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**With the Leading Position in Every Community that They Serve, an Experienced Management Team, 23 Years of Profitability and a Strong Capital Position of 15.5% of Risk Based Capital, First Interstate BancSystem, Inc. is Positioned for Continued Growth**



**Financial  
Regional – Pacific Banks  
(FIBK-NASDAQ)**



**Edward Garding**  
**Executive VP and COO**

**BIO:** Edward Garding has served as Chief Operating Officer of First Interstate BancSystem, Inc. (the “Company”) since August 2010. He has been an Executive Vice President of the Company since 2004 and was Chief Credit Officer of the Company from 1999 until September 2010. In addition, Mr. Garding has served as a Director of First Interstate Bank (the “Bank”)

since 1998. Mr. Garding served as a Senior Vice President of the Company from 1996 through 2003, President of the Bank from 1998 to 2001 and President of the Sheridan branch of the Bank from 1988 to 1996. Prior to joining the Company’s Management Team in 1996, Mr. Garding served the Company in various positions since 1971.



**Terrill R. Moore**  
**Executive VP & CFO**

**BIO:** Terrill R. Moore has been an Executive Vice President since January 2004 and the Chief Financial Officer since 1989. In addition, Mr. Moore has served as a Director of First Interstate Bank since 2001 and was a Director of First Western Bank and The First Western Bank Sturgis from January 2008 until they were merged with First Interstate in the third quarter

of 2009. Prior to his current appointments, Mr. Moore was a Senior Vice President from 1989 through 2003. Prior to joining our Management Team, Mr. Moore served as Controller with the company since 1979.

**Company Profile:**

First Interstate BancSystem, Inc. is a financial services holding company, headquartered in Billings, Montana, with \$7.5 billion in assets as of December 31, 2010. It is the parent company of First Interstate Bank, a community bank operating 72 offices throughout Montana, Wyoming and South Dakota. As a recognized leader in community banking services with 23 consecutive years of profitability, First Interstate remains a family business whose culture is driven by strong family and corporate values, as well as a commitment to long-term growth, exemplary customer service, exceeding customer expectations through its products and services and supporting with leadership and resources, the communities it serves.

**Interview conducted by:**  
**Lynn Fosse, Senior Editor**  
**CEOCFOinterviews.com**

**CEOCFO:** Mr. Garding, what is the overall philosophy of First Interstate BancSystem?

**Mr. Garding:** *We are committed to a community banking philosophy. While some would argue that, with \$7.5 billion in assets, we are not really a community bank, we operate our branches as if they were independent community banks. We give them a lot of decision-making authority and we*

are very slow to centralize anything that touches the customer. We recognize that it is harder to manage a company this way, but it has worked well for us for many years and we are committed to that model.

**CEO CFO:** Do your customers realize the difference?

**Mr. Garding:** Yes, the customers understand that a lot of loan and pricing decisions are made at the local level. So, those customers that are familiar with the very large regional and national banks understand this difference.

**CEO CFO:** You serve a large geographical territory; would you tell us about the territory in general and what might be a little different about banking in such wide open spaces compared to some of the other locations nationwide?

**Mr. Garding:** Our territory is large; from one end to the other is eleven hundred miles and there are differences across that geography. Our territory extends from the plains to the mountains. We consider eastern Montana to be the plains, but we're only a couple of hours away from the Rocky Mountain chain, which extends into Wyoming. In South Dakota, our branches are located in the Black Hills, which is a mountainous area. We have many branches in recreational areas, the major recreation being either winter skiing or summertime camping, water sports, and other types of outdoor recreation. In all three states, Montana, Wyoming, and South Dakota, the major economic drivers are agriculture, tourism, healthcare and energy.

Our community banking model serves us well with such a large territory, because it allows each branch to adapt its approach to the needs of the individual community.

**CEO CFO:** How do you break out between consumer and business and would you like to see the mix changing?

**Mr. Moore:** We try to be reflective of the markets that we serve. We are not attempting to serve the commercial or the consumer market at the expense of the other, so we desire to reflect in our loan portfolio the needs of markets that we serve, which are obviously comprised of businesses as well as consumers. From that perspective, I would say we are satisfied that we have not pursued one at the expense of the other.

**CEO CFO:** Do you find that if someone has a business account with you that they will also do their personal banking as well?

**Mr. Moore:** Yes. The majority of our business customers have banked with us for over 10 years. This relationship often translates into their confidence in us to also meet their personal financial needs.

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**- Edward Garding**

**CEO CFO:** How have the areas that you serve fared with the economic downturn of 2009 and 2010?

**Mr. Garding:** Our geographic area was late to the recession. We typically lag the national trends by twelve to twenty-four months. But, while we were late to the recession, we were certainly not immune. We did end up with higher than normal unemployment, which was in the 7.5% range in Montana, slightly under that in Wyoming. South Dakota has fared very well with only 4.6% unemployment. Nevertheless, the unemployment did impact our consumer loan portfolio somewhat. More than that, we noticed a lack of sales volume with our commercial customers. We also experienced problems in our real estate development portfolio, much like every-

one else. However, these problems were mainly confined to the resort areas where there are expensive second homes and numerous developments. Again, we were not immune to the nation's problems, but it certainly was not as deep in this part of the country as in other states.

**CEO CFO:** How did you get through the crisis and how did you reassure customers?

**Mr. Moore:** *I would say one of the over arching considerations is that we are a family business. The Scott family has held the majority ownership interest in our Company since inception and continues to do so. Additionally, we are an employee-owned company. We have broad employee ownership and it has been that way for a good while. As a result, that perspective means we have a workforce that has a lot of skin in the game. They are loyal, manage risk well, and manage it conservatively. So, whether it is how our credit department is administered, how we invest within our investment portfolio or how we serve our communities, our focus is on the long-term, not for the next quarter or two's earnings.*

Our Company philosophy is that "we are only as strong as the communities we serve". So, we reassure our customers because the Company continues to invest in and support community activities, both financially and through employee involvement. As we've faced these economic challenges, we have a workforce of employees that are all pulling the same direction and are committed to working through those challenges for the benefit of the Company and the customer.

**CEO CFO:** First Interstate has a wide range of services; are there services you would like to add and what are some of the latest things that you have added to the mix?

**Mr. Garding:** In general, we offer all of the services one would expect of a full-service community bank or of a regional bank. We're fairly new at

mobile banking, but at this point, we haven't identified other services we are missing or think our customers might desire.

**Mr. Moore:** We are always evolving and shaping to be competitive. We are constantly looking to offer an array of competitive products whether it is cash management products or lending products and services or wealth management services. We strive to be the principle provider of financial services for our customers.

**Mr. Garding:** We also have our own credit card department which has served us well. We have about 75,000 credit card customers, all of which are also our bank customers. We do not offer our credit card outside of our trade area, so someone on the east coast will never get a mailing offer from us. As a result of our focus, the quality of that loan portfolio has been exemplary. As we track our results against national trends, our past-due rate and loss rate has been about 50% of the national averages. We are happy to be in the credit card business for our customer base and plan to continue that line of business.

**CEOCFO:** Do you see the need for additional branches, or would you like to expand?

**Mr. Garding:** We would love to expand in the right places. Our intent would be to stay pretty close to our existing footprint. We have plans on the board to expand in some communities where we already have branches within the next twenty-four months.

**CEOCFO:** Would you tell me about community involvement?

**Mr. Garding:** It is part of our culture.

**Mr. Moore:** We are committed to corporate giving from our Company to charities. Some of the giving filters through our First Interstate Foundation, but as a Company, we commit a minimum of 2% of pre tax earnings to our communities. We adhere to this

principle through the thick and the thin of it. One of your questions we did not touch on completely was how we have reassured our customers during this uncertain time. Reassuring our customers *has been a little easier for us because we have been a profitable company throughout the last 23 years and have not had to defend or deal with the large losses others have experienced. Part of our success is our approach. We take a leadership position where ever opportunities exist within each marketplace and with the people that serve in those marketplaces. Our culture encourages giving back to the markets that we serve. It's an important aspect of who we are.* It's about walking the talk.

**CEOCFO:** We all know differences between community banks and the big boys; what sets First Interstate

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BancSystem apart from your local competitors? Why are people coming to First Interstate?

**Mr. Garding:** Number-one is reputation. Terry just spoke about our philanthropy and our commitment to customer service that has served us well. Many customers have said to us, "I remember when you were generous with the Boys and Girls Club, or some other charitable organization, and that is why I am banking with you. It's not uncommon to hear something like that.

**Mr. Moore:** We think there is a lot that sets us apart and most of it centers around our people. We are an institution that is committed to our people. We recognize that it is our employees that touch the customers,

so along with being a good citizen in our community, we are committed to the people that serve our customers.

**CEOCFO:** First Interstate had twenty-three consecutive years of profitability, what is the financial picture like for First Interstate BancSystem today?

**Mr. Moore:** It certainly looks more optimistic today than it did a couple of years ago, particularly if you looked at the stock market and interest rates free-falling during that time. Now that rates are about at zero, so there is no place for them to go but up! There is a bit more optimism in our marketplaces economically and we are optimistic as it relates to some of the credit metrics and other financial metrics for the Company. So, we have a positive view of the future, but it may take some time to get back to the earnings ratios of a few years ago.

**CEOCFO:** In closing, why should potential investors pay attention to First Interstate BancSystem today?

**Mr. Garding:** I can give you a variety of reasons. Number-one, in almost every community we serve, we have the leading market share. This gives us pricing power for loans and deposits that allows us to compete effectively in our communities. We have, as you mentioned, twenty-three years of profitability. We also operate in an attractive footprint. We like the economy, the demographics and the growth prospects in our geographic area. We have a very experienced management team. Many of our people have been with us for twenty years or more. This longevity extends from the executive management to administrative personnel. We have proven that our business model of community-based branches has worked. We have a strong capital position with 15.5% risk based capital. There are growth opportunities within our region, especially in energy; more specifically in the oil, gas, wind, and coal industries. We also see growth opportunities in healthcare and tourism.



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