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 September 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 October 25, 1999 was 9,545,517. No preferred shares are issued or outstanding.

GLACIER BANCORP, INC.
Quarterly Report on Form 10-Q

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GLACIER BANCORP, INC.
CONSOLIDATED CONDENSED STATEMENTS OF FINANCIAL CONDITION

(Unaudited - $ in thousands except per share data)	September 30, 1999	December 31, 1998	September 30, 1998
Assets:			
Cash on hand and in banks	$ 29,944	33,806	29,618
Federal funds sold	278	5,883	8,925
Interest bearing cash deposits	4,800	2,494	19,188
Cash and cash equivalents	35,022	42,183	57,731
Investments:			
Investment securities, held-to-maturity	0	8,272	8,309
Investment securities, available-for-sale	54,159	50,618	53,272
Mortgage backed securities, held-to-maturity	0	0	0
Mortgage backed securities, available-for-sale	134,567	46,596	38,606
Total Investments	188,726	105,486	100,187
Net loans receivable:			
Real estate loans	196,499	215,271	209,188
Commercial Loans	239,415	194,321	188,779
Installment and other loans	135,776	113,749	114,344
Allowance for losses	(5,896)	(5,133)	(4,641)
Total Loans, net	565,794	518,208	507,670
Premises and equipment, net	19,090	17,382	16,721
Real estate and other assets owned	183	151	271
Federal Home Loan Bank of Seattle stock, at cost	13,997	12,366	12,091
Federal Reserve stock, at cost	1,431	1,219	1,067
Accrued interest receivable	4,871	4,348	4,329
Goodwill, net	2,432	2,601	2,658
Other assets	3,710	2,083	1,675
	$ 835,256	706,027	704,400
Liabilities and stockholders' equity:			
Deposits - non-interest bearing	$ 118,876	100,177	98,520
Deposits - interest bearing	383,905	375,667	372,770
Advances from Federal Home Loan Bank of Seattle	193,942	124,886	130,478
Securities sold under agreements to repurchase	43,771	17,239	13,356
Other borrowed funds	7,769	1,468	3,606
Accrued interest payable	2,992	2,278	2,784
Current income taxes	178	0	43
Deferred income taxes	0	1,601	2,113
Other liabilities	4,781	4,588	4,043
Minority Interest	307	313	312
Total liabilities	756,521	628,217	628,025
Common stock, $.01 par value per share (1)	95	95	95
Paid-in capital	80,859	60,104	40,609
Retained earnings - substantially restricted	1,420	16,415	34,159
Accumulated other comprehensive earnings	(3,639)	1,196	1,512
Total stockholders' equity	78,735	77,810	76,375
	$ 835,256	706,027	704,400
Book value per share	$ 8.25	8.22	8.13
Total shares outstanding at end of period (1)	9,540,989	9,460,210	9,396,910

(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 September 30, 1999	Three months ended September 30, 1998	Nine months ended September 30 1999	Nine months ended September 30 1998
Interest income:				
Real estate loans	$ 3,898	4,445	11,943	13,598
Commercial loans	5,137	4,323	14,240	12,055
Consumer and other loans	2,966	2,783	8,330	8,385
Investment securities	3,347	2,046	7,986	6,263
Total interest income	15,348	13,597	42,499	40,301
Interest expense:				
Deposits	3,461	3,858	10,274	11,079
Advances	2,672	1,866	6,754	6,044
Repurchase agreements	599	182	1,006	595
Other borrowed funds	30	31	214	163
Total interest expense	6,762	5,937	18,248	17,881
Net interest income	8,586	7,660	24,251	22,420
Provision for loan losses	418	308	1,090	1,094
Net Interest Income after provision for loan losses	8,168	7,352	23,161	21,326
Non-interest income:				
Loan fees and service charges	2,465	2,760	7,423	7,545
Gains on sale of investments	1	1	4	14
Other income	331	187	874	1,475
Total fees and other income	2,797	2,948	8,301	9,034
Non-interest expense:				
Compensation, employee benefits and related expenses	3,000	3,040	9,167	8,882
Occupancy and equipment expense	785	717	2,348	2,039
Other expenses	2,236	2,097	5,941	6,284
Minority interest	13	33	36	132
Total non-interest expense	6,034	5,887	17,492	17,337
Earnings before income taxes	4,931	4,413	13,970	13,023
Federal and state income tax expense	1,768	1,678	4,910	4,879
Net earnings	$ 3,163	2,735	9,060	8,144
Basic earnings per share (1)	0.33	0.29	0.95	0.88
Diluted earnings per share (1)	0.33	0.29	0.94	0.86
Dividends declared per share (1)	0.15	0.12	0.44	0.33
Return on average assets (annualized)	1.53%	1.56%	1.59%	1.56%
Return on beginning equity (annualized)	16.07%	15.18%	15.52%	16.04%
Average outstanding shares - basic (1)	9,535,927	9,328,529	9,512,180	9,260,444
Average outstanding shares - diluted (1)	9,635,637	9,485,039	9,616,155	9,421,218

(1) Adjusted for stock dividends
See accompanying notes to consolidated financial statements.

GLACIER BANCORP, INC.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

(dollars in thousands)	Nine months ended September 30, 1999	1998
OPERATING ACTIVITIES:		
Net earnings	$ 9,060	8,140
Adjustments to reconcile net nearnings to net cash provided by operating activities:		
Mortgage loans held for sale originated or acquired	(87,003)	(116,082)
Proceeds from sales of mortgage loans held for sale	104,037	98,647
Provision for loan losses	1,090	1,094
Depreciation of premises and equipment	1,109	1,104
Amortization of goodwill	169	121
Amortization of investment securities premiums and discounts, net	480	(228)
Net decrease in deferred income taxes	356	54
Net (increase) decrease in accrued interest receivable	(523)	147
Net increase in accrued interest payable	714	1,098
Net increase (decrease) in current income taxes	451	(410)
Net (increase) decrease in other assets	(957)	181
Net increase in other liabilities and minority interest	187	1,136
FHLB stock dividends	(740)	(626)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	28,430	(5,624)
INVESTING ACTIVITIES:		
Proceeds from maturities and prepayments of investment securities available-for-sale	19,094	25,323
Purchases of investment securities available-for-sale	(110,549)	(9,351)
Proceeds from maturities and prepayments of investment securities held-to-maturity	0	7,944
Purchases of investment securities held-to-maturity	0	(1,204)
Principal collected on installment and commercial loans	145,742	104,007
Installment and commercial loans originated or acquired	(215,058)	(150,759)
Proceeds from sales of commercial loans	1,867	8,761
Principal collections on mortgage loans	75,018	74,952
Mortgage loans originated or acquired	(73,279)	(42,070)
Net proceeds from sales (acquisition) of real estate owned	(32)	(150)
Net purchase of FHLB and FRB stock	(1,103)	(754)
Net addition of premises and equipment	(2,817)	(3,103)
Acquisition of minority interest	0	(283)
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	(161,117)	13,313
FINANCING ACTIVITIES:		
Net increase in deposits	26,937	41,492
Net increase (decrease) in FHLB advances and other borrowed funds	75,357	(19,863)
Net increase (decrease) in securities sold under repurchase agreements	26,532	(8,317)
Cash dividends paid to stockholders	(4,510)	(3,157)
Proceeds from exercise of stock options	1,210	1,192
NET CASH PROVIDED BY FINANCING ACTIVITIES	125,526	11,347
NET INCREASE IN CASH AND CASH EQUIVALENTS	(7,161)	19,036
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	42,183	38,695
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 35,022	57,731
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for: Interest	$ 17,534	16,913
Income taxes	4,732	5,320

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 September 30, 1999, and September 30, 1998 and the results of operations for the nine months and three months ended September 30, 1999 and 1998 and cash flows for the nine months ended September 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 nine months and three months ended September 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 September 30, 1999, the Company owned 100% of Glacier, Missoula, Helena, Big Sky and CFI, 94% of Whitefish, and 98% of Eureka. 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:

Glacier Bancorp, Inc. (Parent Holding Company)			
Glacier Bank (Commercial bank)	First Security Bank of Missoula (Commercial bank)	Glacier Bank of Whitefish (Commercial bank)	Glacier Bank of Eureka (Commercial bank)
Big Sky Western Bank (Commercial bank)	Valley Bank of Helena (Commercial bank)	Community First, Inc. (Brokerage services)	

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 preceding 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 September 30, 1999, the Board of Directors declared of $.15 per share quarterly cash dividend to stockholders of record on October 12, payable on October 21, 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 Sept. 30, 1999	Three months ended Sept. 30, 1998	Nine months ended Sept. 30, 1999	Nine months ended Sept. 30, 1998
Net income available to common stockholders, basic and diluted	$ 3,162,636	2,734,627	9,059,402	8,143,368
Average outstanding shares - basic	9,535,927	9,328,529	9,512,180	9,260,444
Add: dilutive stock options	99,710	156,510	103,975	160,774
Average outstanding shares - diluted	9,635,637	9,485,039	9,616,155	9,421,218
Basic earnings per share	$ .33	.29	.95	.88
Diluted earnings per share	$ .33	.29	.94	.86

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 September 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	6.72%	4,802	15	(2)	4,815
maturing one year through five years	6.56%	2,701	33	0	2,734
maturing after ten years	5.14%	1,080	1	(6)	1,075
	6.47%	8,583	49	(8)	8,624
State and Local Governments and other issues:					
maturing within one year	6.13%	471	2	(24)	449
maturing one year through five years	5.05%	1,359	21	(2)	1,378
maturing five years through ten years	5.01%	2,335	41	(24)	2,352
maturing after ten years	5.19%	43,421	169	(2,234)	41,356
	5.19%	47,586	233	(2,284)	45,535
Mortgage-Backed Securities	7.19%	30,562	233	(702)	30,093
Real Estate Mortgage Investment Conduits	6.88%	107,993	235	(3,754)	104,474
Total Securities	6.50%	194,724	750	(6,748)	188,726

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 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 September 30, 1999:

(dollars in thousands)	Tier 1 (Core) Capital	Tier 2 (Total) Capital	Leverage Capital
GAAP Capital	$ 78,735	$ 78,735	$ 78,735
Less: Goodwill	(2,432)	(2,432)	(2,432)
Plus: Net unrealized losses on securities available-for-sale	3,639	3,639	3,639
Minority Interest	307	307	307
Allowance for loan losses	--	5,896	--
Other regulatory adjustments	(157)	(157)	(157)
Regulatory capital computed	$ 80,092	$ 85,988	$ 80,092
Risk weighted assets	$ 542,167	$ 542,167	
Total average assets			$ 828,998
Capital as % of defined assets	14.77%	15.86%	9.66%
Regulatory "well capitalized" requirement	6.00%	10.00%	5.00%
Excess over "well capitalized" requirement	8.77%	5.86%	4.66%

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 September 30, 1999	1998	For the nine months ended September 30, 1999	1998
Net earnings	$ 3,163	2,735	9,060	8,144
Unrealized holding gains(losses) arising during the period	(3,135)	730	(8,023)	485
Transfer from held-to-maturity	0	0	288	0
Tax expense	1,236	(270)	2,900	(187)
Net after tax	(1,899)	460	(4,835)	298
Less: reclassification adjustment for amounts included in net income	1	1	4	14
Tax expense	0	0	(2)	(5)
Net after tax	1	1	2	9
Net unrealized loss on securities	(1,898)	461	(4,833)	307
Total comprehensive earnings	$ 1,265	3,196	4,227	8,451

10) Recent and Pending Acquisitions

On September 10, 1999 the Company announced that it had signed a definitive agreement to acquire Mountain West Bank as a separate subsidiary of the Company. Mountain West is a commercial bank that has grown to approximately $87 million in assets in its five years of operation. Mountain West is based in Coeur d' Alene, with offices in Hayden Lake, Post Falls and Boise, Idaho. Coeur d' Alene and Boise are two of the fastest growing market areas in the state of Idaho. This is Glacier Bancorp's first acquisition outside of the state of Montana. Consistent with the other banking subsidiaries, Mountain West will retain its name, autonomy, local decision making authority, current employees and directors. The transaction is subject to regulatory and shareholder approval and is expected to close in early 2000.

The acquisition of the two Butte Montana offices of Washington Mutual branch real estate and approximately $73 million in deposits was completed as of October 8, 1999. The addition of the Butte market further expands the Company's Western Montana operations. The acquired deposits were used to reduce borrowed funds.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Financial Condition - September 30, 1999 compared to December 31, 1998

From December 31, 1998 total assets have grown $129.2 million, or 18.3 percent, to $835.3 million. Total investments have increased $83 million since December 31, 1998. Higher investment yields, a steeper yield curve, and the anticipated deposit acquisition from Washington Mutual, which was completed October 8, 1999, provided an opportunity to increase the investment portfolio.

Total loans, net of the reserve for loan losses, have also increased $47.6 million, or 9.2 percent since December 31, 1998. Real estate loans decreased $18.8 million during the period, while commercial loans increased $45.1 million, 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 $104.0 million and $98.7 million during the first nine months of 1999 and 1998, respectively.

The amount of loans serviced for others on September 30, 1999 was $130.3 million.

Total deposits increased 26.9 million, which was the result of a $18.7 million increase in non-interest bearing deposits and an $8.2 million increase in interest bearing deposits.

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 September 30, 1999 (in thousands):

	Available line	Amount Used	Available
Glacier Bank	$173,564	128,415	45,149
Glacier Bank of Whitefish	12,130	9,460	2,670
Glacier Bank of Eureka	8,246	4,494	3,752
First Security Bank Missoula	36,184	25,000	11,184
Valley Bank of Helena	15,767	6,924	8,843
Big Sky Western Bank	17,507	11,600	5,907
Totals	$263,398	185,893	77,505

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 $2.4 million or .28% of total assets at September 30, 1999, compared to $2.8 million, or .40% of total assets, as of December 31, 1998.

	September 30, 1999	December 31, 1998
Total Allowance for Loan and Real Estate Owned Losses:	$5.9 million	$5.1 million
Allowance as a percentage of Total Loans:	1.03%	.98%
Allowance as a percentage of Non-performing Assets:	250%	184%

Impaired Loans - As of September 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 September 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 9/30/99 compared to the three months ended 9/30/98.

Net income was $3.163 million, or basic earnings per share of $.33, for the third quarter of 1999, compared with $2.735 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 third quarter of 1999 were 1.53 percent and 16.07 percent, respectively, which compares to returns of 1.56 percent and 15.18 percent for the same quarter of 1998. Included in 1998 were after tax merger and reorganization expenses of $305 thousand.

Net interest income - Net interest income for the quarter was $8.586 million, an increase of $926,000 thousand, or 12.1 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 4.6 percent, were the reasons for this increase. 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 $50.6 million, or 26.8 percent, and consumer loans up $21.4 million, or 18.7 percent. Real estate loans are down $12.7 million, or 6.1 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 $88.5 million, or 88.4 percent, with most of the increase occurring during the second quarter. Total deposits increased $31.5 million, or 6.7 percent, with $20.4 million of the increase occurring in non-interest bearing deposits, which increased 20.7 percent. 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 the October 8, 1999 completion of the Washington Mutual branch purchase, additional deposits of approximately $73 million were acquired and borrowed funds were reduced by $67 million.

Loan loss provision and non-performing assets - The third quarter provision for loan losses was $418 thousand, up from $308 thousand during the same quarter in 1998. Non-performing assets as a percentage of loans at September 30, 1999 were .42 percent, well below the average of the Company's peer group of similar sized companies as reported in the Federal Reserve Bank's "Bank Performance Report", which was .80 percent at June 30, 1999, the most recent information available. The reserve for loan losses was 250 percent of non-performing assets as of September 30, 1999.

Non-interest income - Non-interest income declined $151 thousand, from the third quarter of 1998. Income from mortgage origination was lower in 1999 with less refinance activity due to higher mortgage rates.

Non-interest expense - Non-interest expense increased by $147 thousand, or 2.5 percent, over the third quarter of 1998 which included merger and reorganization expense of $307 thousand. Compensation and employee benefits decreased $40 thousand, or 1.3 percent. Occupancy and equipment expense was up $68 thousand, or 9.5 percent, the result of bringing more data processing functions in-house, and additional expenses from the new branch/corporate office. Other expenses were up $139 thousand, or 6.6 percent. Adjusting for the 1998 merger and reorganization expenses other expense was up $446 thousand, much of which was from increased activity volumes. The rest of the change in expenses was the minority interest in subsidiaries which decreased by $20 thousand, resulting from the acquisition of minority shares.

Results of Operations - The nine months ended 9/30/99 compared to the nine months ended 9/30/98

Net income of $9.060 million was an increase of $916 thousand, or 11.2 percent, over the first nine months of 1998. Basic earnings per share were $.95 for 1999 and $.88 for 1998, with diluted earnings per share of $.94 and $.86, respectively. Included in 1998 were after tax gains of $348 thousand from the sale of the credit card portfolio, and the trust department of Glacier Bank, and after tax merger and reorganization expenses of $561 thousand. Return on average assets was 1.59 and 1.56 percent, and return on beginning equity was 15.52 and 16.04 percent for the first nine 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/loss on investments, to 9.43 percent.

Net interest income - Net interest income for the nine months was $24.251 million, an increase of $1.831 million, or 8.2 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 4.63 percent, about the same as the 4.64 percent in 1998.

Loan loss provision -The provision for loan losses was $1.090 million, down $4 thousand from 1998, while the balance in the allowance for loan losses has increased by 1.255 million, or 27 percent since September 30, 1998. The balance in the allowance for loan losses was 250 percent of total non-performing assets at September 30, 1999, and has increased to 1.04 percent of total loans.

Non-interest income - Total non-interest income is down $733 thousand of which $559 thousand was the one-time gain in 1998 from the sale of Glacier Bank's trust department, and the sale of the credit card portfolio. Most of the remaining income reduction was from a slow down in mortgage lending activity resulting from higher mortgage rates in 1999.

Non-interest expense - Non-interest expense increased by $155 thousand, or .89 percent, over 1998 which included merger and reorganization expense of $635 thousand. Compensation and employee benefits increased $285 thousand, or 3.2 percent. Occupancy and equipment expense was up $309 thousand, or 15.2 percent, the result of bringing more data processing functions in-house, and additional expenses from the new branch/corporate office. Other expenses were down $343 thousand, or 5.5 percent. After adjusting other expenses for the 1998 merger and reorganization expense there was an increase of $292 thousand in 1999 primarily the result of increased activity volumes. The other area of expense reduction was the minority interest in subsidiaries which decreased by $96 thousand, resulting from the acquisition of minority shares in 1998.

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 complete. Primary software vendors were also assessed during this phase, and vendors who provide mission-critical software have been contacted. The Year 2000 committee has obtained 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 developed 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 are 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 September 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 June 30, 1999, the most recent information available, as compared to the 10% Board approved policy limit.

Rate Change	Estimated NII Sensitivity
+200 bp	-3.09%
-200 bp	.50%

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

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K.

a. On September 14, 1999, a Form 8-K was filed disclosing that Glacier Bank had entered into a definitive agreement with Mountain West Bank, an Idaho commercial bank. Under the terms of the Merger Agreement, Mountain West Bank will become a separate, wholly-owned subsidiary of Glacier. The transaction is subject to regulatory and shareholder approval and is expected to close in early 2000.

b. Exhibit 27 - Financial data schedule

SIGNATURES

PURSUANT to the requirments of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on October 25, 1999.

GLACIER BANCORP, INC.

PURSUANT to the requirements of the Securities Exchange Act of 1934, this report has been signed below on October 25, 1999, by the following persons in the capacities indicated.

/s/ Michael J. Blodnick - ----------------------- Michael J. Blodnick	President, CEO
/s/ James H. Strosahl - ----------------------- James H. Strosahl	Executive Vice President/CFO (Principal Financial/Accounting Officer)

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