



BOARD OF DIRECTORS
CORPORATE GOVERNANCE GUIDELINES

Approved February 19, 2020

GUIDELINES PURPOSE

- The following Corporate Governance Guidelines (“Guidelines”) have been adopted by the Board of Directors (“Board”) of First Interstate BancSystem, Inc. (“Company”) to assist the Board in the exercise of its responsibilities. These Guidelines reflect the Board’s commitment to monitor the effectiveness of policy and decision-making both at the Board and Executive Officer level, and to enhance shareholder value over the long term.
- These Guidelines are a statement of policy and are not intended to change or interpret any federal or state law or regulation, including the Montana Business Corporation Act, or the Articles of Incorporation or Bylaws of the Company, in each case as they may be amended from time to time. The Guidelines are subject to review by the Governance and Nominating Committee of the Board not less than annually and to modification from time to time by the Board.

BOARD MISSION AND RESPONSIBILITIES

- **Mission Statement** – The business of the Company is managed under direction and oversight of its Board. The Board is accountable to the shareholders to build long-term financial performance and value in the Company and to assure that the Company operates consistently with its mission, vision, and values. Even though the primary constituents of the Board are the shareholders of the Company, the Company has a long and distinguished history in its region. The Board believes it is important to maintain the Company’s reputation and to consider other constituencies, including the Company’s:
 - Customers;
 - Employees;
 - Communities served; and
 - Regulators.
- **Corporate Authority** – All corporate authority resides in the Board as the representative of the shareholders. The Board may delegate authority to Board committees (“Committees”) and the Chief Executive Officer (“CEO”) or designate others to pursue the Company’s mission.

- **Board Responsibilities** - The Board is responsible for evaluating regularly the effectiveness of management of the Company (“Management”) in the execution of the Company’s mission and business strategies. The Board is responsible for the operation of the Company in compliance with applicable laws and regulations. The Board’s responsibilities include:
 - Defining the scope of responsibilities of the Board Chair, any Vice Chair, and any Lead Independent Director (the “Board Officers”);
 - Evaluating the Board Officers;
 - Selecting, evaluating, and ensuring development of the CEO;
 - Overseeing that effective processes are established and maintained for appropriate Management succession;
 - Providing guidance, counsel, and direction to Management in formulating and evaluating operating strategies and plans, including reviewing and monitoring whether such operating strategies and plans continue to be consistent with the Company’s risk tolerance;
 - Monitoring performance of the Company against established criteria;
 - Managing and evaluating the flow of information to the Board to facilitate the Board’s ability to make sound, timely, well-informed decisions;
 - Ensuring prudence (safety and soundness) and adherence to ethical practices, ensuring compliance with federal and state common and statutory law, ensuring that full and fair disclosure is provided to shareholders, regulators, and other constituents;
 - Exercising all powers reserved to the Company in the organizational documents of entities in which the Company is an equity owner; and
 - Approving policies for Board operations.

The Board and its Committees will perform their duties in accordance with the First Interstate Mission, Vision, and Values and with various policies, which will be set forth in writing and reviewed regularly by the Board. The Board is responsible for the administration of each of these policies and has the sole authority to amend the policies or to grant waivers of their provisions.

The Board also has the responsibility of overall risk management of the Company. Those responsibilities include establishing a clear and appropriate risk appetite and overseeing a positive corporate culture.

- **Individual Director’s Responsibilities** – The basic responsibility of a Director is to exercise

independent business judgment without regard to personal interest or gain, and to act in a manner that he or she believes to be in the best interests of the Company and its shareholders. In furtherance and not in limitation of the foregoing, the responsibilities of each Director include:

- Seeking the knowledge and skills to provide strategic insight and direction, encouraging innovation, understanding key industry trends, and evaluating strategic decisions;
- Staying current on critical issues facing the financial services industry and the communities the Company serves;
- Using care and prudence in the administration of the Company's affairs;
- Preparing for, attending, and actively participating in all Board and assigned Committee meetings;
- Asking incisive, probing questions and expecting accurate, honest answers;
- Keeping abreast of the Company's affairs, including its financial condition, management, examination reports, audits and other important matters;
- Acting in good faith;
- Fulfilling the duty of loyalty to the Company and always acting in the interest of the Company and not in the Director's personal interest or the interest of any other individual or entity that is contrary to the interest of the Company;
- Maintaining confidentiality with all matters involving the Company until such time that there has been a general public disclosure of such matter;
- Maintaining an attitude of constructive involvement and oversight;
- Demonstrating the highest ethical standards and integrity in all personal and professional dealings; and
- Contributing personally to the accomplishment of the Board's mission.

The Company will provide each Director financial and other information on a regular basis, including quarterly and annual reports, information between Board meetings, proxy statements, and material press releases. Each Director should review this information, note any questions, and ask them at the appropriate Board or Committee meeting.

A Director should not hesitate to ask questions, to request additional information (including from Management and from the Company's auditors) and, in particular, to ask for the facts and

any assumptions underlying conclusions and opinions presented to the Board.

If a Director determines, after considering all of the pros and cons and asking questions, and receiving responsive answers, that a particular matter presented to the Board or a Committee is not in the best interest of the Company or its shareholders, the Director should speak up, consider alternatives, and if none seem viable or appropriate after consultation with advisors or others as may be deemed appropriate, vote against the matter. In this regard, the Montana Business Corporation Act provides that unless a Director who is present at a meeting announces dissent at a meeting or files such dissent with the presiding officer immediately after adjournment of the meeting, the Director is presumed to have assented to the action. If a Director does not agree with an action proposed to the Board or a Committee, it is important to make certain dissent is properly recorded in the minutes.

These Guidelines, together with Board Committee charters and the Code of Conduct are published on the Company's website and will be provided in print to any Director who requests it. All Directors are expected to review and comply with the aforementioned documents, as well as the Articles of Incorporation and Bylaws, as they may be amended from time to time.

BOARD STRUCTURE

- **Number of Directors** – According to the Company's Bylaws, the Board must consist of at least 5 but not more than 18 members. The Board believes this range permits diversity of experience without hindering effective discussion or diminishing individual accountability.
- **Board Composition** – Independent Directors shall constitute a majority of the Board. An Independent Director is one who, in the opinion of the Board, is free from any relationship that would interfere with the exercise of independent judgment as a Director in carrying out the responsibilities of a Director and who meets the criteria for independence required by the applicable rules of the Nasdaq Stock Market. For purposes of Board composition, a director will not be considered "Independent" if the director or any "Family Member" (as defined in the rules of the Nasdaq Stock Market) within the prior three years:
 - Is or was an employee (or an executive officer, in the case of a Family Member) of the Company or any parent or subsidiary of the Company;
 - Has or had, in the opinion of the Board, a Material Relationship (as defined below) that would impair the Director's judgment. A Director or Family Member is deemed to have a "Material Relationship" if the following applies:
 - The Director accepts any payments from the Company or any parent or subsidiary of the Company in excess of \$120,000 during the current fiscal year and any of the past three fiscal years, other than compensation for Board service, payments arising solely from investments in the Company's securities,

compensation paid to a Family Member who is an employee (but not an executive officer) of the Company or a parent or subsidiary of the Company, benefits under a tax-qualified retirement plan, or non-discretionary compensation (fees paid to Directors for service as such are not considered compensation within the definition of Material Relationship, including additional fees paid to the Chair of the Board, Vice Chair, Lead Independent Director, the Committee Chairs, and Directors serving on First Interstate Bank Committees for service in those positions);

- Is a partner in, or a controlling shareholder or an executive officer of, any organization to which the company made, or from which the Company received, payments (other than those arising solely from investments in the Company's securities) that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more, in the current fiscal year or any of the past three fiscal years;
 - Is employed as an executive officer of another entity where any of the executive officers of the Company serve on the compensation committee of such other entity, or if such relationship existed during the past three years; or
 - Is or was a partner or employee of the Company's outside auditor, and worked on the Company's audit, during the past three years.
- **Lead Independent Director** – If the Chair of the Board is not independent, an independent Director shall be appointed to a Board leadership position. This leadership position may be Vice Chair, Lead Independent Director, or another Board leadership position as appropriate. In addition to any other duties this independent Director may have associated with the leadership position to which the Director has been appointed, this independent Director shall:
 - Preside at Board meetings in the absence of the Chair;
 - Preside at executive sessions of the independent Directors;
 - Call meetings of independent Directors at his or her discretion;
 - Serve as a member of the Board's Executive Committee;
 - Participate with the Board Chair and the Governance and Nominations Committee in developing recommendations to the Board regarding Board composition;
 - Collaborate with the Board Chair and the Chair of the Governance and Nominations Committee in the Board's annual evaluation of Directors;
 - Serve as the liaison between the independent Directors and the Chair;

- In coordination with the Chair, encourage and facilitate active participation by, and communication among, all Directors;
 - Participate with the Chair, CEO, and other Directors, as appropriate, in setting Board agendas, and may add agenda items at his or her discretion;
 - Collaborate with the Chair and Chair of the Compensation Committee in the semiannual performance evaluation process for the CEO;
 - Be available to advise the Chair and committee chairs in fulfilling their designated roles and responsibilities on the Board;
 - Be reasonably available as requested for consultation or communication with major shareholders;
 - Serve as a liaison between the Chair, Management, and independent Directors and between the Scott family and independent Directors; and
 - Perform such additional duties as the Board or independent Directors may request.
- **Committees** – The standing Committees of the Board shall be the Executive Committee, Governance and Nominating Committee, Audit Committee, Compensation Committee, Risk Committee, and Technology Committee.

The Governance and Nominations Committee, along with the Board Chair, annually reviews the composition of each standing Committee and presents recommendations for Committee membership to the Board as needed. There is no strict Committee rotation policy and changes in Committee assignments are made based on Committee needs; Director interests, experience and availability; and applicable regulatory and legal considerations. Each of the standing Committees has its own charter, which sets forth the responsibilities of the Committee, and the qualifications and procedures of the Committee. Each Committee also has delegated responsibilities for the oversight of specific Board policies. The Chair of each Committee will determine the frequency of Committee meetings, consistent with the Committee's charter and the Company's needs.

The Board's standing Committees also may act as committees of First Interstate Bank, the Company's principal banking subsidiary ("FIB"), pursuant to authorization granted to those Committees by the governing documents of FIB, resolutions adopted by FIB's board of directors, or the Company's Board. Each standing committee shall exercise its oversight responsibilities with the understanding that FIB's interests are not to be subordinated to the interests of the Company in a way as to jeopardize the safety and soundness of FIB.

- **Audit Committee** - The members of the Audit Committee must be Independent Directors. In

addition, each member of the Audit Committee must not be:

- a recipient, directly or indirectly, of any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries; or
- an affiliated person (other than as a Director) of the Company.

For purposes of determining whether a member of the Audit Committee satisfies the first qualification above, indirect receipt by a member of the Audit Committee of any consulting, advisory or other compensatory fee includes acceptance of such a fee by a spouse, minor child or stepchild or a child or stepchild sharing a home with the member or by an entity in which such member is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position and which provides accounting, consulting, legal, investment banking or financial advisory services to the Company or any of its subsidiaries.

- **Subsidiary Boards** – The boards of directors of the Company’s subsidiaries have the responsibilities and duties afforded to a board of directors under applicable state law. Additionally, the Board has charged the boards of directors of the Company’s subsidiaries with responsibilities as set forth in the board charter of the respective subsidiary. The chair of the subsidiary or the CEO of the subsidiary is responsible for reporting on the Company’s subsidiary activities to the Board.
- **Advisory Boards** – First Interstate Bank has Advisory Boards that are responsible for providing advice and community contact to the Bank’s branch offices.

DIRECTOR ELECTION, TERMS, ETC.

- **Nominees for Election to the Board** – The entire Board shall be responsible for nominating candidates for election to the Board at the Company’s annual meeting of shareholders and for filling vacancies on the Board that may occur between annual meetings of shareholders. The Governance and Nominating Committee is responsible for identifying, screening and recommending candidates to the entire Board. When formulating its Board membership recommendations, the Governance and Nominating Committee may also consider any advice and recommendations offered by the CEO, the shareholders of the Company, or any outside advisors the Governance and Nominating Committee may retain.

Historically, the Company has been controlled by the lineal descendants of Homer A. and Mildred S. Scott and their families. The Scott family, through its Family governance structure, makes recommendations to the Governance and Nominating Committee with respect to nominees to the Board from the Scott family. The Governance and Nominating Committee gives due and significant consideration to the recommendations made by the Family with respect to such seats on the Board.

Subject to the foregoing, nominees for director positions shall be selected on the basis of broad management and/or leadership experience; diversity of experience, perspective, and background; wisdom; integrity; ability to make independent analytical inquiries; understanding of the Company's business environment' financial literacy; and willingness to devote adequate time to Board duties. Board members are expected to prepare for, attend, and participate in all Board and applicable Committee meetings. Board members are expected to ensure that other existing and planned future commitments do not materially interfere with their service as a Director.

- **Retirement** – No Director may stand for re-election to the Board after reaching the age of 72 unless the director having reached the age of 72 is recommended, due to special circumstances then existing, to the Board by the Governance & Nominating Committee and the Director's candidacy is approved by the Board.
- **Term and Term Limits** – Each Director holds a three-year term. There are no term limits for Directors, although the Board recognizes the benefit of a Board comprised of Directors with a mix of tenures. The Governance and Nominating Committee is responsible for monitoring Board composition, length of service of each Board member, and rotation of members of each committee. The Board shall establish the term and any term limit for any Vice Chair. The term for any Lead Independent Director shall be a one-year term subject to reappointment on recommendation of the Governance and Nominating Committee and approval by the Board for not more than three consecutive terms.
- **Changes in Professional Responsibility** – If a Director's principal position, status, or employment should substantially change, the Director must submit a resignation in writing to the Chair of the Governance and Nominating Committee. The Governance and Nominating Committee shall, after consideration of all the facts deemed relevant, make a recommendation to the Board regarding acceptance of such resignation by the Board.
- **Director Compensation** – From time to time, the Compensation Committee will review Director compensation and make recommendations to the entire Board for its consideration and approval. The Compensation Committee will evaluate whether the Directors' fees exceed what is customary. When setting Director compensation, the Board will evaluate the level of Director compensation so as to not cause lack of independence of the Independent Directors. The Executive Officers shall not receive additional compensation for their services as Directors. Directors are expected to acquire and maintain ownership of Company stock equal in value to three times the Director's annual cash and stock retainer.
- **Outside Board Memberships** – Directors are expected to notify the Chair of the Board or the Chair of the Governance and Nominating Committee before accepting a seat on the board or a similar position of another business corporation or other entity, in order to avoid potential conflicts. The CEO and other Management members of the Board must seek approval of the Chair of the Board or the Chair of the Governance and Nominating Committee before accepting outside board memberships.

- **Review of Orientation Information** - Each Director, upon election to the Board, will be provided the Company's orientation materials and attend the Company's orientation program for new Directors. This orientation will include information regarding the Company's business; strategic plans; its significant financial, accounting and risk management policies and issues; its compliance programs; its Code of Ethics and Insider Trading Policy; its principal officers; and its internal and independent auditors.
- **Continuing Education** - A Director should keep informed not only about the Company and its activities, but also about the market and the industry conditions affecting banking and financial services companies generally, as well as the principal businesses in which the Company is involved. Each Director is expected to participate in continuing education programs pertinent to service on the Board. To facilitate this participation, the Company will endeavor, through the Corporate Secretary's office, to make the Directors aware of available director education programs and will pay the reasonable expenses of any Director attending approved director education programs. The Board will, in association with Board meetings, periodically present education programs from internal and external sources and Committee Chairs are encouraged to utilize Committee meetings to introduce timely educational topics or information associated with Committee priorities and goals. Each Director is expected to attend at least one formal education session triennially.
- **External Relations** – Directors should not speak for the Company or otherwise communicate with the various constituencies of the Company. The Chair of the Board shall speak for the Board when necessary. Other Directors may speak with investors or external parties only if they receive permission to do so under the Company's Investor Relations Policy. The Board believes that Management generally should speak for the Company consistent with all regulations governing such communications.

BOARD OPERATIONS

- **Meetings** – Meetings of the Board are held regularly as decided by the Board. Currently meetings take place no less than quarterly. Special meetings may be called by the Chair to discuss strategy or other important topics.
- **Meeting Attendance** – Except in extenuating circumstances, each Director is expected to attend all meetings of the Board and of any Committee to which a Director is appointed.
- **Director Voting** – Directors shall not be entitled to vote by proxy. Directors must be present at a meeting, must participate in a means of communication by which all directors participating may simultaneously hear each other during the meeting, or must sign a written consent signed by all members of the Board in order to vote.
- **Board Agenda** – The Board Chair, CEO, and any Board Officer designated by the Board to do so, will set the agenda for each Board meeting, taking into account input and suggestions from the other Directors.

- **Strategic and Capital Planning** – The Board will annually review the Company’s strategic and capital plans. The Board will evaluate and monitor the Company’s strategic and capital plans.
- **Independent Advice** – The Board and any of its Committees may hire independent advisors, including lawyers, accountants and financial experts, in order to assist in carrying out the duties of the Board or Committees and the Company will pay the reasonable fees and expenses of those advisors.
- **Access to Top Management** – Directors shall have reasonable access to members of Management. Directors may, at their discretion, discuss corporate issues or matters directly with members of Management.
- **Attendance of Guests at Board Meetings** – Corporate officers, consultants, outside counsel, or representatives of the Company’s outside auditors who are to make presentations to the Board or Committees, or who are available to respond to inquiries, may be invited to attend the portion of the Board meeting or Committee meeting that relates to their participation, at the discretion of the Chair of the Board or applicable Committee Chair. Members of Management, other employees of the Company, and Board Observers may be invited to attend all or portions of a Board meeting, at the discretion of the Chair of the Board. The Board may adopt and maintain from time to time a Board Observer Policy in its discretion.
- **Executive Meetings of Non-Management Directors** – The Board’s policy is to have a separate regularly scheduled meeting time for the Non-Management Directors during each regularly scheduled Board meeting.
- **Distributing Board Meeting Materials in Advance of Meeting** – The preliminary agenda for each Board meeting and each Committee meeting and supporting materials of matters to be acted upon by the Board or Committee will be provided to each Director sufficiently in advance of such meeting to allow each Director ample time to review. Directors should carefully review Board and Committee meeting agendas and related materials in advance of meetings to enable them to participate in an informed manner.
- **Board Evaluations** – The Governance and Nominating Committee will conduct an annual review of the performance of the Board and each Committee and review each Committee’s Charter and objectives, as stated at the beginning of each fiscal year, and compare those to the results and time expended to achieve such results at the end of that year. In addition, the Governance and Nominating Committee shall conduct a review of each Director once during each term such Director serves. The Governance and Nominating Committee will be responsible for establishing the evaluation criteria and implementing the evaluation process. Such assessment will be discussed with and presented to the full Board.
- **Selection of Board Officers** – The entire Board shall be responsible for appointing Board

Officers, including Board Chair, any Vice Chair, and any Lead Independent Director. The Governance and Nominating Committee is responsible for recommending Board Officer candidates to the entire Board.

- **Selection of CEO** – The Board shall be responsible for selecting the CEO. The Compensation Committee shall be responsible for recommending candidates for the position of CEO to the Board. It is the Company’s policy that the positions of Chair of the Board and CEO to be held by separate people, except in special circumstances approved by the Board.
- **CEO Evaluation** – The Board shall conduct an ongoing evaluation of the CEO. The evaluation of the CEO is to be accomplished through the following process:
 - The CEO meets with the Compensation Committee to develop appropriate goals and objectives, both quantitative and qualitative, for the next year, which are then discussed with the entire Board.
 - At mid-year and at year end, the Compensation Committee, with input from the Board, evaluates the performance of the CEO in meeting those goals and objectives.
 - This evaluation is communicated to the CEO by the Chair of the Board and/or the Chair of the Compensation Committee.
 - The Compensation Committee uses this evaluation in determining the CEO’s compensation.
- **Management Succession and Planning** – The Board will coordinate with the CEO to ensure that a plan of succession is in place for the CEO and other Executive Officer positions at all times and that a formalized process governs long-term management development and succession. The CEO will report to the Board annually about development of Executive Officers, a plan for succession for the Executive Officers, and external benchmarking as appropriate. The CEO will review Executive Officer succession with the Board without the presence of the employee Directors and any other corporate officers, with the exception of the Human Resources Officer.

BOARD MEMBER SKILLS, KNOWLEDGE AND EXPERIENCE EXPECTATIONS

- **Individual Director Skills, Knowledge and Experience** – The Board expects that each individual Director shall meet as many of the following criteria as practical:
 - Have a demonstrated record of making good business decisions in a management or ownership position;
 - Be financially literate, know how to read financial statements and related notes and should understand the use of financial ratios and industry measures for evaluating company performance;

- Have a history of achievements in a management or ownership position that reflect high standards for themselves and others;
- Understand and stay current on general management “best practices” and their application in complex, rapidly evolving business environments;
- Understand and possess empowerment and mentoring skills and have a history of motivating high-performing talent;
- Have the skills and capacity to provide strategic insight and direction by encouraging innovation, conceptualizing key trends, evaluating strategic decisions and continuously challenging the organization to sharpen its vision;
- Have an ability to define and resolve complex problems, display original thinking, and meet challenges with resourcefulness;
- Understand the economies of the region and communities the Company serves;
- Be able to communicate clearly and effectively, including listening while others speak and seeking to understand other points of view;
- Have a knowledge and understanding of working cooperatively and collegially in a board or committee setting, while maintaining an independent, objective and inquiring focus;
- Have the time available to participate fully in Board matters and to keep abreast of economic, regulatory and related changes impacting the Company and board responsibilities;
- Have and maintain a respected reputation in the community in which the Director lives and the profession in which the Director works;
- Have the integrity and personal conviction to bring critical, sensitive topics to the group for discussion if the Director feels it is in the best interest of the organization;
- Understand the key issues, dynamics and trends affecting the Company, its business and the financial services industry in general;
- Understand the fiduciary obligations and other legal requirements and duties of a public company director; and
- Possess characteristics that will contribute to the overall good of the board now and in the future.