

FIRST INTERSTATE BANCSYSTEM INC  
Form 10-Q  
May 06, 2016

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

FORM 10-Q

Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended March 31, 2016  
OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
COMMISSION FILE NUMBER 001-34653

First Interstate BancSystem, Inc.  
(Exact name of registrant as specified in its charter)

Montana 81-0331430  
(State or other jurisdiction of (IRS Employer  
incorporation or organization) Identification No.)

401 North 31st Street, Billings, MT 59116-0918  
(Address of principal executive offices) (Zip Code)  
Registrant's telephone number, including area code: 406/255-5390

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.)

Yes  No

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

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

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:

March 31, 2016 – Class A common stock 21,007,483  
March 31, 2016 – Class B common stock 23,700,002



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

	Page
Part I. Financial Information	
Item 1. Financial Statements (unaudited)	
Consolidated Balance Sheets - March 31, 2016 and December 31, 2015	3
Consolidated Statements of Income - Three Months Ended March 31, 2016 and 2015	4
Consolidated Statements of Comprehensive Income - Three Months Ended March 31, 2016 and 2015	5
Consolidated Statements of Changes in Stockholders' Equity - Three Months Ended March 31, 2016 and 2015	6
Consolidated Statements of Cash Flows - Three Months Ended March 31, 2016 and 2015	7
<u>Notes to Unaudited Consolidated Financial Statements</u>	9
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	36
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	49
Item 4. <u>Controls and Procedures</u>	49
Part II. <u>Other Information</u>	
Item 1. <u>Legal Proceedings</u>	49
Item 1A. <u>Risk Factors</u>	49
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	50
Item 3. <u>Defaults Upon Senior Securities</u>	50
Item 4. Mine Safety Disclosures	50
Item 5. <u>Other Information</u>	50
Item 6. <u>Exhibits</u>	50
<u>Signatures</u>	52



Table of ContentsFIRST INTERSTATE BANCSYSTEM, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

(Unaudited)

	March 31, 2016	December 31, 2015
Assets		
Cash and due from banks	\$ 113,755	\$ 132,595
Interest bearing deposits in banks	541,577	647,299
Federal funds sold	196	563
Total cash and cash equivalents	655,528	780,457
Investment securities:		
Available-for-sale	1,563,350	1,456,840
Held-to-maturity (estimated fair values of \$593,904 and \$607,550 at March 31, 2016 and December 31, 2015, respectively)	581,390	600,665
Total investment securities	2,144,740	2,057,505
Loans held for investment	5,191,469	5,193,321
Mortgage loans held for sale	52,989	52,875
Total loans	5,244,458	5,246,196
Less allowance for loan losses	79,924	76,817
Net loans	5,164,534	5,169,379
Goodwill	204,481	204,523
Premises and equipment, net of accumulated depreciation	188,714	190,812
Company-owned life insurance	188,396	187,253
Accrued interest receivable	26,907	27,729
Mortgage servicing rights, net of accumulated amortization and impairment reserve	15,574	15,621
Core deposit intangibles, net of accumulated amortization	9,762	10,589
Other real estate owned ("OREO")	9,257	6,254
Other assets	82,787	78,074
Total assets	\$8,690,680	\$ 8,728,196
Liabilities and Stockholders' Equity		
Deposits:		
Non-interest bearing	\$ 1,860,472	\$ 1,823,716
Interest bearing	5,246,991	5,265,221
Total deposits	7,107,463	7,088,937
Securities sold under repurchase agreements	465,523	510,635
Accounts payable and accrued expenses	48,102	53,042
Accrued interest payable	5,184	4,960
Deferred tax liability	11,977	9,765
Long-term debt	27,907	27,885
Other borrowed funds	33	2
Subordinated debentures held by subsidiary trusts	82,477	82,477
Total liabilities	7,748,666	7,777,703
Stockholders' equity:		
Nonvoting noncumulative preferred stock without par value; authorized 100,000 shares; no shares issued and outstanding as of March 31, 2016 or December 31, 2015	—	—
Common stock	288,782	311,720

Edgar Filing: FIRST INTERSTATE BANCSYSTEM INC - Form 10-Q

Retained earnings	648,631	638,367
Accumulated other comprehensive income, net	4,601	406
Total stockholders' equity	942,014	950,493
Total liabilities and stockholders' equity	\$8,690,680	\$ 8,728,196

See accompanying notes to unaudited consolidated financial statements.

3

---

Table of Contents

FIRST INTERSTATE BANCSYSTEM, INC. AND  
SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

(Unaudited)

	Three Months Ended March 31,	
	2016	2015
Interest income:		
Interest and fees on loans	\$62,816	\$59,371
Interest and dividends on investment securities:		
Taxable	8,038	7,971
Exempt from federal taxes	879	1,059
Interest on deposits in banks	645	389