SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 1999

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

For the transition period from _______________ to _________________

COMMISSION FILE 0-18911

GLACIER BANCORP, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	81-0519541
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
49 Commons Loop, Kalispell, Montana	59901
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (406) 756-4200

N/A
(Former name, former address, and former fiscal year, if changed since last report)

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 [X] No [ ]

The number of shares of Registrant's common stock outstanding on July 29, 1999 was 9,535,287. No preferred shares are issued or outstanding.

GLACIER BANCORP, INC.
QUARTERLY REPORT ON FORM 10-Q

INDEX

GLACIER BANCORP, INC.
CONSOLIDATED CONDENSED STATEMENTS OF FINANCIAL CONDITION

(Unaudited - $ in thousands except per share data)	JUNE 30, 1999	DECEMBER 31, 1998	JUNE 30, 1998
ASSETS:			
Cash on hand and in banks	$ 30,910	33,806	35,014
Federal funds sold	3,042	5,883	1,845
Interest bearing cash deposits	218	2,494	8,348
Cash and cash equivalents	34,170	42,183	45,207
Investments:			
Investment securities, held-to-maturity	0	8,272	3,498
Investment securities, available-for-sale	56,397	50,618	55,836
Mortgage backed securities, available-for-sale	132,134	46,596	46,655
Total investments	188,531	105,486	105,989
Net loans receivable:			
Real estate loans	199,900	215,271	218,473
Commercial Loans	231,746	194,321	185,300
Installment and other loans	126,680	113,749	117,025
Allowance for losses	(5,652)	(5,133)	(4,782)
Total loans, net	552,674	518,208	516,016
Premises and equipment, net	17,674	17,382	16,065
Real estate and other assets owned	264	151	348
Federal Home Loan Bank of Seattle stock, at cost	13,650	12,366	11,867
Federal Reserve stock, at cost	1,430	1,219	1,067
Accrued interest receivable	4,576	4,348	4,204
Goodwill, net	2,489	2,601	1,352
Other assets	3,812	2,083	1,444
	$ 819,269	706,027	703,559
LIABILITIES AND STOCKHOLDERS' EQUITY:			
Deposits - non-interest bearing	$ 103,665	100,177	95,006
Deposits - interest bearing	367,268	375,667	360,533
Advances from Federal Home Loan Bank of Seattle	202,241	124,886	136,476
Securities sold under agreements to repurchase	49,113	17,239	18,784
Other borrowed funds	9,939	1,468	11,032
Accrued interest payable	2,675	2,278	2,406
Current income taxes	121	0	417
Deferred income taxes	891	1,601	1,877
Other liabilities	4,317	4,588	3,832
Minority interest	310	313	1,140
Total liabilities	740,540	628,217	631,503
Common stock, $.01 par value per share (1)	95	95	93
Paid-in capital	80,686	60,104	37,871
Retained earnings (deficit) - substantially restricted	(312)	16,415	32,998
Accumulated other comprehensive earnings (loss)	(1,740)	1,196	1,094
Total stockholders' equity	78,729	77,810	72,056
	$ 819,269	706,027	703,559
Book value per share	$ 8.27	8.22	7.75
Total shares outstanding at end of period (1)	9,525,360	9,460,210	9,295,399

(1) Number of shares outstanding adjusted for 10% stock dividend in 1998 and 1999.

See accompanying notes to consolidated financial statements.

GLACIER BANCORP, INC.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

(unaudited - $ in thousands except per share data)	Three months ended June 30, 1999	Three months ended June 30, 1998	Six months ended June 30 1999	Six months ended June 30 1998
INTEREST INCOME:				
Real estate loans	$ 3,889	4,593	8,045	9,153
Commercial loans	4,718	4,017	9,103	7,732
Consumer and other loans	2,744	2,794	5,364	5,602
Investment securities	2,739	2,060	4,639	4,217
Total interest income	14,090	13,464	27,151	26,704
INTEREST EXPENSE:				
Deposits	3,365	3,668	6,813	7,221
Advances	2,250	2,065	4,082	4,178
Repurchase agreements	222	203	407	413
Other borrowed funds	162	72	184	132
Total interest expense	5,999	6,008	11,486	11,944
NET INTEREST INCOME	8,091	7,456	15,665	14,760
Provision for loan losses	350	551	672	786
Net Interest Income after provision for loan losses	7,741	6,905	14,993	13,974
NON-INTEREST INCOME:				
Fees and service charges	2,478	2,380	4,958	4,785
Gains on sale of investments	1	1	3	13
Other income	220	1,032	543	1,288
Total fees and other income	2,699	3,413	5,504	6,086
NON-INTEREST EXPENSE:				
Compensation, employee benefits and related expenses	3,119	3,036	6,167	5,842
Occupancy and equipment expense	783	690	1,563	1,322
Other expenses	1,922	2,192	3,705	4,187
Minority interest	12	50	23	99
Total non-interest expense	5,836	5,968	11,458	11,450
EARNINGS BEFORE INCOME TAXES	4,604	4,350	9,039	8,610
Federal and state income tax expense	1,601	1,635	3,142	3,201
NET EARNINGS	$ 3,003	2,715	5,897	5,409
Basic earnings per share (1)	0.32	0.29	0.61	0.58
Diluted earnings per share (1)	0.31	0.29	0.60	0.57
Dividends declared per share (1)	0.15	0.11	0.29	0.21
Return on average assets (annualized)	1.63%	1.58%	1.60%	1.57%
Return on beginning equity (annualized)	15.03%	16.04%	15.16%	15.98%
Average outstanding shares - basic (1)	9,520,719	9,255,828	9,500,307	9,226,401
Average outstanding shares - diluted (1)	9,629,251	9,447,043	9,606,321	9,429,455

(1) Adjusted for stock dividends

See accompanying notes to consolidated financial statements.

GLACIER BANCORP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited - $ in thousands)	Six months ended June 30, 1999	1998
OPERATING ACTIVITIES:		
Net earnings	$ 5,897	5,409
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Mortgage loans held for sale originated or acquired	(63,048)	(71,198)
Proceeds from sales of mortgage loans held for sale	70,340	67,223
Provision for loan losses	672	786
Depreciation of premises and equipment	723	763
Amortization of goodwill	112	66
Amortization of investment securities premiums and discounts, net	405	(73)
Net decrease in deferred income taxes	249	31
Net (increase) decrease in accrued interest receivable	(228)	271
Net increase in accrued interest payable	397	590
Net increase in current income taxes	121	111
Net (increase) decrease in other assets	(787)	453
Net (decrease) increase in other liabilities and minority interest	(274)	896
FHLB stock dividends	(476)	(412)
NET CASH PROVIDED BY OPERATING ACTIVITIES	14,103	4,916
INVESTING ACTIVITIES:		
Proceeds from maturities and prepayments of investments available-for-sale	14,590	14,460
Purchases of investments available-for-sale	(102,878)	(5,826)
Proceeds from maturities and prepayments of investments held-to-maturity	0	7,406
Principal collected on installment and commercial loans	103,875	73,226
Installment and commercial loans originated or acquired	(156,633)	(114,162)
Proceeds from sales of commercial loans	2,249	4,185
Principal collections on mortgage loans	62,433	47,566
Mortgage loans originated or acquired	(54,354)	(37,423)
Net proceeds from sales (acquisition) of real estate owned	(113)	(227)
Net purchase of FHLB and FRB stock	(1,019)	(745)
Net addition of premises and equipment	(1,015)	(2,107)
Acquisition of minority interest	0	(283)
NET CASH USED IN INVESTING ACTIVITIES	(132,865)	(13,930)
FINANCING ACTIVITIES:		
Net (decrease) increase in deposits	(4,911)	25,786
Net increase (decrease) in FHLB advances and other borrowed funds	85,826	(6,439)
Net increase (decrease) in securities sold under repurchase agreements	31,874	(2,889)
Cash dividends paid to stockholders	(2,746)	(2,120)
Proceeds from exercise of stock options	706	1,188
NET CASH PROVIDED BY FINANCING ACTIVITIES	110,749	15,526
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,013)	6,512
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	42,183	38,695
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 34,170	45,207
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for: Interest	$ 11,089	11,354
Income taxes	3,021	3,268

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

1) Basis of Presentation:

In the opinion of Management, the accompanying unaudited consolidated condensed financial statements contain all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of Glacier Bancorp Inc.'s (the "Company") financial condition as of June 30, 1999, and June 30, 1998 and the results of operations for the six months and three months ended June 30, 1999 and 1998 and cash flows for the six months ended June 30, 1999 and 1998.

The accompanying consolidated condensed financial statements do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. These consolidated condensed financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 1998. Operating results for the six months and three months ended June 30, 1999 are not necessarily indicative of the results anticipated for the year ending December 31, 1999.

2) Organizational Structure:

The Company is the parent company for seven subsidiaries: Glacier Bank ("Glacier"); Glacier Bank of Whitefish ("Whitefish"); Glacier Bank of Eureka ("Eureka"); First Security Bank of Missoula ("Missoula"); Valley Bank of Helena ("Helena"), Big Sky Western Bank ("Big Sky"), and Community First, Inc. ("CFI"). On February 1, 1998, Glacier was converted from a federal savings bank charter to a State of Montana commercial bank charter. On August 31, 1998, the acquisition of HUB Financial Corporation and Valley Bank of Helena was completed. Effective January 20, 1999, Big Sky Western Bank became a subsidiary of the Company. The pooling method of interests accounting method was used for both acquisitions. Under this method, financial information for each of the periods presented includes the combined companies as though the mergers had occurred prior to the earliest date presented. At June 30, 1999, the Company owned 100%, 94%, 98%, 100%, 100%, 100% and 100% of Glacier, Whitefish, Eureka, Missoula, Helena, Big Sky and CFI, respectively. CFI provides full service brokerage services through Raymond James Financial Services, Inc.

On January 20, 1999, the Company completed the acquisition of Big Sky Western Bank. Under the terms of the acquisition agreement, Big Sky became a wholly owned subsidiary of the Company, whereby shareholders of Big Sky received shares of the Company in exchange for their shares of Big Sky. Big Sky operates three offices in Gallatin County, Montana. The following abbreviated organizational chart illustrates the various relationships :

[FLOW CHART]

3) Stock Dividend:

On August 27, 1998 and May 27, 1999, a 10% stock dividend was approved by the Board of Directors. As a result, all per share amounts from time periods proceeding these dates have been restated to illustrate the effect of the stock dividend. Any fractional shares were paid in cash.

4) Ratios:

Return on average assets was calculated based on the average of the total assets for the period. Return on beginning equity was calculated based on the stockholders' equity at the beginning of each period presented.

5) Cash Dividend Declared:

On June 30, 1999, the Board of Directors declared of $.15 per share quarterly cash dividend to stockholders of record on July 13, 1999, payable on July 22, 1999.

6) Computation of Earnings Per Share:

Basic earnings per common share is computed by dividing net earnings by the weighted average number of shares of common stock outstanding during the period presented. Diluted earnings per share is computed by including the net increase in shares if dilutive outstanding stock options were exercised, using the treasury stock method. Previous period amounts are restated for the effect of the stock dividend. The following schedule contains the data used in the calculation of basic and diluted earnings per share.

	Three months ended June 30, 1999	Three months ended June 30, 1998	Six months ended June 30, 1999	Six months ended June 30, 1998
Net income available to common stockholders, basic and diluted	$3,002,554	2,715,023	5,896,766	5,408,741
Average outstanding shares - basic .	9,520,719	9,255,828	9,500,307	9,226,401
Add: dilutive stock options	108,532	191,215	106,014	203,054
Average outstanding shares - diluted	9,629,251	9,447,043	9,606,321	9,429,455
Basic earnings per share	$ .32	.29	.61	.58
Diluted earnings per share	$ .31	.29	.60	.57

7) Investments:

A comparison of the amortized cost and estimated fair value of the Company's investment securities is as follows:

INVESTMENT SECURITIES AS OF JUNE 30, 1999

Dollars in thousands	Weighted Yield	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. GOVERNMENT AND FEDERAL AGENCIES					
maturing within one year	6.81%	4,256	28	0	4,284
maturing one year through five years	6.43%	3,400	43	0	3,443
maturing after ten years	4.87%	1,247	3	(3)	1,247
	6.39%	8,903	74	(3)	8,974
STATE AND LOCAL GOVERNMENTS AND OTHER ISSUES:					
maturing within one year	6.14%	421	2	(12)	411
maturing one year through five years	5.16%	2,304	58	(1)	2,361
maturing five years through ten years	5.07%	1,026	20	0	1,046
maturing after ten years	5.19%	43,892	734	(1,021)	43,605
	5.19%	47,643	814	(1,034)	47,423
MORTGAGE-BACKED SECURITIES	7.20%	30,588	303	(493)	30,398
REAL ESTATE MORTGAGE INVESTMENT CONDUITS	6.83%	104,260	233	(2,757)	101,736
Total Securities	6.46%	191,394	1,424	(4,287)	188,531

Effective January 1, 1999, the Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS 133). SFAS 133 establishes accounting and reporting standards that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS 133 requires that changes in the derivatives' fair value be recognized currently in earnings unless specific hedge accounting criteria are met. The adoption of SFAS 133 had no impact on the financial statements of the Company except that it allowed for a one-time reclassification of the investment portfolio from held-to-maturity to either trading or available-for-sale. The net effect on the consolidated statement of financial condition of this reclassification was an increase in total assets of $288,000, deferred tax liabilities of $98,000 and unrealized gains on securities available-for-sale of $190,000.

INVESTMENT SECURITIES AS OF DECEMBER 31, 1998

(dollars in thousands)	Weighted yield	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
HELD-TO-MATURITY					
U.S. GOVERNMENT AND FEDERAL AGENCIES:					
maturing within one year	7.90%	$ 3,010	63	0	3,073
maturing one year through five years ..	7.10%	1,237	66	0	1,303
	7.67%	4,247	129	0	4,376
STATE AND LOCAL GOVERNMENTS AND OTHER ISSUES:					
maturing within one year	5.50%	552	5	0	557
maturing one year through five years ..	5.56%	811	24	0	835
maturing five years through ten years .	5.01%	1,222	44	0	1,266
maturing after ten years	5.67%	1,440	86	0	1,526
	5.42%	4,025	159	0	4,184
TOTAL HELD-TO-MATURITY SECURITIES .	6.58%	$ 8,272	288	0	8,560
AVAILABLE-FOR-SALE					
U.S. GOVERNMENT AND FEDERAL AGENCIES:					
maturing within one year	5.88%	$ 2,676	9	(1)	2,684
maturing one year through five years ..	5.91%	5,993	79		6,072
maturing after ten years	6.51%	1,816	10	(1)	1,825
	6.01%	10,485	98	(2)	10,581
STATE AND LOCAL GOVERNMENTS AND OTHER ISSUES:					
maturing within one year	6.88%	$ 250	0	0	250
maturing one year through five years ..	6.00%	100	7		107
maturing five years through ten years .	5.06%	1,167	69	0	1,236
maturing after ten years	5.30%	37,173	1,590	(319)	38,444
	5.30%	38,690	1,666	(319)	40,037
MORTGAGE-BACKED SECURITIES	7.56%	18,299	546	(63)	18,782
REAL ESTATE MORTGAGE INVESTMENT CONDUITS	6.33%	27,715	184	(85)	27,814
TOTAL AVAILABLE-FOR-SALE SECURITIES	6.03%	$95,189	2,494	(469)	97,214

8) Stockholders' Equity:

The May, 1999 stock dividend decreased retained earnings and increased common stock and paid in capital by $19,885 and resulted in a $312 deficit in retained earnings as of June 30, 1999. The transaction had no effect on total capital or capital adequacy.

The Federal Reserve Board has adopted capital adequacy guidelines pursuant to which it assesses the adequacy of capital in supervising a bank holding company. The following table illustrates the Federal Reserve Board's capital adequacy guidelines and the company's compliance with those guidelines as of June 30, 1999:

(dollars in thousands)	Tier 1 (Core) Capital	Tier 2 (Total) Capital	Leverage Capital
GAAP Capital	$ 78,729	$ 78,729	$ 78,729
Goodwill	(2,489)	(2,489)	(2,489)
Net unrealized gains on securities available-for-sale	0	0	0
Minority Interest	310	310	310
Allowance for loan losses	--	5,652	--
Regulatory capital computed	$ 76,550	$ 82,202	$ 76,550
Risk weighted assets	$ 519,897	$ 519,897	
Total average assets			$ 737,328
Capital as % of defined assets	14.72%	15.81%	10.38%
Regulatory "well capitalized" requirement	6.00%	10.00%	5.00%
Excess over "well capitalized" requirement	8.72%	5.81%	5.38%

9) Comprehensive Income:

The Company's only component of comprehensive income is the unrealized gains and losses on available-for-sale securities.

Dollars in thousands	For the three months ended June 30, 1999	1998	For the six months ended June 30, 1999	1998
Net earnings	$ 3,003	2,715	5,897	5,409
Unrealized holding losses arising during the period	(4,749)	(32)	(5,179)	(245)
Transfer from held-to-maturity	0	0	288	0
Tax expense	1,904	11	1,953	83
Net after tax	(2,845)	(21)	(2,938)	(162)
Less: reclassification adjustment for amounts included in net income	1	1	3	13
Tax expense	0	0	(1)	(4)
Net after tax	1	1	2	9
Net unrealized loss on securities	(2,844)	(20)	(2,936)	(153)
Total comprehensive earnings	$ 159	2,695	2,961	5,256

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Financial Condition - This section discusses the changes in Statement of Financial Condition items from December 31, 1998 to June 30, 1999.

From December 31, 1998 total assets have grown $113.242 million, or 16.04%, to $819.269 million, and have increased $115.710 million, or 16.45% since June 30, 1998. The 1999 increase was primarily in investment growth of $83.0 million, or 78.7%. Higher investment yields, a steeper yield curve, and the pending branch and deposit acquisition from Washington Mutual have provided an opportunity to increase the investment portfolio. Net loans have also increased $34.5 million from December 31, 1998.

Real estate loans decreased $15.4 million during the period, while commercial loans increased $37.4, consistent with management's decision to restructure the loan portfolio and to not retain long-term, low-interest rate mortgage loans.

Loans sold to the secondary market amounted to $70.3 million and $67.2 million during the first six months of 1999 and 1998, respectively.

The amount of loans serviced for others on June 30, 1999 was $120.232 million.

Total deposits decreased $4.9 million, which was the result of a $3.5 million increase in non-interest bearing deposits and an $8.4 million decrease in interest bearing deposits. Borrowed funds in the form of Federal Home Loan Bank advances, and repurchase agreements were used to fund the asset growth in excess of deposit growth. Upon completion of the Washington Mutual branch purchase, which is expected to occur in early October, additional deposits of approximately $80 million will be available for asset funding, replacing the borrowed funds.

All six institutions are members of the FHLB. Accordingly, management of the Company has a wide range of versatility in managing the liquidity and asset/liability mix for each individual institution as well as the Company as a whole. The following table demonstrates the available FHLB lines of credit and the extent of utilization as of June 30, 1999 (in thousands):

	Available line	Amount Used	Available
Glacier Bank	$148,136	127,619	20,517
Whitefish	11,501	7.575	3,926
Eureka	8,220	5,723	2,497
Missoula	33,955	29,000	4,955
Helena	11,213	8,042	3,171
Big Sky	14,314	11,786	2,528
Totals	227,339	189,745	37,594

Classified Assets and Reserves
Non-performing assets, consisting of non-accrual loans, accruing loans 90 days or more overdue, and real estate and other assets acquired by foreclosure or deed-in-lieu thereof, net of related reserves, amounted to $2.7 million or .34% of total assets at June 30, 1999, compared to $2.8 million, or .40% of total assets, as of December 31, 1998.

	June 30, 1999	December 31, 1998
Total Allowance for Loan and Real Estate Owned Losses:	$5.6 million	$5.1 million
Allowance as a percentage of Total Loans:	1.02%	.98%
Allowance as a percentage of Non-performing Assets:	206%	184%

Impaired Loans
As of June 30, 1999, there were no loans considered impaired. Interest income on impaired loans and interest recoveries on loans that have been charged off, is recognized on a cash basis after principal has been fully paid, or at the time a loan becomes fully performing based on the terms of the loan.

Minority Interest
The minority interest on the consolidated statements of financial condition represents the minority stockholders' share in the retained earnings of the Company. These are shares of Eureka and Whitefish that are still outstanding. As of June 30, 1999, the Company owns 47,280 shares of Whitefish and 49,084 shares of Eureka. The Company's ownership of Whitefish and Eureka is 94% and 98%, respectively.

Results of Operations - The three months ended 6/30/99 compared to the three months ended 6/30/98.

Glacier Bancorp, Inc. reported record net income of $3.003 million, or basic earnings per share of $.32, for the second quarter of 1999, compared with $2.715 million, or basic earnings per share of $.29, for the same quarter of 1998. Return on average assets and return on beginning equity in the first quarter of 1999 were 1.63 percent and 15.03 percent, respectively, which compares to returns of 1.58 percent and 16.04 percent for the same quarter of 1998. The return on equity is lower in 1999 because stockholders' equity has increased $6.7 million, or 9.2 percent over the June 30, 1998 level and is a very strong 9.6 percent of assets.

Net Interest Income
Net interest income for the quarter was $8.091 million, an increase of $635,000, or 8.5 percent, over the same period in 1998. Growth in earning assets while maintaining a net interest margin as a percentage of earning assets, on a tax equivalent basis, of 4.7 percent, were the reasons for this increase. Loan balances have increased $37.5 million from June 30, 1998, an increase of 7.2 percent. Consistent with management's decision to restructure the loan portfolio there has been a significant shift in the mix of loans, with higher yielding commercial loans up $46.4 million, or 25.1 percent, and consumer loans up $9.6 million, or 8.2 percent. Real estate loans are down $18.6 million, or 8.5 percent, the result of prepayments and management's decision not to retain long-term low-rate mortgage loans. Total investments, including mortgage-backed securities, increased $82.5 million, or 77.9 percent, with most of the increase occurring during the current quarter. Total deposits increased $15.4 million, or 3.4 percent, with $8.7 million of the increase occurring in non-interest bearing deposits, which increased 9.1 percent.

Loan Loss Provision and Non-Performing Assets
The second quarter provision for loan losses was $350 thousand, down from $551 thousand during the same quarter in 1998. Non-performing assets as a percentage of loans at June 30, 1999 were .50 percent, well below the average of the Company's peer group which was .78 percent at March 31, 1999, the most recent information available. The reserve for loan losses was 206 percent of non-performing assets as of June 30, 1999.

Non-interest Income
Non-interest income declined $714 thousand, from the second quarter of 1998 which included gains of $559 thousand from the sale of the trust department of Glacier Bank, and the credit card portfolio. Income from insurance sales was lower in 1999 due to a change in the types of consumer loans made which are not as applicable to credit insurance. Service fees on deposit accounts were $98 thousand higher in 1999.

Non-interest Expense
Non-interest expense decreased by $132 thousand, or 2.2 percent, over the second quarter of 1998 which included merger and reorganization expense of $232 thousand. Compensation and employee benefits increased $83 thousand, or 2.7 percent. Occupancy and equipment expense was up $93 thousand, or 13.5 percent, the result of bringing more data processing functions in-house and additional expenses from the new branch/corporate office. Other expenses were down $270 thousand, or 12.3 percent. The rest of the expense reduction was the minority interest in subsidiaries which decreased by $38 thousand, resulting from the acquisition of minority shares.

Results of Operations - The six months ended 6/30/99 compared to the six months ended 6/30/98

Net income of $5.897 million was an increase of $488 thousand, or 9.0 percent, over the first six months of 1998. Basic earnings per share were $.61 for 1999 and $.58 for 1998, with diluted earnings per share of $.60 and $.57, respectively. Included in 1998 were merger and reorganization expenses of $256 thousand after tax, or basic earning per share of $.03. Return on average assets was 1.60 and 1.57 percent, and return on beginning equity was 15.16 and 15.98 percent for the first six months of 1999 and 1998, respectively. The high capital level of 11.02 percent at the beginning of the year results in a lower return on equity. The capital ratio has been reduced, with the significant asset growth and a change in the net unrealized gain on investments, to 9.61 percent.

Net Interest Income
Net interest income for the six months was $15.665 million, an increase of $905 thousand, or 6.13 percent over the same 1998 period. More earning assets, the increase in higher yield commercial and consumer loans, and the sale of lower yield real estate loans on the secondary market, are the reasons for the net interest income increase. The net interest margin as a percentage of average earning assets on a tax equivalent basis, was 4.68 percent, about the same as the 4.69 percent in 1998. So far we have not experienced a decrease in net interest margin. The recent 25 basis point increase to the Wall Street Prime lending rate should also benefit the margin.

Loan Loss Provision
The provision for loan losses was $672 thousand, down slightly from $786 thousand in 1998. The level of non-performing loans remains at a relatively low level compared to the peer group of similar sized companies as reported in the Federal Reserve Bank's "Bank Performance Report".

Non-interest Income
Total non-interest income is down $582 thousand from last year due to a non-recurring $559 thousand gain in 1998 from the sale of Glacier Bank's trust department, and the sale of the credit card portfolio.

Non-interest Expense
Non-interest expense increased by $8 thousand over 1998 which included merger and reorganization expense of $328 thousand. Compensation and employee benefits increased $325 thousand, or 5.6 percent. Occupancy and equipment expense was up $241 thousand, or 18.2 percent, the result of bringing more data processing functions in-house, and additional expenses from the new branch/corporate office. Other expenses were down $482 thousand, or 11.5 percent. The rest of the expense reduction was the minority interest in subsidiaries which decreased by $76 thousand, resulting from the acquisition of minority shares.

The discussion above may include certain "forward looking statements" concerning the future operations of the Company. The Company is taking advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 as they apply to forward looking statements. This statement is for the express purpose of availing the Company of the protections of such safe harbor with respect to all "forward looking statements." Management's ability to predict results of the effect of future plans in inherently uncertain, and is subject to factors that may cause actual results to differ materially from those projected.

Year 2000 Issues

The century date change for the Year 2000 is a serious issue that may impact virtually every organization including the Company. Many software programs are not able to recognize the Year 2000, since most programs and systems were designed to store calendar years in the 1900s by assuming "19" and storing only the last two digits of the year. The problem is especially important to financial institutions since many transactions, such as interest accruals and payments, are date sensitive, and because the Company and its subsidiary banks interact with numerous customers, vendors and third party service providers who must also address the Year 2000 issue. The problem is not limited to computer systems. Year 2000 issues will also potentially affect every system that has an embedded microchip, such as automated teller machines, elevators and vaults.

State of Readiness

The Company and its subsidiary banks are committed to addressing these Year 2000 issues in a prompt and responsible manner, and they have dedicated the resources to do so. Management has completed an assessment of its automated systems and has implemented a program consistent with applicable regulatory guidelines, to complete all steps necessary to resolve identified issues. The Company's compliance program has several phases, including (1) project management; (2) assessment; (3) testing; and (4) remediation and implementation.

Project Management. The Company has formed a Year 2000 compliance committee consisting of senior management and departmental representatives. The committee has met regularly since October 1997. A Year 2000 compliance plan was developed and regular meetings have been held to discuss the process, assign tasks, determine priorities and monitor progress. The committee regularly reports to the Company's Board.

Assessment. All of the Company's and its subsidiary banks' computer equipment and mission-critical software programs have been identified. This phase is essentially complete. Primary software vendors were also assessed during this phase, and vendors who provide mission-critical software have been contacted. The Year 2000 committee is in the process of obtaining written certification from providers of material services that such providers are, or will be, Year 2000 compliant. Based upon its ongoing assessment of the readiness of its vendors, suppliers and service providers, the committee intends to develop contingency plans addressing the most reasonably likely worst case scenarios. The committee will continue to monitor and work with these vendors. The committee and other bank officers have also identified and began working with, the subsidiary banks' significant borrowers and funds providers to assess the extent to which they may be affected by Year 2000 issues.

Testing. Updating and testing of the Company's and its subsidiary banks' automated systems has been completed as of June 30, 1999.

Estimated Costs to Address Year 2000 Issues

The total financial effect that Year 2000 issues will have on the Company cannot be predicted with any certainty at this time. In fact, in spite of all efforts being made to rectify these problems, the success of the Company's efforts will not be known until the Year 2000 actually arrives. However, based on its assessment to date, the Company does not believe that expenses related to meeting Year 2000 challenges will have a material effect on its operations or consolidated financial condition. Year 2000 challenges facing vendors of mission-critical software and systems, and facing the Company's customers, could have a material effect on the operations or consolidated financial condition of the Company, to the extent such parties are materially affected by such challenges.

Risks Related to Year 2000 Issues

The year 2000 poses certain risks to the Company and its subsidiary banks and their operations. Some of these risks are present because the Company purchases technology and information systems applications from other parties who face Year 2000 challenges. Other risks are inherent in the business of banking or are risks faced by many companies. Although it is impossible to identify all possible risks that the Company may face moving into the millennium, management has identified the following significant potential risks.

Commercial banks may experience a contraction in their deposit base, if a significant amount of deposited funds are withdrawn by customers prior to the Year 2000, and interest rates may increase as the millennium approaches. This potential deposit contraction could make it necessary for the Company to change its sources of funding and could impact future earnings. The Company established a contingency plan for addressing this situation, should it arise, into its asset and liability management policies. The plan includes maintaining the ability to borrow funds from the Federal Home Loan Bank of Seattle. Significant demand for funds from other banks could reduce the amount of funds available to borrow. If insufficient funds are available from these sources, the Company may also sell investment securities or other liquid assets to meet liquidity needs.

The Company lends significant amounts to businesses in its marketing area. If these businesses are adversely affected by Year 2000 problems, their ability to repay loans could be impaired. This increased credit risk could adversely affect the Company's financial performance. During the assessment phase of the Company's Year 2000 program, each of the Company's subsidiary banks' substantial borrowers were identified, and the Company is working with such borrowers to ascertain their levels of exposure to Year 2000 problems. To the extent that the Company is unable to assure itself of the Year 2000 readiness of such borrowers, it intends to apply additional risk assessment criteria to the indebtedness of such borrowers and make any necessary related adjustments to the Company's provision for loan losses.

The Company and its subsidiary banks, like those of many other companies, can be adversely affected by the Year 2000 triggered failures of other companies upon who the Company depends for the functioning of their automated systems. Accordingly, the Company's operations could be materially affected, if the operations of mission-critical third party service providers are adversely affected. As described above, the Company has identified its mission-critical vendors and is monitoring their Year 2000 compliance programs.

Contingency Plans

The Company has developed specific contingency plans related to year 2000 issues, other than those described above. As the Company and its subsidiary banks continue to monitor the readiness of vendors, service providers and substantial borrowers, appropriate contingency plans will be developed that address the most reasonably likely "worst case" scenarios. Certain circumstances, as described above in "Risk," may occur for which there are no completely satisfactory contingency plans.

FORWARD LOOKING STATEMENTS

The discussion above regarding to the century date change for the Year 2000 includes certain "forward looking statements" concerning the future operations of the Company. The Company desires to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 as they apply to forward looking statements. This statement is for the express purpose of availing the Company of the protections of such safe harbor with respect to all "forward looking statements." Management's ability to predict results of the effect of future plans is inherently uncertain, and is subject to factors that may cause actual results to differ materially from those projected. Factors that could affect the actual results include the Company's success is identifying systems and programs that are not Year 2000 compliant; the possibility that systems modifications will not operate as intended; unexpected costs associated with remediation, including labor and consulting costs; the nature and amount of programming required to upgrade or replace the affected systems; the uncertainty associated with the impact of the century change on the Company's customers, vendors and third-party service providers; and the economy generally.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Market risk is the risk of loss in a financial instrument arising from adverse changes in market rates/prices such as interest rates, foreign currency exchange rates, commodity prices, and equity prices. The Company's primary market risk exposure is interest rate risk. The ongoing monitoring and management of this risk is an important component of the Company's asset/liability management process which is governed by policies established by its Board of Directors that are reviewed and approved annually. The Board of Directors delegates responsibility for carrying out the asset/liability management policies to the Asset/Liability committee (ALCO). In this capacity ALCO develops guidelines and strategies impacting the Company's asset/liability management related activities based upon estimated market risk sensitivity, policy limits and overall market interest rate levels/trends.

Interest Rate Risk:

Interest rate risk represents the sensitivity of earnings to changes in market interest rates. As interest rates change the interest income and expense streams associated with the Company's financial instruments also change thereby impacting net interest income (NII), the primary component of the Company's earnings. ALCO utilizes the results of a detailed and dynamic simulation model to quantify the estimated exposure of NII to sustained interest rate changes. While ALCO routinely monitors simulated NII sensitivity over a rolling two-year horizon, it also utilizes additional tools to monitor potential longer-term interest rate risk.

The simulation model captures the impact of changing interest rates on the interest income received and interest expense paid on all assets and liabilities reflected on the Company's balance sheet. This sensitivity analysis is compared to ALCO policy limits which specify a maximum tolerance level for NII exposure over a one year horizon, assuming no balance sheet growth, given a 200 basis point (bp) upward and downward shift in interest rates. A parallel and pro rata shift in rates over a 12 month period is assumed. The following reflects the Company's NII sensitivity analysis as of December 31, 1998, the most recent information available, as compared to the 10% Board approved policy limit.

Rate Change	Estimated NII Sensitivity
+200 bp	1.44%
-200 bp	-1.99%

The preceding sensitivity analysis does not represent a Company forecast and should not be relied upon as being indicative of expected operating results. These hypothetical estimates are based upon numerous assumptions including: the nature and timing of interest rate levels including yield curve shape, prepayments on loans and securities, deposit decay rates, pricing decisions on loans and deposits, reinvestment/replacement of assets and liability cashflows, and others. While assumptions are developed based upon current economic and local market conditions, the Company cannot make any assurances as to the predictive nature of these assumptions including how customer preferences or competitor influences might change.

Also, as market conditions vary from those assumed in the sensitivity analysis, actual results will also differ due to: prepayment/refinancing levels likely deviating from those assumed, the varying impact of interest rate change caps or floors on adjustable rate assets, the potential effect of changing debt service levels on customers with adjustable rate loans, depositor early withdrawals and product preference changes, and other internal/external variables. Furthermore, the sensitivity analysis does not reflect actions that ALCO might take in responding to or anticipating changes in interest rates.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There are no pending material legal proceedings to which the registrant or its subsidiaries are a party.

ITEM 2. CHANGES IN SECURITIES

None

ITEM 3. DEFAULTS ON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITIES HOLDERS

At the annual shareholders' meeting held April 28, 1999, directors Michael J. Blodnick, Fred J. Flanders, and Harold A. Tutvedt were elected to a three-year term.

At the same meeting, amendments to the "1995 Employee Stock Option Plan" and the "1994 Directors' Stock Option Plan" increasing the number of shares available for issuance by 600,000 and 100,000, respectively, were approved.

Votes were tabulated as follows:

Proposal #1 - Election of Directors:

	Michael J. Blodnick	Fred J. Flanders	Harold A. Tutvedt
For	7,468,683	7,468,867	7,466,488
Against	240	56	2,925
Abstain	13,519	13,519	13,029

Proposal #2 - Amendment to the 1995 Employee Stock Option Plan

For	5,543,123
Against	283,353
Abstain	69,199

Proposal #3 - Amendment to the 1994 Directors' Stock Option Plan

For	5,475,277
Against	325,179
Abstain	95,220

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

a. Exhibit 27 - Financial data schedule

b. On May 19, 1999, a Form 8-K was filed disclosing that Glacier Bank had entered into a definitive agreement with Washington Mutual Bank fsb to purchase two branches of Washington Mutual located in Butte, Montana. Under the terms of the purchase and assumption agreement, Glacier would acquire approximately $80 million in deposits and the real estate of the two branches. The transaction is expected to close early in October, 1999.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly cause this report to be signed on its behalf by the undersigned thereunto duly authorized.

GLACIER BANCORP, INC.

August 10, 1999

By ______________________________
Michael J. Blodnick
President/CEO

August 10, 1999

By ______________________________
James H. Strosahl
Executive Vice President/CFO

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM CONSOLIDATED
STATEMENTS OF FINANCIAL JUNE 30, 1999, CONSOLIDATED STATEMENTS OF OPERATIONS
JUNE 30, 1999, REFERENCE TO QUARTERLY REPORT FROM 10-Q JUNE 30, 1999.

1,000

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