

# Community Banks Getting the Job Done

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# Today's Discussion

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- Overview of First Interstate Bank
- Business philosophy of community development at FIB
- Business example

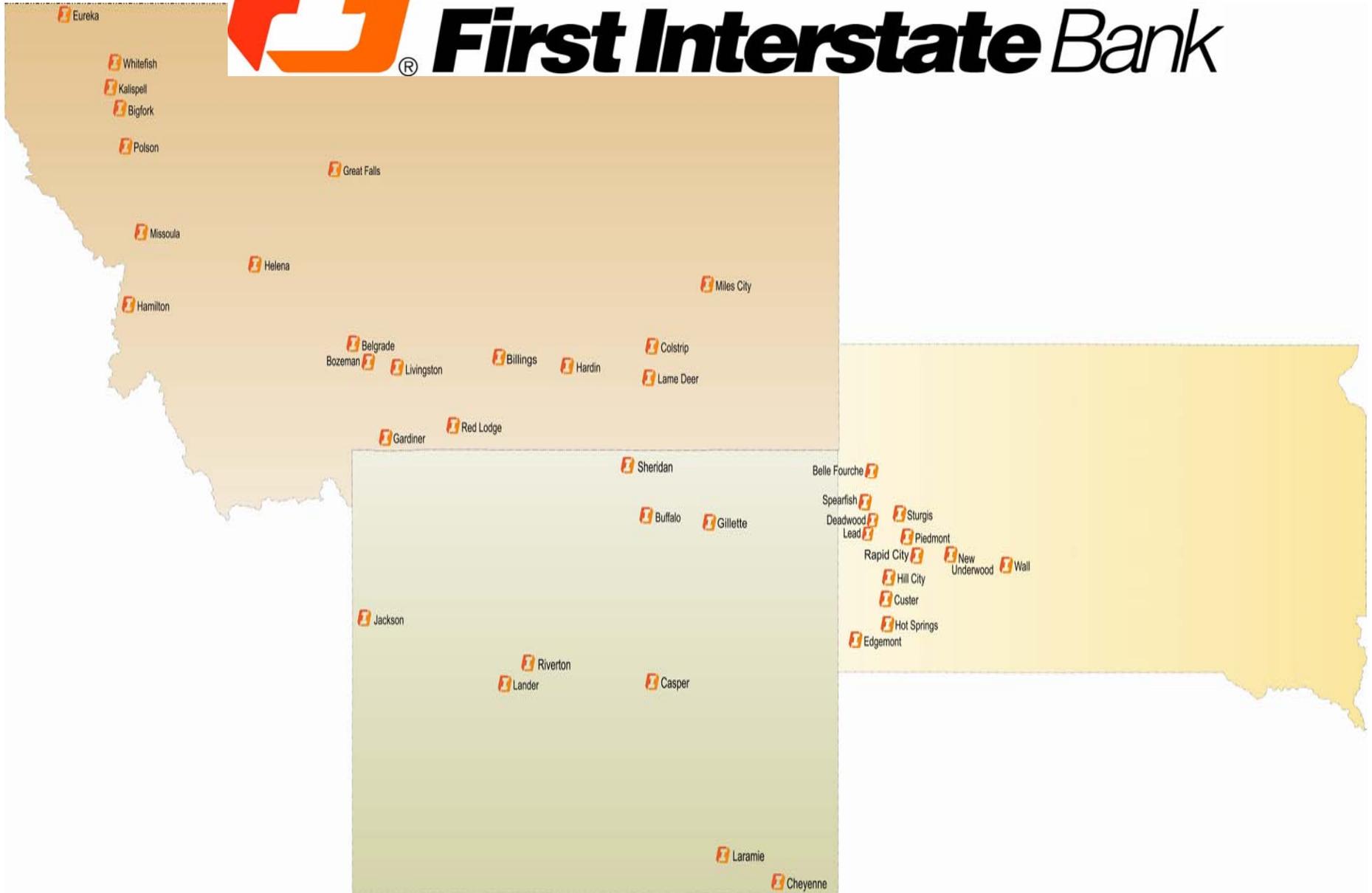
## **Goal of panel**

How ordinary business practice conducted with a commitment to community development can reap both successful business and community returns





# First Interstate Bank



# CRA Ratings

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- Large Bank Exam
- Most Recent CRA Exam - Outstanding Rating
- Since 1998 – 12 years – 5 out of 7 Exams - Outstanding



# Business Philosophy

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- Strategic Vision
  - Commitment to our Communities
- Environment in which we conduct business
  - Large Market Share
  - Dependent on healthy communities



# CEO's Community Development Business Strategy

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#1 – Healthy communities are key

- Expects an “Outstanding” CRA Rating
- Protect our brand – It is what makes us different!



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- We designed the program to help one of our medical customers decrease their outstanding accounts receivable thus increasing their effective cash flow.
- First Care loans are full-recourse loans that are generated through the respective hospitals and “bought” by First Interstate Bank. Since the hospital needs to be paid for their services, the hospital requires that patients either:
  1. Pay their bill in full
  2. Obtain a loan that will allow patients the ability to make reasonable monthly payments over a period of time.



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- Hospital establishes their own credit criteria
- Patients can use line for authorized medical expenses
- Payments go directly to First Interstate Bank
- Fixed Rate for five years



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- Collections –  
First Interstate Bank will attempt to collect the loan for up to 60 days. We utilize our standard collection procedures.
- If we are unable to collect the loan in accordance with our collection agreement, the hospital buys the outstanding loan balance back.



# Benefits and Drawbacks

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- Benefits for the Patient
  - Make affordable monthly payments
  - Monthly billing statement
  - Professional and confidential financial assistance
  - Helps build credit
  
- Drawbacks for the Patient
  - Costs more over time due to interest
  - Can hurt credit if customer doesn't pay



# Benefits and Drawbacks

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- Benefits for FIB
  - Fee and Interest income
  - Limited risk due to full recourse feature
- Drawbacks for FIB
  - Time consuming
  - Limited profit margin relative to cost



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- Current outstandings include 2039 LOC for \$7.2 million with 8 hospitals
- CRA Lending Credit – Innovative & Flexible
- We discovered a business need for a customer
- We just happen to receive CRA Credit



# Final Thoughts

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- Community Development is a part of who we are – we live it!
- Successful community development and healthy communities are interrelated – you can't have one without the other.
- No such thing as a CRA Loan
- We don't have a CRA Pool Set-a-side
- Credit decisions based on whether it is good business or not – we react accordingly.



# Thank You

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