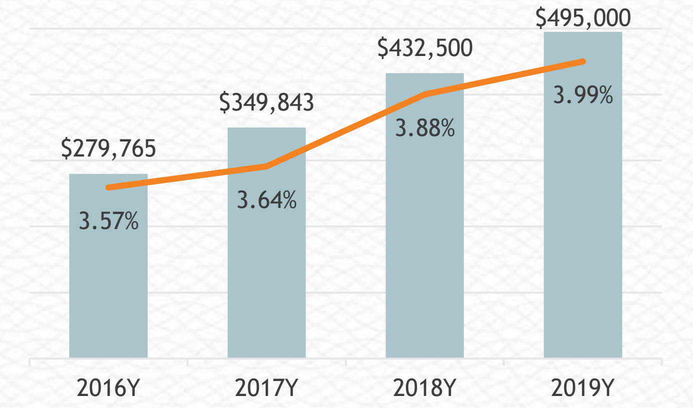

### Total Deposits ($000) vs. Loan/Deposits (%)



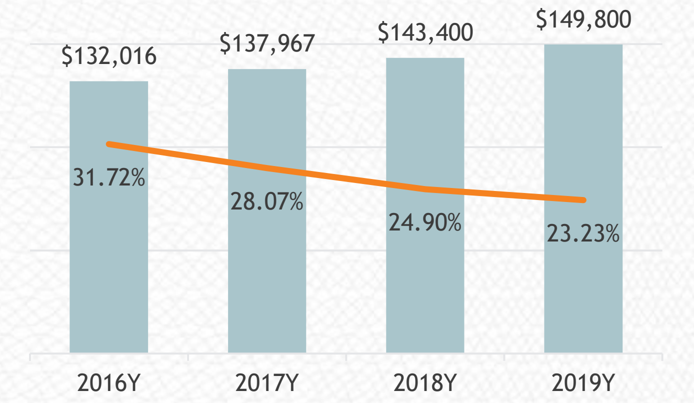

### Total Revenue ($000)



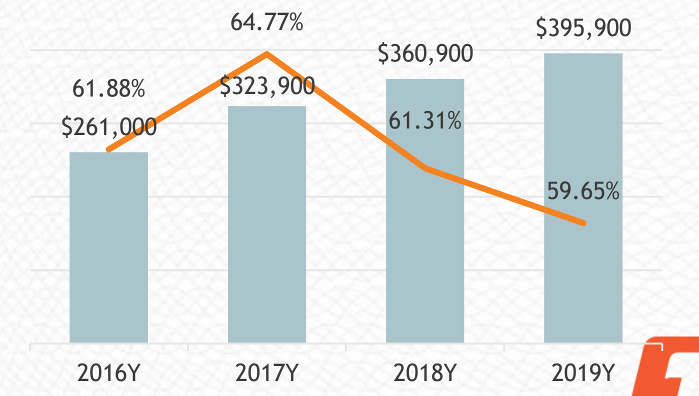

### Net Interest Income ($000) vs. NIM (%)




### NonInt. Inc. ($000) vs. NonInt / Op. Revenue(%)



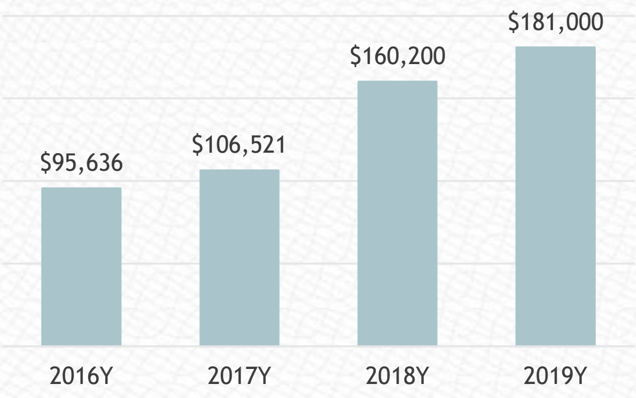

### Nonint. Expense ($000) vs. Effic. Ratio (%)



# Historical Financial Performance

## *Summary Results*

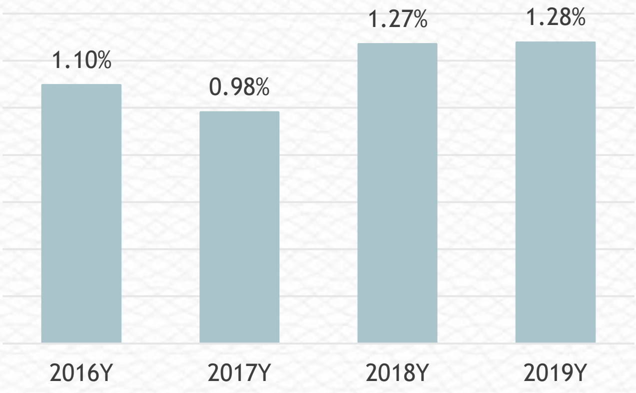
### Net Income ($000)




### Earnings per Share ($)

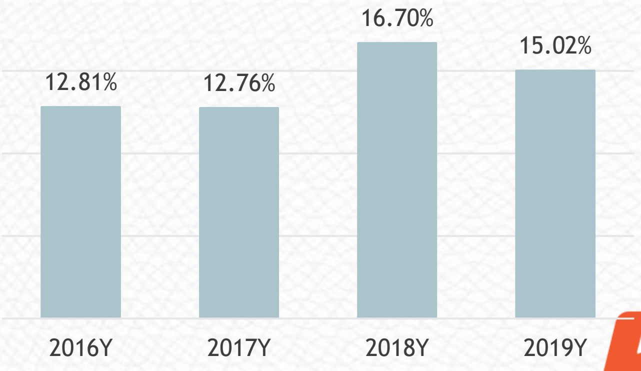

### Tangible Book Value per Share ($)


### ROAA (%)




### ROAE (%)


### ROATCE (%)

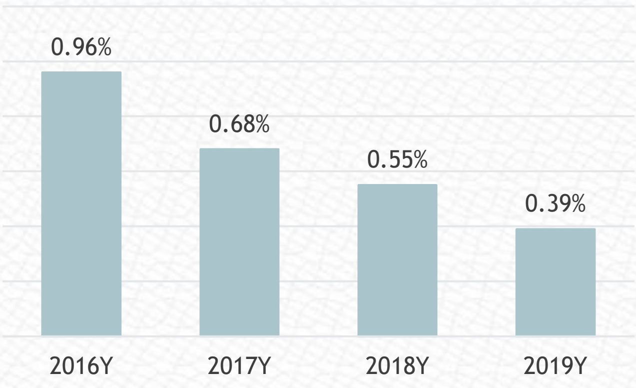



Note: The Company remained consistently profitable throughout the financial crisis from 2007-2010

# Historical Financial Performance

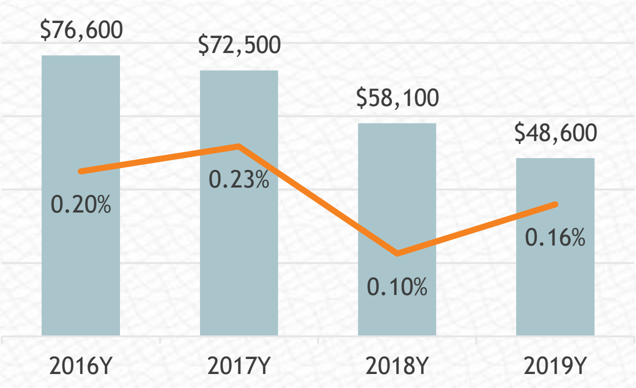
*Summary Results*

### NPAs / Assets (%)

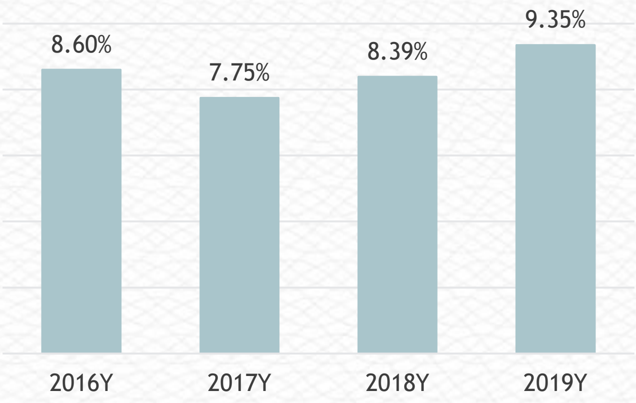



### Texas Ratio (%)

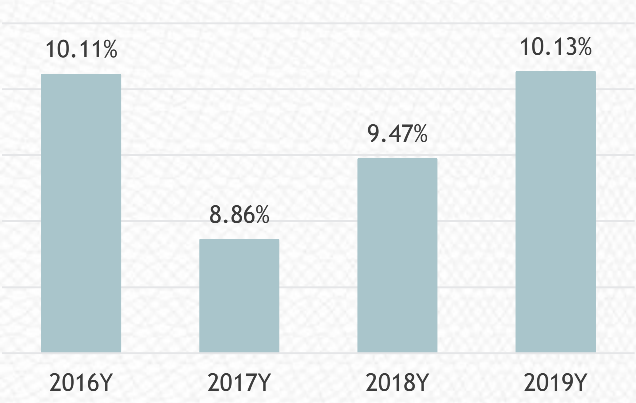

### NPLs ($000) vs. NCOs / Avg. Loans (%)



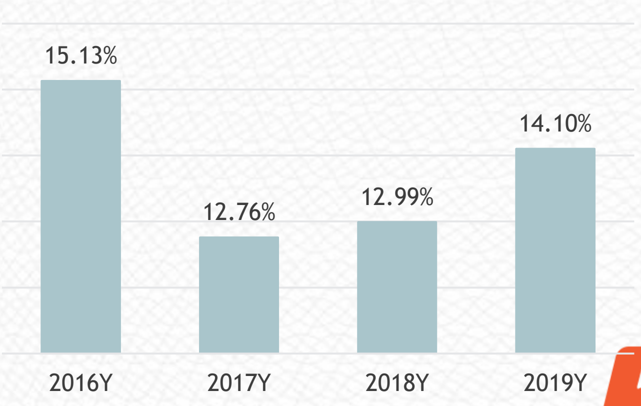

### Tang. Common Equity / Tang. Assets (%)




### Tier 1 Leverage Ratio (%)



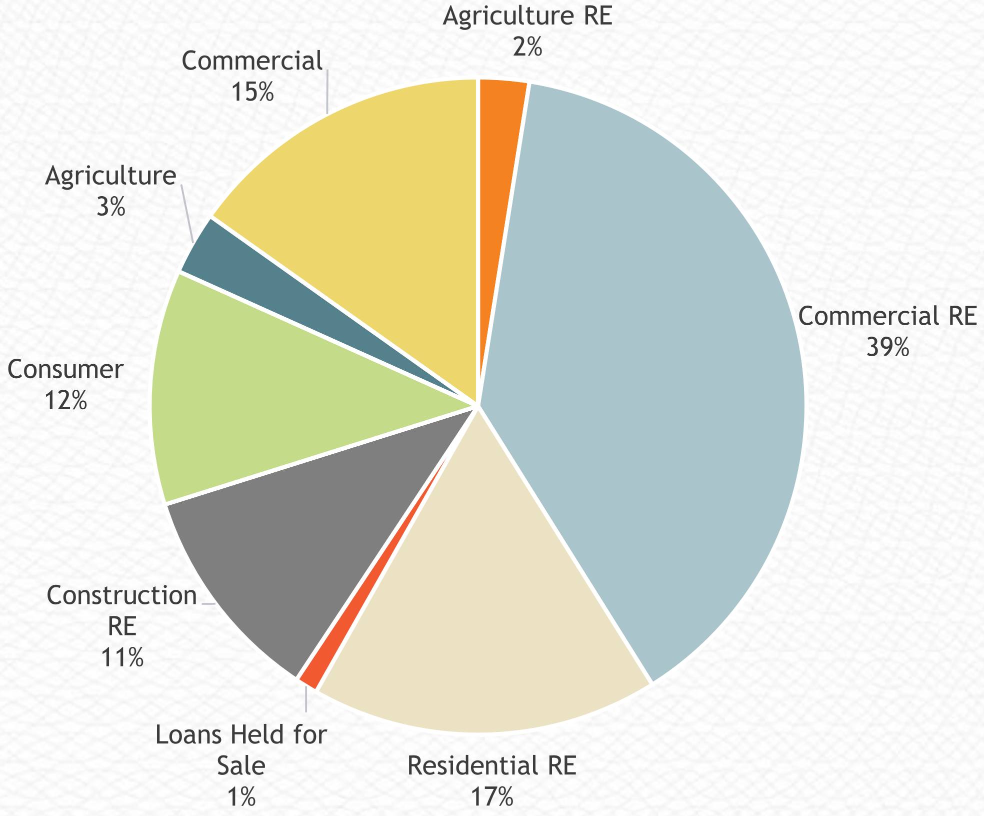

### Total RBC Ratio (%)



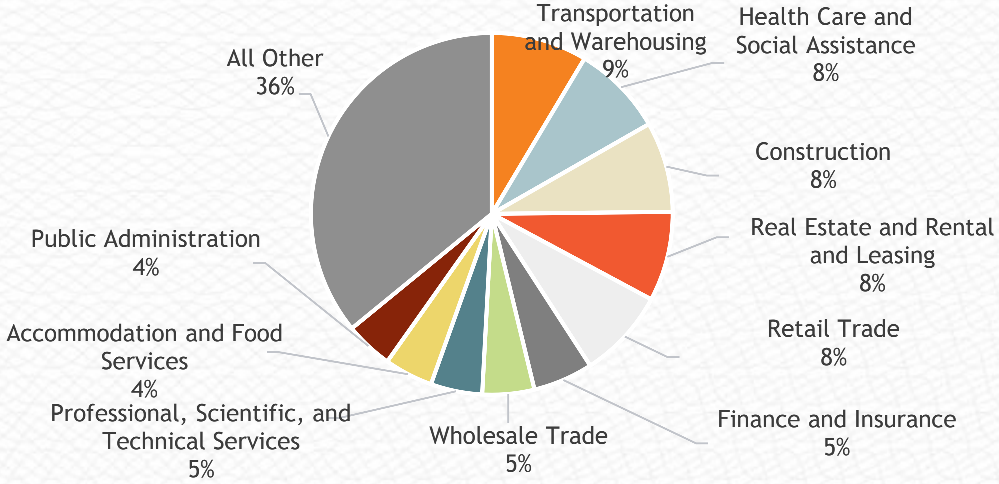
# Diversified Loan Portfolio by Industry

## LOAN MIX

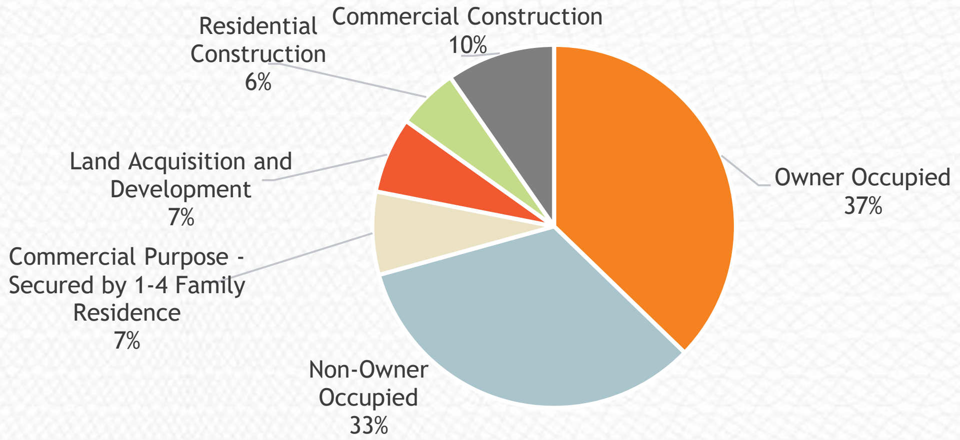
$9.0 Billion in Loans




## COMMERCIAL




## COMMERCIAL REAL ESTATE & CONSTRUCTION




- **Commercial RE Loans/ Total Risk-Based Capital (%): 185%**

As of December 31, 2019

# Oil and Gas: Industry Exposure

- $47 million in direct exposure (0.5% of total loan portfolio)
- $18 million in unfunded commitments
- $14 million in criticized loans category
- 2.2% Allowance for Loan Loss Allocation

| Month | NAICS Code | Description | Net Principal Balance | Unfunded | Commitment |
|---|---|---|---|---|---|
| Dec 2019 | 211111 | Crude Petroleum and Natural Gas Extraction | $17,354,922 | $8,295,454 | $25,650,375 |
| | 213112 | Support Activities for Oil and Gas Operations | $27,269,114 | $7,108,994 | $34,378,108 |
| | 213111 | Drilling Oil and Gas Wells | $1,841,316 | $1,619,233 | $3,460,548 |
| | 221210 | Natural Gas Distribution | $603,385 | $470,000 | $1,073,385 |
| | 211112 | Natural Gas Liquid Extraction | $114,221 | $32,157 | $146,378 |
| | | **Oil & Gas Total** | $47,182,958 | $17,525,837 | $64,708,795 |



As of December 31, 2019

# Mall and Retail Trade: Portfolio Exposure

- $52.1 million direct exposure to Malls[1] (0.6% of total loan portfolio)
  - None in criticized loan categories
- $47.7 million direct exposure to Retail Trade [2] (0.5% of total loan portfolio)
  - $3.4 million in criticized loan categories

| MONTH | NAICS CODE | DESCRIPTION | NET PRINCIPAL BALANCE | UNFUNDED | COMMITTMENT |
|---|---|---|---|---|---|
| Dec 2019 | | Shopping Malls | $52,061,489 | $7,983,647 | $60,045,136 |
| | 451110 | Sporting Goods Stores | $26,894,562 | $5,227,494 | $32,122,056 |
| | 452990 | All Other General Merchandise Stores | $10,158,411 | $106,437 | $10,264,848 |
| | 448310 | Jewelry Stores | $4,626,611 | $1,801,894 | $6,428,505 |
| | 448190 | Other Clothing Stores | $1,534,719 | $628,500 | $2,163,219 |
| | 448140 | Family Clothing Stores | $981,025 | $125,011 | $1,106,035 |
| | 451140 | Musical Instrument and Supplies Stores | $956,692 | $2,112 | $958,805 |
| | | All Other Retail Trade | $2,575,130 | $205,899 | $2,781,029 |
| | | **Mall and Retail Trade Total** | $99,788,639 | $16,080,994 | $115,869,633 |

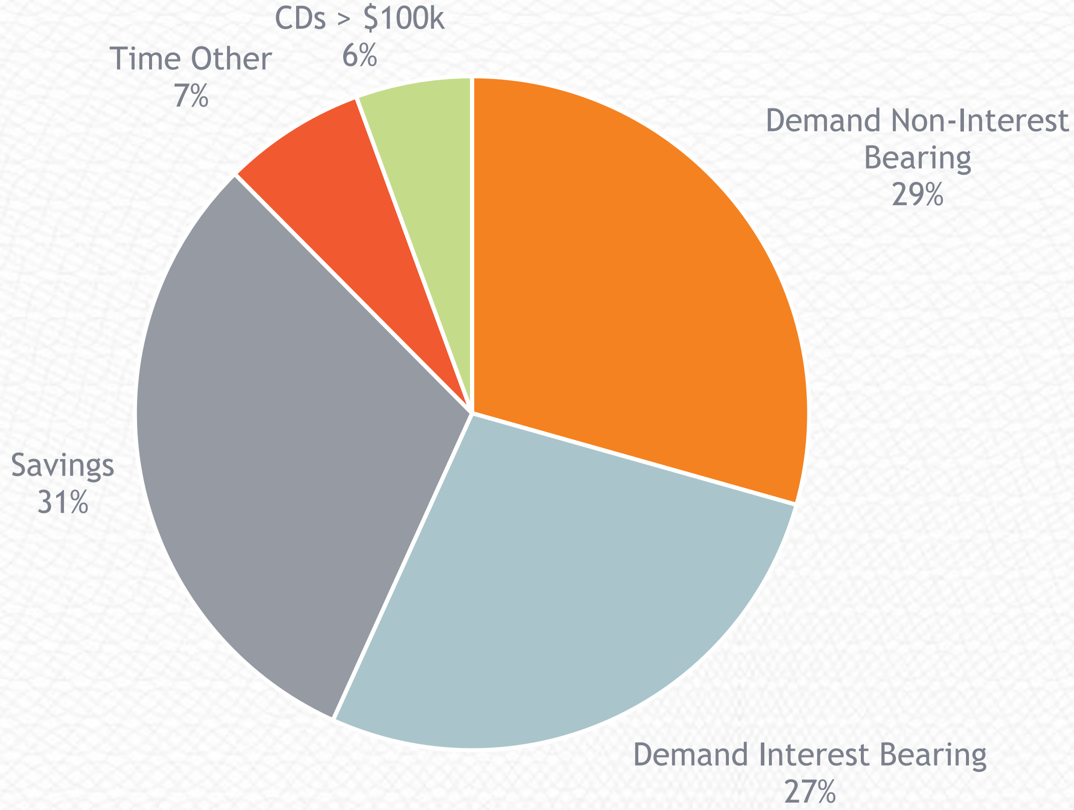
*[1] These credits are not coded uniquely on the system as most are identified as Lessors of Non-Residential Real Estate. The portfolios were identified by the word "Mall" or "Shopping" in the Customer Name and by the Credit Officers review.*
*[2] These credits were identified utilizing the NAICS codes 448 – Clothing Stores, 451 – Sporting Goods and 452 – General Merchandise.*



As of December 31, 2019

# Strong Deposit Base

## $11.66 Billion in Deposits



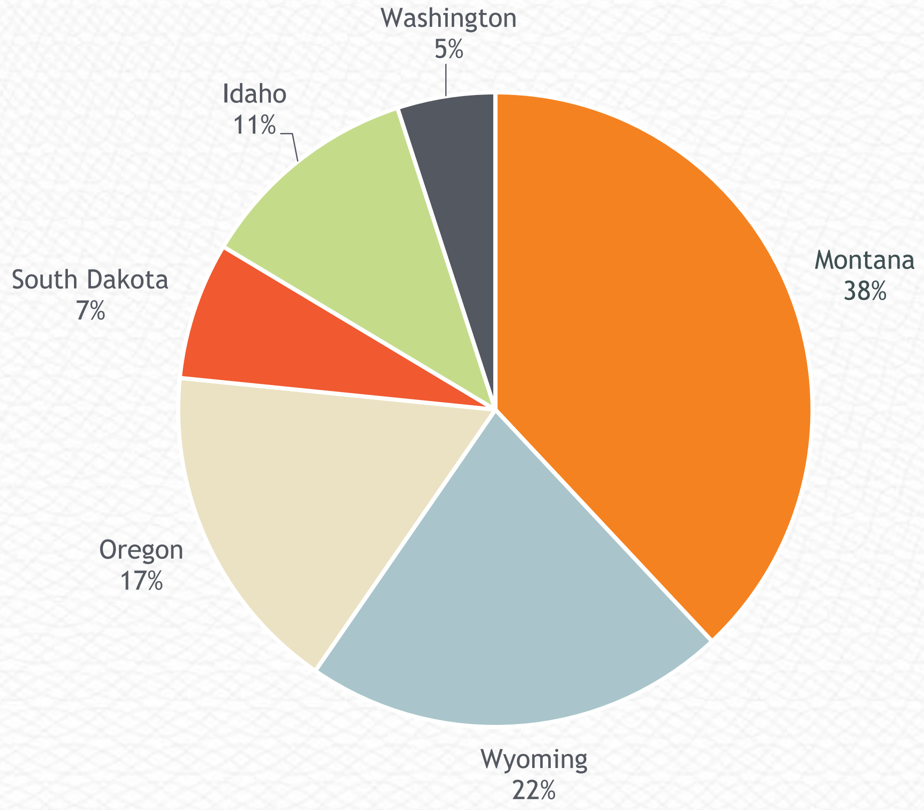

**MRQ Cost of Deposits: 33 basis points**



As of December 31, 2019

# Source of Deposits

## Allocation of $11.7B of Deposits by State




As of December 31, 2019

| LOCATION | MARKET SHARE* JUNE 2019 | LOCATION | MARKET SHARE* JUNE 2019 |
|---|---|---|---|
| Laramie, WY | 46% | Jackson, WY | 15% |
| Riverton, WY | 45% | Nampa, ID | 15% |
| Sheridan, WY | 38% | Kalispell, MT | 14% |
| Missoula, MT | 30% | Coeur d'Alene, ID | 11% |
| Casper, WY | 25% | Cheyenne, WY | 13% |
| Great Falls, MT | 29% | Medford, OR | 8% |
| Gillette, WY | 27% | Rapid City, SD | 8% |
| Billings, MT | 26% | Boise, ID | 4% |
| Redmond, OR | 25% | Spokane, WA | 4% |
| Spearfish, SD | 25% | Lynnwood, WA | 1% |
| Bend, OR | 22% | Eugene, OR | 1% |
| Helena, MT | 22% | Salem, OR | 1% |
| Bozeman, MT | 15% | Portland, OR | .4% |

*The market share percentages are per the FDIC, not including Credit Union Deposits within each community.

# Deposit Pricing Strategy

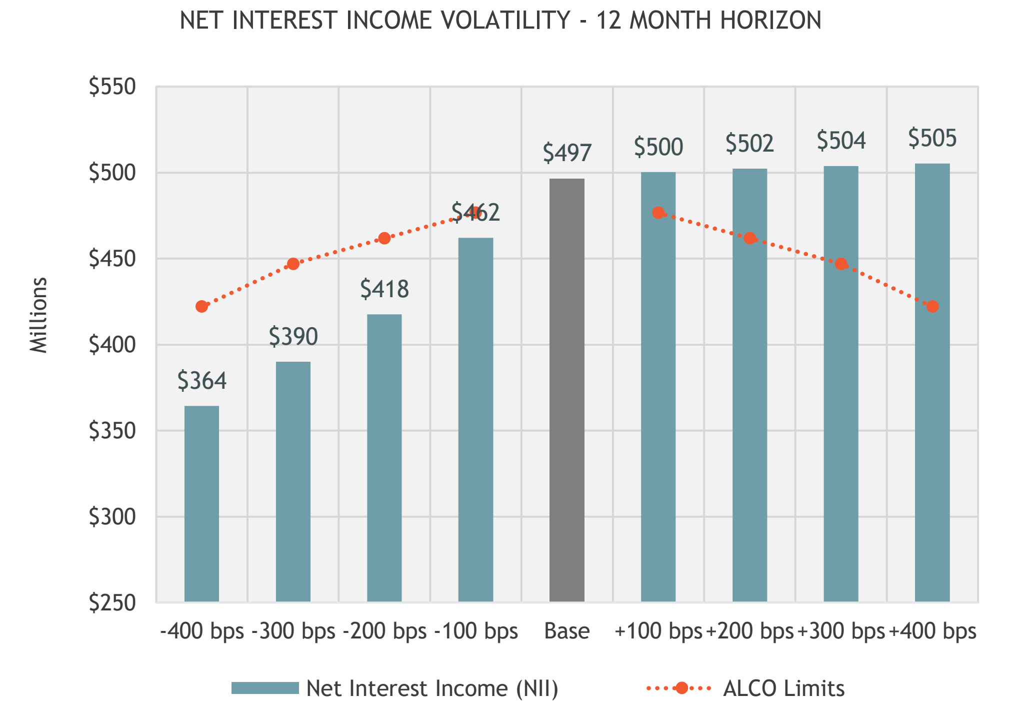
Cumulative deposit beta in the declining interest rate environment of 47%

| BETA SUMMARY | | BETA |
|---|---|---|
| Cuts | Last 25bps Rate Cut | 48% |
| | Last 50bps Rate Cuts | 51% |
| | Last 75bps Rate Cuts | 47% |
| Hikes | Last 25bps Rate Cut | 42% |
| | Last 50bps Rate Cuts | 31% |
| | Last 75bps Rate Cuts | 30% |
| | Last 100bps Rate Cuts | 26% |
| | Last 125bps Rate Cuts | 21% |
| | Last 150bps Rate Cuts | 19% |
| | Last 175bps Rate Cuts | 19% |

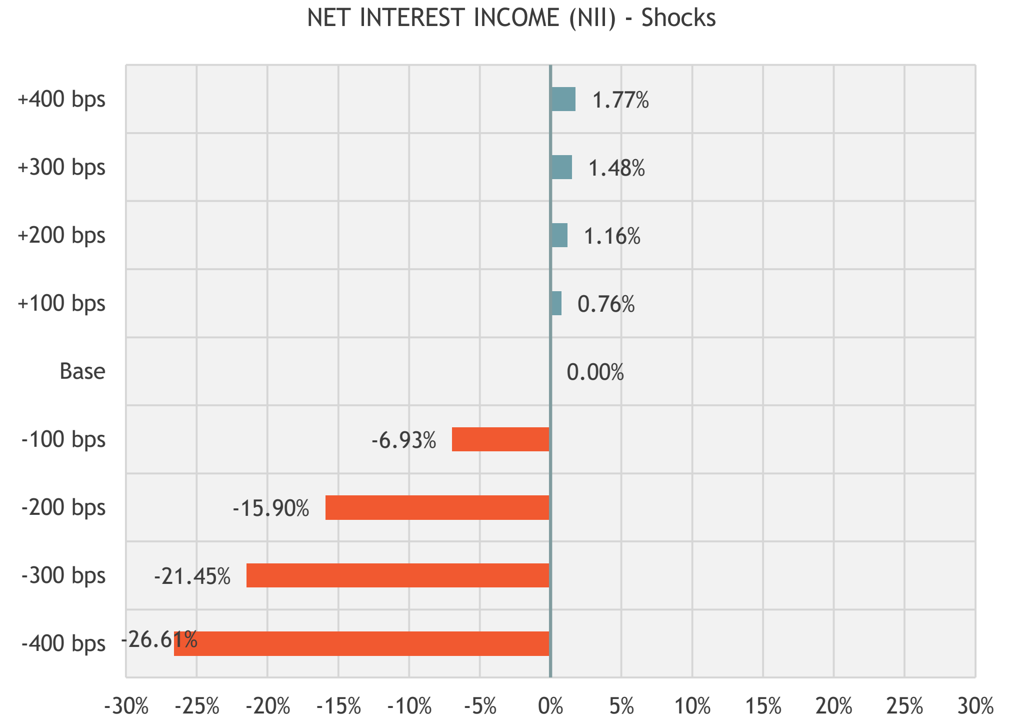
As of December 31, 2019

# Interest Rate Sensitivity

## NET INTEREST INCOME

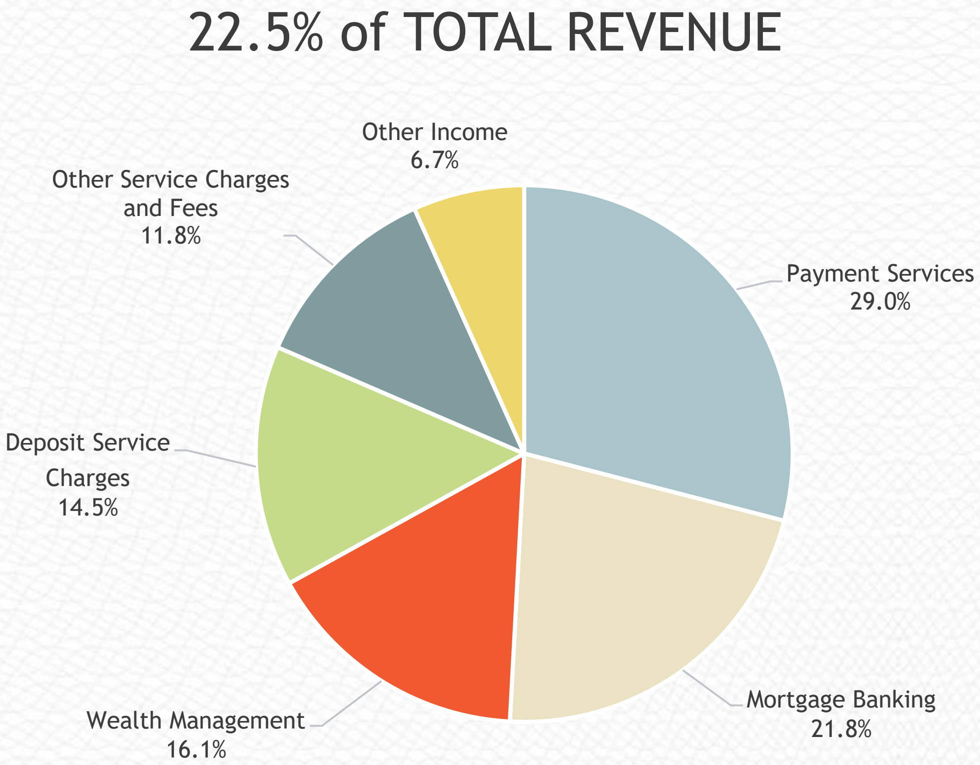



## NET INTEREST INCOME




*Base Case assumes static balance sheet as of 12/31/19. Parallel rate shifts.

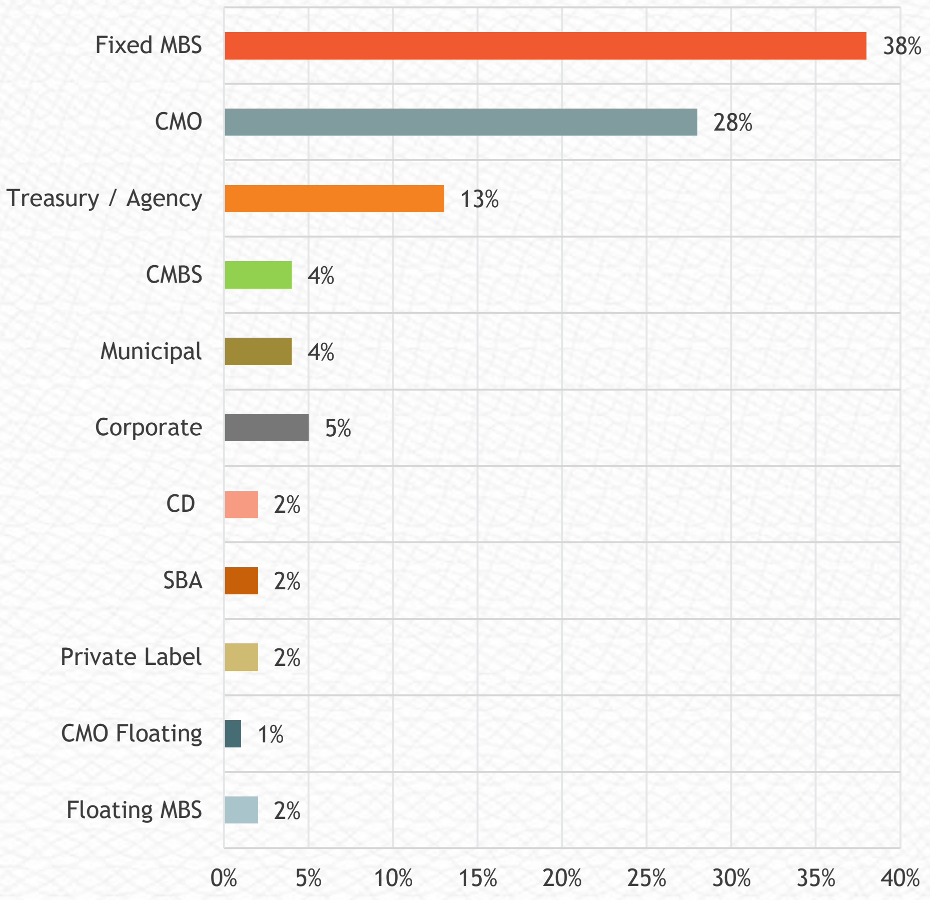
# Non-Interest Income




For the quarter ended December 31, 2019

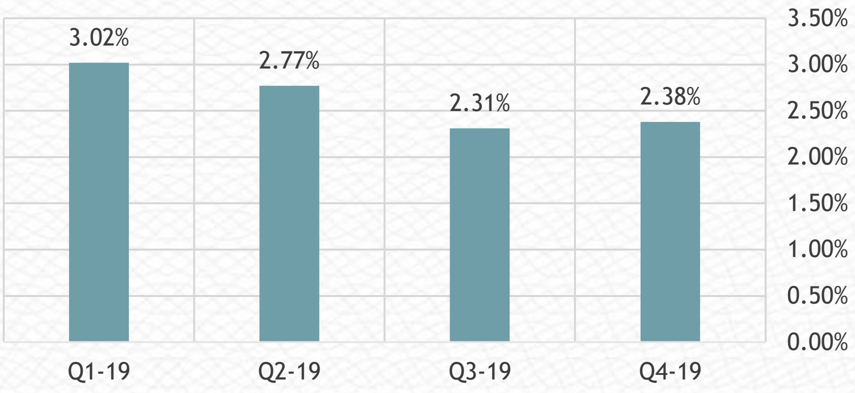
# Investment Portfolio

## PORTFOLIO COMPOSITION ($2.8B)

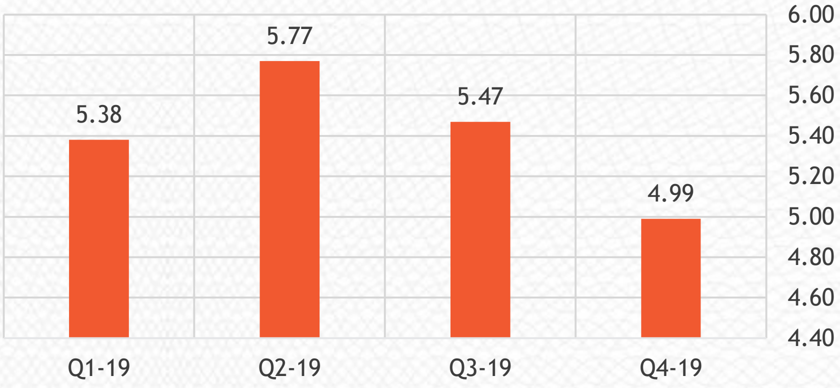



As of December 31, 2019

## QUARTERLY NEW PURCHASES: YIELDS




## QUARTERLY NEW PURCHASES: DURATION A/L



# Liquidity

- To meet short term liquidity needs, FIBK maintains a targeted cash and securities position and has borrowing capacity through a number of wholesale sources including the FHLB and the Federal Reserve Bank
- FIBK has the following sources of liquidity at the Holding Company level:
  - $147.1 million of cash as of December 31, 2019
  - $50 million line of credit with a utilization balance of $0
- As of December 31, 2019, First Interstate Bank could pay approximately $72.8 million of additional dividends to FIBK

As of December 31, 2019

# Appendix

# Non-GAAP Reconciliation

*(Dollars in millions, except per share date)*

| As of December 31, | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|
| Total common stockholders' equity (GAAP) | $982.6 | $1,427.6 | $1,693.9 | $2,013.9 |
| Less goodwill and other intangible assets (excluding MSRs) | $222.5 | $521.8 | $631.6 | $711.7 |
| Tangible Common Equity (Non-GAAP) | $760.1 | $905.8 | $1,062.3 | $1,302.2 |
| Total Assets (GAAP) | $9,063.9 | $12,213.3 | $13,300.2 | $14,644.2 |
| Less goodwill and other intangible assets (excluding MSRs) | $222.5 | $521.8 | $631.6 | $711.7 |
| Tangible Assets (Non-GAAP) | $8,841.4 | $11,691.5 | $12,668.6 | $13,932.5 |
| Average Balances: | | | | |
| Total common stockholders' equity (GAAP) | $963.5 | $1,243.7 | $1,525.8 | $1,899.0 |
| Less goodwill and other intangible assets (excluding MSRs) | $216.7 | $408.9 | $566.6 | $694.1 |
| Average tangible common stockholders' equity (Non-GAAP) | $746.8 | $834.8 | $959.2 | $1,204.9 |
| Common shares outstanding | 44,926,176 | 56,465,559 | 60,623,247 | 65,246,339 |
| Net income available to common shareholders | $95.7 | $106.5 | $160.2 | $181.0 |
| Book value per common share (GAAP) | $21.87 | $25.28 | $27.94 | $30.87 |
| Tangible book value per common share (Non-GAAP) | $16.92 | $16.04 | $17.52 | $19.96 |
| Tangible common equity to tangible assets (Non-GAAP) | 8.60% | 7.75% | 8.39% | 9.35% |
| Return on average common tangible equity (Non-GAAP) | 12.81% | 12.76% | 16.70% | 15.02% |
| Non-performing assets | $82.8 | $79.5 | $68.7 | $51.4 |
| 90+ days past due | $3.8 | $3.1 | $3.8 | $5.7 |
| Tangible equity | $760.1 | $905.8 | $1062.3 | $1302.2 |
| Loan loss reserves | $76.2 | $72.1 | $73.0 | $73.0 |
| Texas ratio (Non-GAAP) | 10.36% | 8.45% | 6.39% | 4.15% |

As of December 31, 2019