

FIRST INTERSTATE BANCSYSTEM INC
Form 11-K
June 25, 2001

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

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year end December 31, 2000

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 333-3250

A. Savings and Profit Sharing Plan for Employees of First Interstate

BancSystem, Inc.

(Full title of the plan)

Same as below

(Address of the plan, if different from that of the issuer named below)

B. First Interstate BancSystem, Inc.

(Name of issuer of the securities held pursuant to the plan)

401 North 31st Street, P.O. Box 30918, Billings, Montana 59116-0918

(Address of issuer's principal executive office)

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[KPMG LOGO]

SAVINGS AND PROFIT SHARING PLAN
FOR EMPLOYEES OF FIRST INTERSTATE
BANCSYSTEM, INC.

Financial Statements and Schedules

December 31, 2000 and 1999

(With Independent Auditors' Report Thereon)

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SAVINGS AND PROFIT SHARING PLAN FOR EMPLOYEES OF
FIRST INTERSTATE BANCSYSTEM, INC.

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[KPMG LETTERHEAD]

INDEPENDENT AUDITORS' REPORT

Administrative Committee of the
Savings and Profit Sharing Plan for Employees of
First Interstate BancSystem, Inc.:

We have audited the accompanying statements of net assets available for benefits of the Savings and Profit Sharing Plan for Employees of First Interstate BancSystem, Inc. as of December 31, 2000 and 1999, and the related statement of changes in net assets available for benefits for the year ended December 31, 2000. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Savings and Profit Sharing Plan for Employees of First Interstate BancSystem, Inc. as of December 31, 2000 and 1999, and the changes in net assets available for benefits for the year ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of Assets Held for Investment Purposes and Reportable Transactions are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ KPMG LLP

Billings, Montana
May 31, 2001

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SAVINGS AND PROFIT SHARING PLAN FOR EMPLOYEES OF
FIRST INTERSTATE BANCSYSTEM, INC.

Statements of Net Assets Available for Benefits

December 31, 2000 and 1999

	2000	1999
	-----	-----
Cash	\$ 59,056	1,477,642
Investments, at fair value	57,813,316	57,107,401
Accrued interest and dividends	17,648	37,146
	-----	-----
Net assets available for benefits	\$ 57,890,020	58,622,189
	=====	=====

See accompanying notes to financial statements.

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SAVINGS AND PROFIT SHARING PLAN FOR EMPLOYEES OF
FIRST INTERSTATE BANCSYSTEM, INC.

Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2000

Additions to net assets attributed to:

Investment income:

Interest and dividends	\$ 2,509,557
Net depreciation in fair value of investments	(5,699,770)

(3,190,213)

Contributions:

Employee	2,448,881
Employer	2,667,356
Rollover	383,925

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	5,500,162

Total additions	2,309,949
Deductions from net assets attributed to - benefits paid to participants	3,042,118

Net decrease	(732,169)
Net assets available for benefits:	
Beginning of year	58,622,189

End of year	\$ 57,890,020
	=====

See accompanying notes to financial statements.

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SAVINGS AND PROFIT SHARING PLAN FOR EMPLOYEES OF
FIRST INTERSTATE BANCSYSTEM, INC.

Notes to Financial Statements

December 31, 2000 and 1999

(1) DESCRIPTION OF THE PLAN

The following description of the Savings and Profit Sharing Plan for Employees of First Interstate BancSystem, Inc. (Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

(A) GENERAL

The Plan is a defined contribution plan covering all employees of the First Interstate BancSystem, Inc.'s (the Company) member banks [see note (1)(g)] who have one year of service and have completed at least 1,000 hours of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

(B) CONTRIBUTIONS

Employees may elect to contribute up to 15% of their compensation. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution

plans.

The employer is required to make a matching contribution equal to 125% of the first 4% of compensation contributed by the employee. The member banks may also, at the sole discretion of the board of directors, make a profit sharing contribution on behalf of eligible employees.

(C) PARTICIPANT ACCOUNTS

Each participant's account is credited with the participant's and allocations of the Company's contributions and Plan earnings. Allocations are based on participant earnings, account balances or compensation, as defined.

(D) VESTING

All participants are 100% vested in the employee and employer contributions plus actual earnings thereon.

(E) INVESTMENT OPTIONS

Upon enrollment in the Plan, a participant may direct contributions in any of the following investment options:

Spartan Money Market Fund - Funds are invested in securities whose interest is exempt from state and local income taxes.

Accessor Mortgage Securities Fund - Funds are invested in mortgage related securities.

Vanguard Intermediate - Term Treasury Fund - Funds are invested in fixed income securities.

Accessor Growth Fund - Funds are invested in equity securities with greater than average growth characteristics.

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SAVINGS AND PROFIT SHARING PLAN FOR EMPLOYEES OF
FIRST INTERSTATE BANCSYSTEM, INC.

Notes to Financial Statements

December 31, 2000 and 1999

Accessor Intermediate Fixed Income Fund - Funds are invested in fixed income with durations between three and ten years.

Accessor International Equity Fund - Funds are invested in equity securities of companies domiciled in countries other than the United States.

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Columbia Fixed Income Securities Fund - Funds are invested in a broad range of investment-grade, fixed income securities with intermediate - to long-term maturities.

Federated GNMA Fund - Funds are invested primarily in instruments issued or guaranteed by the Government National Mortgage Association.

SEI Index Fund - Funds are invested in a diversified portfolio of securities to provide investment results that correspond to the aggregate price and dividend performance of the securities in the Standard and Poor's 500 Composite Stock Price Index.

Harbor International Fund - Funds are invested in non-U.S. equity securities.

Accessor Value & Income Fund - Funds are invested in income producing equity securities selected from the Standard and Poor's 500 Composite Stock Price Index.

Accessor Short Intermediate Fixed Income Fund - Funds are invested in fixed income securities with duration of between one and five years.

Accessor Small to Mid Cap Fund - Funds are invested in equity securities of small to medium capitalization issuers.

A participant may not contribute to, but may direct transfers from any investment, into the following investment option:

First Interstate BancSystem, Inc. Stock - Funds are invested in First Interstate BancSystem, Inc. stock (Company Stock). A participant's investment in Company Stock is limited to 50% of the participant's account balance, as defined.

As of December 31, 2000 and 1999, plan assets invested in Company Stock were 32% and 34% of net assets available for benefits, respectively.

(F) PAYMENT OF BENEFITS

On termination of service due to death, disability or retirement, a participant may elect to receive a lump-sum amount equal to the value of the participant's vested interest in his or her account or a series of annual installments over a period of up to ten years. For termination of service due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump sum distribution.

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Notes to Financial Statements

December 31, 2000 and 1999

(G) MEMBERS OF PLAN

Members of the Plan include First Interstate BancSystem, Inc. and the following subsidiaries:

- First Interstate Bank Montana
- First Interstate Bank Wyoming
- Commerce Financial, Inc.
- FIB Capital Trust
- i_Tech Corporation

(2) SUMMARY OF ACCOUNTING POLICIES

(A) BASIS OF ACCOUNTING

The financial statements of the Plan are prepared using the accrual method of accounting.

(B) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(C) INVESTMENTS

Investment assets, with the exception of the Company Stock, are valued at their quoted market prices. Company Stock is valued based on an independent appraisal prepared by Alex Sheshunoff & Co. Investment Banking. The appraised fair market value of a share of Company stock was \$38 and \$40 at September 30, 2000 and September 30, 1999, respectively.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis.

(D) PAYMENT OF BENEFITS

Benefits are recorded when paid.

(E) NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"). SFAS No. 133 requires that an entity recognize all derivatives and measure those instruments at fair value.

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SFAS No. 133 is effective for fiscal years beginning after June 15, 2000. Pursuant to SFAS No. 137, the Plan is required to adopt SFAS No. 133 effective January 1, 2001. Management has not yet determined the impact of SFAS No. 133 on the Plan financial statements.

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SAVINGS AND PROFIT SHARING PLAN FOR EMPLOYEES OF
FIRST INTERSTATE BANCSYSTEM, INC.

Notes to Financial Statements

December 31, 2000 and 1999

(3) INVESTMENTS

Through December 19, 2000, the Plan's investments were held in trust by the Trust Financial Services Division of First Interstate Bank in Montana. Effective December 19, 2000, the plan changed trustees for its investments, exclusive of First Interstate BancSystem, Inc. stock and the Loan Fund, to Fidelity Management Trust Company. The following table presents the fair values of investments, as determined by quoted market price or appraisal, as of December 31:

	2000		NUMBER OF SHARES OR PRINCIPAL AMOUNT
	NUMBER OF SHARES OR PRINCIPAL AMOUNT	FAIR VALUE	
Investments at estimated fair value as determined by quoted market price:			
Spartan Money Market	3,193,815	\$ 3,193,815	-
Accessor U.S. Government Money Fund	-	-	5,026,
Accessor Mortgage Securities Fund	217,179	2,719,083	200,
Vanguard Intermediate - Term Treasury Fund	38,867	421,706	39,
Accessor Growth Fund	248,339	6,652,997	190,
Accessor Intermediate Fixed Income Fund	212,318	2,477,755	192,
Accessor International Equity Fund	143,536	2,163,084	112,
Columbia Fixed Income Securities Fund	36,731	476,406	42,
Federated GNMA Fund	46,809	522,853	46,
SEI Index Fund	80,396	3,284,181	76,
Harbor International Fund	45,625	1,600,977	37,
Accessor Value & Income Fund	380,073	7,833,297	249,
Accessor Short Intermediate Fixed Income Fund	167,602	2,007,874	156,
Accessor Small to Mid Cap Fund	287,574	5,739,969	186,
Loan Fund	137,508	137,508	121,
Investments at estimated fair value as			

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determined by appraisal:

First Interstate BancSystem, Inc. Stock	488,995	18,581,811	491,

		\$57,813,316	
		=====	

The Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) depreciated in value by \$5,699,770 in 2000, and appreciated in value by \$6,023,880 in 1999.

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SAVINGS AND PROFIT SHARING PLAN FOR EMPLOYEES OF
FIRST INTERSTATE BANCSYSTEM, INC.

Notes to Financial Statements

December 31, 2000 and 1999

(4) PARTICIPANT LOANS

Participant loans are limited to lesser of (a) 50% of the participant's vested account balance or (b) \$50,000, reduced by the excess, if any, of (i) the participant's highest outstanding loan balance during the previous year, over (ii) the participant's outstanding loan balance on the date the loan is made. Loan terms shall not exceed the earlier of (a) 15 years if the loan is for the purchase of a principal residence of the borrower, (b) 5 years for all other loans, or (c) upon termination of employment of the borrower. The loans are secured by the balance in the participant's account and bear a rate of interest which is commensurate with the interest rates being charged at the time such loan is made under similar circumstances by financial institutions in the community in which the Company's principal office is then located. Interest rates on the participant loans outstanding at December 31, 2000 ranged from 7% to 10.5%. Principal and interest is paid ratably through monthly payroll deductions.

(5) PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

(6) TAX STATUS

The Internal Revenue Service has determined and informed the Company by

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letter dated January 9, 1998 that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

(7) ADMINISTRATIVE EXPENSES

Through December 19, 2000, the Trust Financial Services Division of First Interstate Bank in Montana held the Plan's assets in trust and performed the recordkeeping for the Plan. Effective December 19, 2000, Fidelity Management Trust Company holds the Plan's assets in trust and Rocky Mountain Employee Benefits, Inc. performs the recordkeeping for the Plan, exclusive of First Interstate BancSystem, Inc. stock and the Loan Fund. The administrative fees related to these services performed for the Plan are paid by the Company.

(8) FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of the Plan's financial instruments:

Investments. See Note 2(c) regarding investment valuation.

Participant Loans. The carrying amounts approximate fair value because of the short maturity of those instruments and the rates of interest associated with payments under the agreements approximate the current borrowing rates available to participants for agreements with similar characteristics.

SCHEDULE 1

SAVINGS AND PROFIT SHARING PLAN FOR EMPLOYEES OF FIRST INTERSTATE BANCSYSTEM, INC.

Schedule of Assets Held for Investment Purposes

December 31, 2000

Identity of issue, borrower, lessor or similar party -----	Description of investment including maturity date, rate of interest, collateral, par or maturity value -----
Fidelity Investments	Spartan Money Market Fund
Accessor Capital Management	Accessor Mortgage Securities Fund

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The Vanguard Group	Vanguard Intermediate - Term Treasury Fund
Accessor Capital Management	Accessor Growth Fund
Accessor Capital Management	Accessor Intermediate Fixed Income Fund
Accessor Capital Management	Accessor International Equity Fund
Columbia Funds	Columbia Fixed Income Securities Fund
Federated Securities Corp.	Federated GNMA Fund
Financial Services Company	SEI Index Fund
Harbor Fund	Harbor International Fund
Accessor Capital Management	Accessor Value & Income Fund
Accessor Capital Management	Accessor Short Intermediate Fixed Income Fund
Accessor Capital Management	Accessor Small to Mid Cap Fund
Savings and Profit Sharing Plan for Employees of First Interstate BancSystem, Inc.	Loans to plan participants
First Interstate BancSystem, Inc.*	Common stock of First Interstate BancSystem, Inc.

* party in interest to the Plan

See accompanying independent auditors' report.

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SCHEDULE 2

SAVINGS AND PROFIT SHARING PLAN FOR EMPLOYEES OF
FIRST INTERSTATE BANCSYSTEM, INC.

Schedule of Reportable Transactions

Year Ended December 31, 2000

IDENTITY OF PARTY INVOLVED -----	DESCRIPTION OF ASSET -----	PURCHASE PRICE -----
Accessor Capital Management	Accessor U.S. Government Money Fund	--
Fidelity Investments	Spartan Money Market Fund	3,164,981

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	EXPENSE INCURRED WITH TRANSACTION -----	COST OF ASSET -----
Accessor Capital Management	--	3,164,981
Fidelity Investments	--	3,164,981

See accompanying independent auditors' report.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

SAVINGS AND PROFIT SHARING PLAN FOR EMPLOYEES OF FIRST INTERSTATE BANCSYSTEM, INC.

JUNE 11, 2001

Date

/s/ BRUCE C. PARKER

Bruce C. Parker
President, Trust Investment Services

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FIRST INTERSTATE BANCSYSTEM, INC.

EXHIBIT INDEX

Exhibit	Document
23.1	Consent of KPMG LLP, Independent Certified Public Accountants.