



**GLACIER BANCORP, INC.**

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## **NEWS RELEASE**

November 5, 2014

FOR IMMEDIATE RELEASE

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### **GLACIER BANCORP, INC. ANNOUNCES ACQUISITION OF COMMUNITY BANK, INC. IN RONAN, MONTANA**

KALISPELL, MONTANA - Glacier Bancorp, Inc. (NASDAQ: GBCI) today announced the signing of a definitive agreement to acquire Community Bank, Inc., a community bank based in Ronan, Montana. The acquisition marks Glacier's 16<sup>th</sup> acquisition since 2000 and its fourth announced transaction in the past 20 months. Community Bank provides banking services to individuals and businesses in western Montana, with eight banking offices located in Missoula, Polson, Ronan, and Pablo. As of September 30, 2014, Community Bank had total assets of \$180 million, gross loans of \$94 million and total deposits of \$154 million.

The boards of Glacier and Montana Community Banks, Inc. (Community Bank's holding company) unanimously approved the transaction, which is subject to regulatory approval and other customary conditions of closing. The transaction provides for the payment to Montana Community Banks, Inc. shareholders of \$12.4 million in cash and 443,649 shares of Glacier common stock. Based on the closing price of \$28.47 for Glacier shares on November 5, 2014, the transaction would result in an aggregate value of \$25.0 million. As of September 30, 2014, Montana Community Banks, Inc. had consolidated tangible equity of \$20.7 million. Upon closing of the transaction, which is anticipated to take place in the first quarter of 2015, the branches of Community Bank will be merged into Glacier Bank and become part of the Glacier Bank and First Security Bank banking divisions.

"This is a tremendous opportunity for us to expand our western Montana presence with the addition of an outstanding community bank," stated Mick Blodnick, Glacier's President and Chief Executive Officer. "This combination allows us to add several new markets in western Montana, and compliments our presence in Missoula and Polson." Blodnick added, "Community Bank serves the region well, as evidenced by its 100+ year track record, with respected management, strong customer relationships and a solid core deposit base." Blodnick also noted that the transaction will be immediately accretive to Glacier's earnings per share.

Donald Olsson, Jr., Chairman and CEO of Community Bank, commented, "We look forward to partnering with the Glacier organization. Community Bank has been serving customers in western Montana for over 100 years, so we take the company's legacy and partnership very seriously." Gordon Zimmerman, Community Bank's President, went on to say, "As part of Glacier Bank, our customers will benefit from an enhanced line of service offerings, greater

lending capacity, and expanded office locations. We look forward to becoming part of their well respected and highly successful community banking organization.”

Glacier management will review additional information regarding the transaction in a conference call beginning at 9 a.m. Mountain Time on Thursday, November 6, 2014. The call may be accessed by dialing (877) 561-2748 and the conference ID is 30123125. A slide presentation to accompany management’s commentary may be accessed from Glacier’s November 5, 2014 8-K filing with the SEC or at <http://www.snl.com/IRWebLinkX/presentations.aspx?iid=1023792>.

Glacier was advised in the transaction by D.A. Davidson & Co., as financial advisor, and Graham & Dunn, P.C. as legal counsel. Montana Community Banks, Inc. was advised by Christian, Samson & Jones, PLLC, as legal counsel.

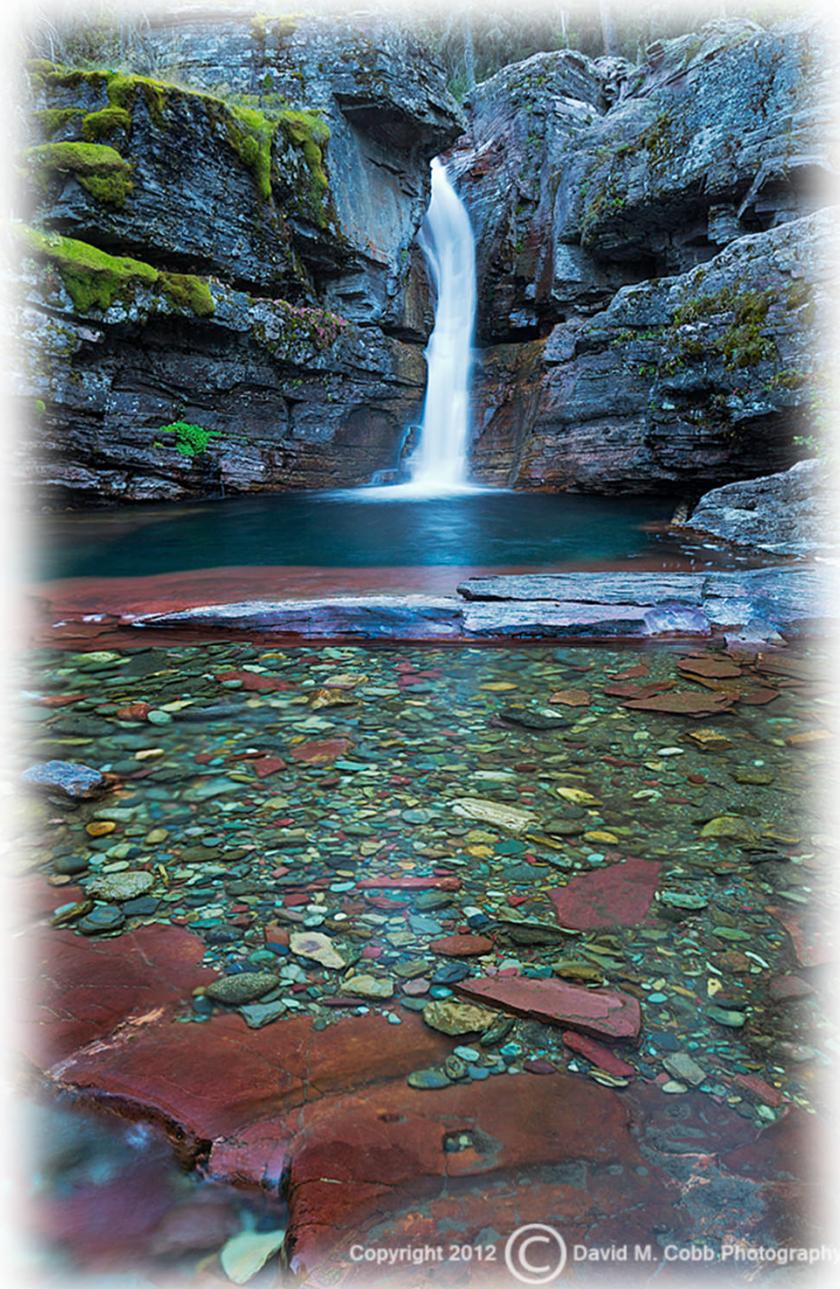
#### About Glacier Bancorp, Inc.

Glacier Bancorp, Inc. is a regional bank holding company providing commercial banking services in 79 communities in Montana, Idaho, Utah, Washington, Wyoming and Colorado. Glacier Bancorp, Inc. is headquartered in Kalispell, Montana, and is the parent company for Glacier Bank, Kalispell and Bank divisions First Security Bank of Missoula; Valley Bank of Helena; Big Sky Western Bank, Bozeman; Western Security Bank, Billings; and First Bank of Montana, Lewistown, all operating in Montana; as well as Mountain West Bank, Coeur d’Alene, operating in Idaho, Utah and Washington; Citizens Community Bank, Pocatello, operating in Idaho; 1st Bank, Evanston, operating in Wyoming and Utah; First Bank of Wyoming, Powell, and First State Bank, Wheatland, each operating in Wyoming; North Cascades Bank, Chelan, operating in Washington; and Bank of the San Juans, Durango, operating in Colorado.

Visit Glacier’s website at <http://www.glacierbancorp.com>

#### Forward-Looking Statements

This news release includes forward-looking statements, which describe management’s expectations regarding future events and developments such as the benefits of the business combination transaction involving Glacier and Community Bank, continued success of the Glacier’s style of banking and the strength of the local economies in which it operates. Future events are difficult to predict, and the expectations described above are necessarily subject to risk and uncertainty that may cause actual results to differ materially and adversely. In addition to discussions about risks and uncertainties set forth from time to time in the Glacier’s public filings, factors that may cause actual results to differ materially from those contemplated by such forward looking statements include, among others, the following possibilities: (1) local, national and international economic conditions are less favorable than expected or have a more direct and pronounced effect on Glacier than expected and adversely affect Glacier’s ability to continue its internal growth at historical rates and maintain the quality of its earning assets; (2) projected business increases following strategic expansion or opening or acquiring new banks and/or branches are lower than expected; (3) costs or difficulties related to the integration of acquisitions are greater than expected; or (4) legislation or regulatory requirements or changes adversely affect the businesses in which Glacier is engaged.



 **GLACIER BANCORP, INC.**  
Montana, Idaho, Wyoming, Colorado, Utah & Washington

 **GLACIER  
BANCORP, INC.**

**Acquisition of**



**COMMUNITY BANK**

**November 5, 2014**



# Forward Looking Statements

This presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA"). Such forward-looking statements include but are not limited to statements about the benefits of the business combination transaction involving Glacier Bancorp and Community Bank, Inc., including future financial and operating results, the combined company's plans, objectives, expectations and intentions, and other statements that are not historical facts. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those projected, including but not limited to the following: the possibility that the merger does not close when expected or at all because required regulatory, shareholder or other approvals and other conditions to closing are not received or satisfied on a timely basis or at all; the risk that the benefits from the transaction may not be fully realized or may take longer to realize than expected, including as a result of changes in general economic and market conditions, interest and exchange rates, monetary policy, laws and regulations and their enforcement, and the degree of competition in the geographic and business areas in which GBCI and Community Bank, Inc. operate; the ability to promptly and effectively integrate the businesses of Glacier Bank and Community Bank, Inc.; the reaction to the transaction of the companies' customers, employees, and counterparties; and the diversion of management time on merger-related issues. Readers are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date on which they are made and reflect management's current estimates, projections, expectations and beliefs. Glacier Bancorp undertakes no obligation to publicly revise or update the forward-looking statements to reflect events or circumstances that arise after the date of this release. This statement is included for the express purpose of invoking PSLRA's safe harbor provisions.



# Transaction Overview

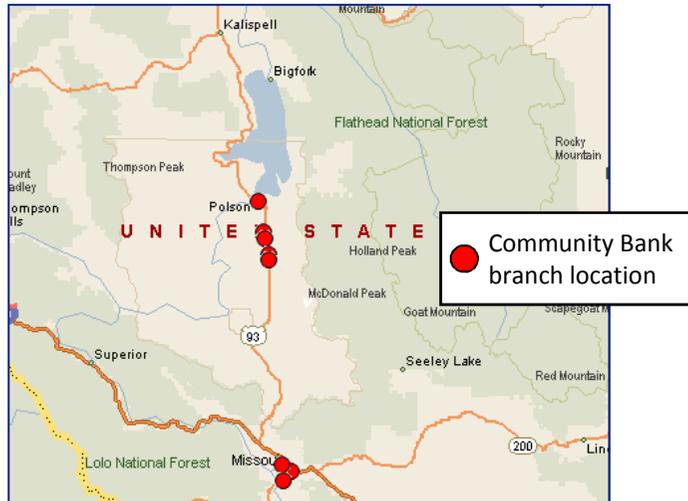
- **Glacier Bancorp will acquire Community Bank, Inc. (“Community Bank”), a Western Montana-based bank, with \$180 million in assets**
  - Transaction marks the fourth Glacier acquisition announcement in the past 20 months and the first in Montana since the Citizens Development acquisition in 2006
  
- **Total transaction value of \$25.0 million, consisting of \$12.6 million in GBCI stock (443,649 shares) and \$12.4 million in cash**
  - Based on recent GBCI stock price of \$28.47
  
- **Montana Community Banks, Inc. (holding company for Community Bank) will be merged into Glacier Bancorp**
  
- **Community Bank will be merged into Glacier Bank and become part of the Glacier Bank and First Security Bank banking divisions**
  
- **Closing of transaction is subject to required regulatory approvals, Community Bank shareholder approval, and customary closing conditions**
  
- **Targeted closing date in first quarter of 2015**



# Community Bank, Inc./ Montana Community Banks, Inc.



Branch Map



Community Bank Inc. Financial Overview (9/30/2014)

(\$000s)	
Total Assets	\$179,709
Gross Loans	94,428
Total Deposits	154,369
Noninterest-Bearing Deposits	41,680
Total Equity <sup>(1)</sup>	20,725
Tangible Equity <sup>(1)</sup>	20,725
LTM After-Tax Net Income (9/30/2014)	650
Non-Performing Assets/ Total Assets <sup>(2)</sup>	1.46%
Non-Accrual Loans / Gross Loans	2.42%
Loan Loss Reserve / Gross Loans	1.91%
Loans / Deposits	61.2%
Year Established	1910
# of Employees (FTE)	65
# of Branches	8

Source: Company Management & SNL Financial  
(1) Holding company equity

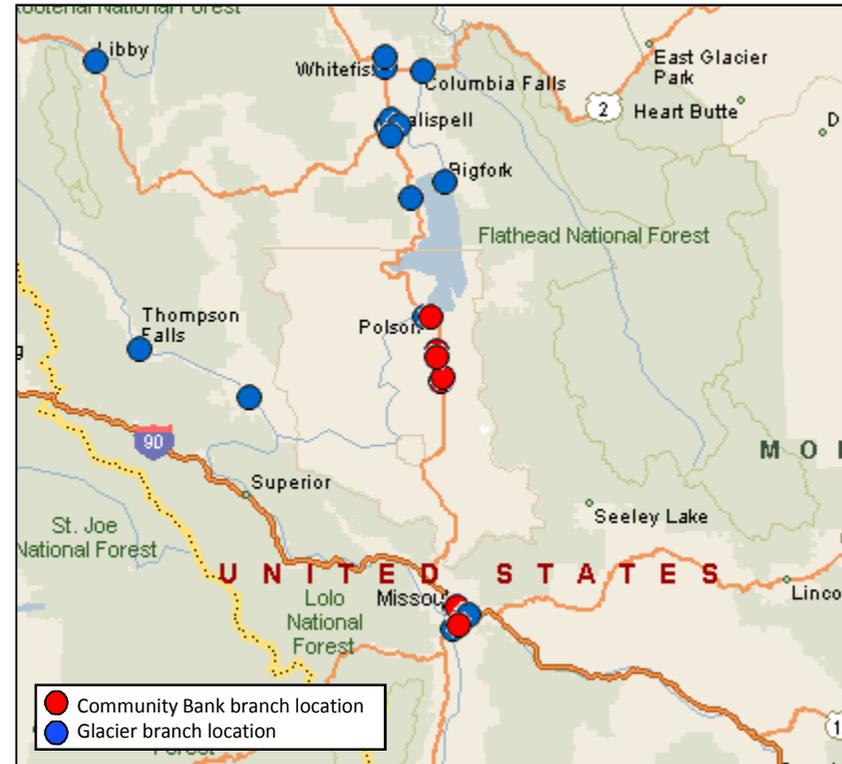
- Founded in 1910; headquartered in Ronan, Montana, with additional branches in Missoula, Polson, and Pablo
- Regional economy tied to tourism, agriculture, healthcare and government
- 35% of loans in CRE; 16% in C&I; 12% in agriculture and farmland
- Liquid balance sheet, with loan to deposit ratio of 61%
- Low-cost core deposit base
  - Q3 2014 cost of funds is 0.32%, with 27% of deposits being non-interest bearing
- Sound and improving asset quality
  - Adjusted NPAs to Assets<sup>(2)</sup> of 1.46%
  - LLR/Loans of 1.91%
- LTM after-tax net income as of 9/30/14 of \$650 thousand
  - Estimated 2015 after-tax net income (after cost saves and synergies) of \$1.75 million

(2) NPAs include non-accrual loans, loans 90 days+ past due, and OREO



# Strategic Rationale

- **Glacier adds a complementary bank in its core western Montana markets**
  - Adds to existing presence in Missoula and Polson
  - Adds new markets of Ronan and Pablo
- **In-market transaction will lead to synergies, as Community Bank branches will be combined into both Glacier Bank and First Security Bank banking divisions**
- **Outside of Glacier, Community Bank is the fifth largest bank headquartered in western Montana**
- **Strong and respected management team and board**
- **Long-term track record (104 year-old bank)**
- **Diversified regional economy tied to tourism, agriculture, healthcare, and government**
- **Opportunity to better serve customers and grow through Glacier's expanded service offerings and higher lending limits**





# Financial Benefits

- **Glacier adds \$152 million in core deposits, 45% of which are transactional accounts (27% are non-interest bearing)**
  - **Average Q3 cost of funds: 0.32%**
- **Glacier adds \$94 million diversified loan portfolio in a market area that Glacier knows well**
- **Favorable asset quality trends, with substantial improvements over the past few years**
- **Opportunity to drive substantial earnings growth through enhanced investment returns, surplus liquidity deployment and cost efficiencies**
  - **Immediate earnings impact through higher investment yields and readily available cost saves**
- **Further realization of Glacier's capital deployment strategy**
- **Glacier anticipates immediate EPS accretion of 0.4%<sup>(1)</sup> on a small transaction**
- **Glacier Tangible Book Value/Share dilution of 0.1%; estimated EPS accretion provides TBV dilution payback in approximately 1 year**

*(1) Excluding one-time transaction costs and assuming 75% realization of estimated cost-saves*



# Key Deal Terms and Assumptions

<b>Transaction Value<sup>(1)</sup>:</b>	<b>\$25.0 million</b>
<b>Stock/Cash Mix<sup>(1)</sup>:</b>	<b>50% stock (443,649 shares) 50% cash (\$12.4 million)</b>
<b>Structure:</b>	<b>Fixed shares</b>
<b>Collars:</b>	<b>\$23.76 to \$32.14</b>
<b>Fair Value Marks:</b>	
<b>Loan Discount:</b>	<b>4%</b>
<b>OREO Discount:</b>	<b>10%</b>
<b>Fixed Asset Writedown:</b>	<b>17%</b>
<b>Core Deposit Intangible:</b>	<b>1.5%</b>
<b>Combined Transaction / Conversion Costs<sup>(2)</sup>:</b>	<b>\$2.0 million</b>
<b>Estimated Cost-Saves<sup>(3)</sup>:</b>	<b>\$1.1 million (15%), with 75% realization in Year 1</b>
<b>Estimated Investment Earnings Pick-up:</b>	<b>\$1 million</b>

(1) Based on recent GBCI share price of \$28.47

(2) Including employment and benefits plan costs, data processing conversion costs and penalties, and combined professional and advisory fees.

(3) Includes only specific itemized cost-saves that parties have identified for reduction or elimination following closing of the transaction.



# Transaction Multiples

**Price / Tangible Book: 120.8%**

**Price / Earnings:**

**Stated LTM Earnings (9/30/2014)<sup>(1)</sup>: 38.5x**

**Est. Pro Forma Year 1 After-Tax Earnings (incl. cost-saves and synergies)<sup>(2)</sup>: 14.3x**

**Expected 2015 EPS Accretion - Year 1: 0.4%**

**Tangible Book Value Per Share Dilution: -0.1%**

*(1) Actual last twelve months' earnings assuming a 35% tax rate*

*(2) Estimated 2015 core earnings plus cost-saves (75% realized) and assuming a 35% tax rate*



# Concluding Observations

- **Community Bank acquisition continues Glacier's tradition of adding high-quality regional banks that fit the Glacier community banking model**
- **Unique opportunity for an attractive in-market expansion in Glacier's core historical footprint**
- **Western Montana is an attractive growth market**
- **Pricing metrics, deal structure, and conservative assumptions reflective of Glacier's disciplined approach to acquisitions**
- **Community Bank management and staff provide Glacier with additional management talent, deep market knowledge, and strong customer relationships**
- **Under Glacier structure, Community Bank's employees will be able to focus even greater attention on customers and communities**
  - **With Glacier providing regulatory, operational, and financial support**
- **Transaction should enhance GBCI's long-term shareholder value**