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, 1997

[ ] 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

G L A C I E R B A N C O R P , I N C.
(Exact name of registrant as specified in its charter)

DELAWARE	81-0468393
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

P.O. Box 27; 202 Main Street, Kalispell, Montana	59903-0027
(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 27, 1997, was 6,818,263. No preferred shares are issued or outstanding.

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

Index

GLACIER BANCORP, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(Unaudited - dollars in thousands except per share data)	Sept 30, 1997	Dec 31, 1996	Sept 30, 1996
Assets:			
Cash on hand and in banks	26,972	24,666	21,546
Federal funds sold	325	1,483	5,023
Interest bearing cash deposits	3,875	1,000	2,545
Cash and cash equivalents	31,172	27,149	29,114
Investments:			
Investment securities, held-to-maturity	13,060	16,410	16,955
Investment securities, available-for-sale	36,644	42,989	34,613
Mortgaged backed securities, held-to-maturity	3,191	4,045	3,623
Mortgaged backed securities, available-for-sale	49,794	42,061	44,182
Total Investments	102,689	105,505	99,373
Net loans receivable:			
Real estate loans	204,644	198,607	200,774
Commercial Loans	112,041	100,070	94,096
Installment and other loans	98,891	91,248	89,591
Allowance for losses	(3,481)	(3,284)	(3,030)
Total Loans, net	412,095	386,641	381,431
Premises and equipment, net	11,524	11,292	10,771
Real estate and other assets owned	120	410	394
Federal Home Loan Bank of Seattle stock, at cost	10,118	8,586	8,211
Federal Reserve stock, at cost	340	340	280
Accrued interest receivable	3,643	3,473	3,259
Goodwill, net	1,403	1,526	1,568
Other assets	865	1,070	1,019
	$573,968	545,992	535,420
Liabilities and stockholders' equity:			
Deposits - interest bearing	$276,647	257,409	260,388
Deposits - non-interest bearing	70,433	64,330	61,968
Advances from Federal Home Loan Bank of Seattle	126,712	143,289	126,326
Securities sold under agreements to repurchase	17,185	9,791	12,547
Other borrowed funds	12,017	5,202	10,936
Accrued interest payable	2,031	799	1,845
Advance payments by borrowers for taxes and insurance	2,543	940	2,471
Current income taxes	136	0	0
Deferred income taxes	1,917	1,446	887
Other liabilities	6,544	10,409	7,768
Minority Interest	471	429	405
Total liabilities	516,636	494,044	485,541
Common stock, $.01 par value per share, 12,500,000 shares authorized (1)	69	69	67
Paid-in capital	34,716	34,548	33,766
Retained earnings - substantially restricted	22,700	18,392	17,808
Treasury stock at cost (2)	(1,066)	(1,066)	(1,066)
Net unrealized gain (loss) on securities available-for-sale	913	5	(696)
Total stockholders' equity	57,332	51,948	49,879
	$573,968	545,992	535,420
Book value per share	$8.41	7.65	7.40

(1) Number of shares outstanding adjusted for three for two stock split in 1997.

(1) Total shares outstanding at end of period	6,816,066	6,793,664	6,738,039
(2) Treasury Shares	85,890	85,890	85,890

GLACIER BANCORP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited - $ in thousands except per share data)	Three months ended		Nine months ended	
	Sept. 30, 1997	Sept. 30, 1996	Sept. 30, 1997	Sept. 30, 1996
INTEREST INCOME:				
Real estate loans	$ 4,144	4,030	12,200	11,878
Commercial loans	2,735	2,311	7,730	6,623
Consumer and other loans	2,405	2,181	6,938	6,135
Mortgage backed securities	917	857	2,681	2,407
Investments	1,006	1,125	3,154	3,425
Total interest income	11,207	10,504	32,703	30,468
INTEREST EXPENSE:				
Deposits	2,822	2,620	8,266	7,598
Advances	1,885	1,836	5,731	5,366
Repurchase agreements	255	213	683	641
Other borrowed funds	83	54	189	111
Total interest expense	5,045	4,723	14,869	13,716
NET INTEREST INCOME	6,162	5,781	17,834	16,752
Provision for loan losses	189	249	561	464
Net Interest Income after provision for loan losses	5,973	5,532	17,273	16,288
NON-INTEREST INCOME:				
Loan fees and service charges	1,970	1,898	5,492	5,330
Gains (Losses) on sale of investments	20	37	20	37
Other income	150	210	515	745
Total fees and other income	2,140	2,145	6,027	6,112
NON-INTEREST EXPENSE:				
Compensation, employee benefits and related expenses	2,341	2,192	6,882	6,340
Occupancy expense	495	430	1,432	1,215
Data processing expense	194	154	579	432
Other expenses	1,395	2,455	3,931	4,948
Minority interest	19	13	49	49
Total non-interest expense	4,444	5,244	12,873	12,984
EARNINGS BEFORE INCOME TAXES	3,669	2,433	10,427	9,416
Federal and state income tax expense	1,351	934	3,829	3,688
NET EARNINGS	2,318	1,499	6,598	5,728
Earnings per common share (1)	$ 0.34	0.22	0.97	0.85
Dividends declared per common share (1)	0.12	0.11	0.35	0.31
Return on average assets (annualized)	1.62%	1.15%	1.57%	1.47%
Return on beginning equity (annualized)	16.77%	12.49%	16.93%	16.31%
Weighted average shares outstanding (1)	6,812,937	6,687,242	6,804,001	6,759,342

(1) Adjusted for three for two stock split in 1997

GLACIER BANCORP, INC.
Consolidated Statements of Cash Flows

(dollars in thousands)	Nine months ended Sept. 30 1997	1996
OPERATING ACTIVITIES:		
Net Earnings	$ 6,598	5,728
Adjustments to reconcile Net Earnings to Net Cash Provided by Operating Activities:		
Provision for loan losses	561	464
Depreciation of premises and equipment	617	614
Amortization of goodwill	123	126
Loss (gain) on sale of investments	20	37
Amortization of investment securities premiums and discounts, net	105	42
Net decrease in deferred income taxes	(118)	(134)
Net (increase) decrease in interest receivable	(170)	94
Net increase in interest payable	1,232	1,178
Net increase (decrease) in current income taxes	136	(544)
Net (increase) decrease in other assets	205	(215)
Net increase (decrease) in other liabilities and minority interest	(3,823)	756
FHLB stock dividends	(521)	(435)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	4,965	7,711
INVESTING ACTIVITIES:		
Proceeds from maturities and prepayments of investment securities available-for-sale	18,812	16,913
Purchases of investment securities available-for-sale	(18,838)	(28,529)
Proceeds from maturities and prepayments of investment securities held-to-maturity	4,214	1,654
Purchases of investment securities held-to-maturity	0	(995)
Principal collected on installment and commercial loans	53,306	63,913
Installment and commercial loans originated or acquired	(75,075)	(98,462)
Proceeds from sales of commercial loans	1,794	13,831
Principal collections on mortgage loans	35,116	38,782
Mortgage loans originated or acquired	(82,699)	(95,735)
Proceeds from sales of mortgage loans	41,546	49,039
Net proceeds from sales (acquisition) of real estate owned	290	(342)
Net purchase of FHLB and FRB stock	(1,011)	(421)
Net addition of premises and equipment	(849)	(1,306)
Acquisition of minority interest	(3)	(109)
NET CASH USED BY INVESTING ACTIVITIES	(23,397)	(41,767)
FINANCING ACTIVITIES:		
Net increase in deposits	$ 25,341	30,771
Net increase (decrease) in FHLB advances and other borrowed funds	(9,762)	15,048
Net increase in advance payments from borrowers for taxes and insurance	1,603	1,399
Net increase (decrease) in securities sold under repurchase agreements	7,394	(8,258)
Cash dividends paid to stockholders	(2,361)	(1,567)
Treasury stock purchased	0	(192)
Proceeds from exercise of stock options and additional shares issued	239	640
NET CASH PROVIDED BY FINANCING ACTIVITIES	22,454	37,841
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,022	3,785
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	27,149	25,329
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 31,172	29,114
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for: Interest	$ 13,637	12,538
Income taxes	$ 3,693	4,232

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS:

1) Basis of Presentation:

In the opinion of Management, the accompanying unaudited consolidated statements contain all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of Glacier Bancorp Inc's (the "Company") Financial Condition as of September 30, 1997, December 31, and September 30, 1996 and the Results of Operations for the nine and three months ended September 30, 1997 and 1996 and the Statements of Cash Flows for the nine months ended September 30, 1997 and 1996.

The First Security Bank of Missoula was acquired on December 31, 1996 through an exchange of stock with Missoula Bancshares, Inc. formerly the parent company of First Security Bank. The pooling of interest accounting method is being used for this merger transaction. Under this method, financial information for each of the periods presented include the combined companies as though the merger had occurred prior to the earliest date presented.

2) Organizational Structure:

The Company is the parent company for five subsidiaries: Glacier Bank (the "Savings Bank"); Glacier National Bank (formerly the First National Bank of Whitefish) ("Whitefish"); First National Bank of Eureka ("Eureka"); First Security Bank of Missoula (Missoula) and Community First, Inc. (CFI). At September 30, 1997, the Company owned 100% of the Savings Bank, Missoula and CFI; 94% of Whitefish and 93% of Eureka. CFI provides full service brokerage services through Robert Thomas Securities, Inc. The following abbreviated organizational chart illustrates the various relationships:

```
                             Glacier
                          Bancorp, Inc.
                    (Parent Holding Company)


      Glacier                     First Security Bank
       Bank                           of Missoula
   (Savings Bank)                  (Commercial bank)


   Community First               Glacier National Bank
       Inc,
(Brokerage services)               (Commercial bank)


                                  First National Bank
                                       of Eureka
                                   (Commercial bank)
```

3) Stock Split:

The company completed a three-for-two stock split May 23, 1997. As a result, all per share amounts from time periods preceding this date have been restated to illustrate the effect of the stock split. Any fractional shares were paid in cash.

4) Computation of Earnings Per Share:

Earnings per common share were computed by dividing net income by the weighted average number of shares of common stock outstanding during the period presented. Stock options are considered common stock equivalents, but are excluded from earnings per share computations due to immateriality.

5) Ratios:

Return on Average Assets (ROAA) was calculated based on the average of the total assets for the period. Return on Beginning Equity (ROBE) was calculated based on the Shareholders' Equity (Capital) at the beginning of each period presented.

6) Cash Dividend Declared:

On September 26, 1997, the Board of Directors declared a $.12 per share quarterly cash dividend to stockholders of record on October 10, 1997, payable on October 24, 1997.

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, 1997

(dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
HELD TO MATURITY:				
U.S. Government and Federal Agencies	$ 10,024	37	(10)	10,051
State, Local Government and other issues	3,036	97	(1)	3,132
Mortgage-backed securities	3,191	16	(6)	3,201
Total Held to Maturity Securities	$ 16,251	150	(17)	16,384
AVAILABLE FOR SALE:				
U.S. Government and Federal Agencies	$ 14,130	37	(53)	14,114
State, Local Government and other issues	21,712	818	0	22,530
Mortgage-backed securities	21,256	605	(48)	21,813
Real Estate Mortgage Investment Conduit	27,849	301	(169)	27,981
Total Available for Sale securities	$ 84,947	1,761	(270)	86,438

INVESTMENT SECURITIES AS OF DECEMBER 31, 1996

(dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
HELD TO MATURITY:				
U.S. Government and Federal Agencies	$ 12,971	16	(81)	12,906
State, Local Government and other issues	3,439	77	(1)	3,515
Mortgage-backed securities	4,045	2	(32)	4,015
Total Held to Maturity Securities	$ 20,455	95	(114)	20,436
AVAILABLE FOR SALE:				
U.S. Government and Federal Agencies	$ 27,480	50	(205)	27,325
State, Local Government and other issues	15,573	130	(39)	15,664
Mortgage-backed securities	24,319	534	(164)	24,689
Real Estate Mortgage Investment Conduit	17,684	0	(312)	17,372
Total Available for Sale securities	$ 85,056	714	(720)	85,050

8) Consolidated Statements of Cash Flows:

Cash equivalents include demand deposits at other financial institutions and short term certificates of deposit.

9) Regulatory Capital Requirements -

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 Boards capital adequacy guidelines and the Company's compliance with those guidelines as of September 30, 1997.

(dollars in thousands)	Tier I (Core) Capital $	Tier I (Core) Capital %	Tier II (Total) Capital $	Tier II (Total) Capital %	Leverage Capital $	Leverage Capital %
GAAP Capital	$ 57,332		$ 57,332		$ 57,332	
Goodwill	(1,403)		(1,403)		(1,403)	
Net unrealized gains on securities available-for-sale	(913)		(913)		(913)	
Allowance for loan losses	--		3,481		--	
Regulatory capital computed	$ 55,016		$ 58,497		$ 55,016	
Capital as % of assets		16.09%		16.93%		9.59%
Regulatory "well capitalized" requirement		6.00%		10.00%		5.00%
Excess over "well capitalized" requirement		10.09%		6.93%		4.59%

Interest-Rate-Risk ("IRR") Component

FDICIA requires each federal banking agency to revise its risk-based capital standards to ensure that they take adequate account of IRR, concentration of credit risk and the risks of nontraditional activities, as well as reflect the actual performance and expected risk of loss on multi-family residential loans. Since January of 1994, the OTS has included an IRR component to its risk-based capital standards. An association's measured IRR is the change that occurs in its Net Portfolio Value ("NPV") as a result of a 200 basis point increase or decrease in interest rates (whichever leads to the lower NPV) divided by the estimated economic value (present value) of its assets; NPV equals the present value of expected cash inflows from existing assets less the present value of expected cash outflows from existing liabilities, plus the present value of net expected cash inflows from existing off-balance sheet contracts. A normal level of IRR is less than 2%. Only institutions whose measured IRR exceeds 2% must maintain an IRR component. An association must maintain capital of at least 8% of risk- weighted assets after the IRR component is deducted.

In August of 1995, the Agencies adopted a joint final rule to revise their risk-based capital standards to ensure that they take adequate account of interest rate risk. As of September 1, 1995, when evaluating the capital adequacy of a bank, examiners from the Agencies consider exposure to declines in the economic value of the bank's capital due to changes in interest rates. A bank may be required to hold additional capital for IRR if it has significant exposure or a weak interest rate risk management process. Concurrent with the publication of this final rule, the Agencies proposed for comment a joint policy statement describing the process they will use to measure and assess a bank's interest rate risk. This joint policy statement was superseded by an updated Joint Policy Statement in June of 1996. Any impact the joint final rule and Joint Policy Statement may have on the National Banks or the State Bank cannot be predicted at this time.

In addition, the Agencies published a joint final rule on September 6, 1996, amending their respective risk- based capital standards to incorporate a measure for market risk to cover all positions located in an institution's trading account and foreign exchange and commodity positions wherever located. This final rule took effect on January 1, 1997 and implements an amendment to the BASLE Capital Accord that sets forth a supervisory framework for measuring market risk. The final rule effectively requires banks and bank holding companies with significant exposure to market risk to measure that risk using their own internal value-at-risk model, subject to the parameters of the final rule, and to hold a sufficient amount of capital to support the institution's risk exposure.

Qualified Thrift Lender - In order to avoid certain restrictions on their operations, all savings associations are required to meet a Qualified Thrift Lender ("QTL") test. The regulations require that institutions maintain a percentage of qualifying lending activity of at least 65% as measured monthly. The Savings Bank reported on its September 30, 1997 Thrift Financial Report QTL ratios of 76%, 74%, and 75% for July, August and September 1997.

Whitefish, Eureka and Missoula do not have a similar requirement.

Accounting for Transfers of Assets and Extinguishments of Liabilities

In June 1996, the FASB issued SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" (the "Statement"). This Statement provides consistent standards for distinguishing transfers of financial assets that are sales from transfers that are secured borrowings, and provides accounting and reporting standards for transfers and servicing of financial assets and extinguishments of liabilities.

This Statement amends SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," to clarify that a debt security may not be classified as held-to-maturity if it can be prepaid or otherwise settled in such a way that the holder of the security would not recover substantially all of its recorded investment.

This Statement also rescinded all previous guidance regarding the accounting for mortgage servicing rights and provides guidance for the capitalization of originated as well as purchased mortgage servicing rights and the measurement of impairment of those rights.

This Statement is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after December 31, 1996, and is to be applied prospectively. Earlier or retroactive application is not permitted. The Company adopted the provisions of SFAS No. 125 as of January 1, 1997.

During the quarter ended September 30, 1997, $59,479 in servicing assets were recognized and $21,740 amortized. Year-to-date assets of $175,881, and amortization of $45,006 was recorded. The estimated fair value of the servicing assets was $779,000 at September 30, 1997 with a book value of $552,391. There was no activity or balance in the valuation allowance for impairment of recognized servicing assets during 1997. The fair value of the servicing assets was determined by stratification of the associated loan balances by rate, applying prepayment assumptions to each stratified group, and calculating a present value of resulting expected cash flows.

Earnings Per Share

In March 1997, the FASB issued SFAS No. 128, "Earnings Per Share" (the "Statement"). The Statement applies to entities with publicly held common stock or potential common stock and is effective for financial statements issued for periods ending after December 15, 1997.

SFAS No. 128 replaces APB Opinion 15, "Earnings Per Share." Opinion 15 required that entities with simple capital structures present a single "earnings per common share" on the face of the income statement, whereas those with complex capital structures had to present both "primary" and "fully diluted" earnings per share ("EPS"). Primary EPS shows the amount of income attributed to each share of common stock if every common stock equivalent were converted into common stock. Fully diluted EPS considers common stock equivalents and all other securities that could be converted into common stock.

SFAS No. 128 simplifies the computation of EPS by replacing the presentation of primary EPS with a presentation of basic EPS. The Statement requires dual presentation of basic and diluted EPS by entities with complex capital structures. Basic EPS includes no dilution and is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution of securities that could share in the earnings of an entity, similar to fully diluted EPS. The Company has a simple capital structure, therefore minimal impact from SFAS No. 128 is expected.

Disclosure of Information About Capital Structure

In March 1997, the FASB issued SFAS No. 129, "Disclosure of Information About Capital Structure" (the "Statement"). The Statement applies to all entities and is effective for financial statements issued for periods ending after December 15, 1997. Statement No. 129 consolidates existing disclosure requirements.

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, 1996 to September 30, 1997.

At September 30, 1997, total consolidated assets increased by $27,976,000, or 5.12%, over the December 31, 1996 level. This increase was primarily in loan growth of $25,454,000, an increase of 6.58%.

Real Estate loans increased $6.0 million during the period, while commercial loans increased $12.0 million and Consumer loans increased $7.6 million.

Loans sold to the secondary market amounted to $43.3 million and $62.9 million during the first nine months of 1997 and 1996, respectively.

The amount of loans serviced for others on September 30, 1997 was $116.3 million.

Total deposits increased nearly $25.3 million, with $19.2 million of the increase occurring in interest bearing deposits. Non-interest bearing deposits increased $6.1 million or 9.5%. Advances from the Federal Home Loan Bank ("FHLB") decreased $16.6 million while securities sold under repurchase agreements and other borrowed funds increased $7.4 million, and $6.8 million respectively.

The OTS' minimum average liquidity requirement for the Savings Bank is 5.0%. For the three months ended September 30, 1997, the Savings Bank's liquidity percent age averaged 6.8%. The Savings Bank's principal source of funds are generated by deposits, payments on loans and securities, short and long term borrowings and net income. If there should ever be insufficient funds derived from these areas, the Savings Bank may borrow additional amounts from the FHLB, subject to regulatory limits.

All four institutions are members of the FHLB at September 30, 1997. 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, 1997:

	Available line	Amount used	Available
The Savings Bank	145,605,000	97,906,000	47,699,000
Whitefish	8,493,000	5,450,000	3,043,000
Eureka	6,509,000	2,797,000	3,712,000
Missoula	13,949,000	1,427,000	12,522,000

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 $1.4 million or .25% of total assets at September 30, 1997, as compared to $1.6 million, or .29% of total assets, at December 31, 1996.

	September 30, 1997	December 31, 1996
Total Reserves for Loan and Real Estate Owned losses:	$3.5 million	$3.3 million
Reserves as a percentage of Total Loans:	.84%	.85%
Reserves as a percentage of Non-performing Assets:	244%	204%

Impaired Loans

As of September 30, 1997, there were no loans considered impaired as measured under SFAS No. 114 criterion. 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 per the terms of the loan.

Minority Interest

The Minority Interest on the consolidated statement 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. The Company has extended an offer to each minority stockholder notifying them that the Company would buy their shares at the current book value. As of September 30, 1997, the Company owns 46,900 shares of Whitefish and 46,439 shares of Eureka. The Company's ownership of Whitefish and Eureka is 94% and 93%, respectively.

Results of Operations - The nine months ended 9/30/97 compared to the nine months ended 9/30/96. The following discussion pertains to the consolidated income for the Company.

Net income of $6.598 million for the first nine months of 1997 was an increase of $212,000, or 3.3% over the $6.386 million, adjusted for the SAIF and merger expenses, in the same period in 1996. Earnings per share were $.97 for 1997 and $.94 in 1996. Return on average assets was 1.57% and 1.63% for 1997 and 1996, respectively, while the return on beginning equity was 16.93% and 18.19% for the same periods. Increased earnings from the net interest margin were somewhat offset by an increased provision for possible loan losses, and increased expenses from new office locations.

Loan Loss Provision

The provision for loan losses was $561,000, up from $464,000 during the same period in 1996, reflecting the increase in the volume of loans, and losses experienced. As discussed above the level of non-performing assets remains at a relatively low level compared to the peer group.

Net Interest Income

Net interest income for the nine months was $17.834 million, an increase of $1.082 million, or 6.46%, over 1996. More net earning assets, as discussed above, was the primary reason for this increase.

The Company's net interest income is determined by its interest rate spread (i.e., the difference between the yields earned on its earning assets, and the rates paid on its interest-bearing liabilities) and the relative amounts of earning assets and interest-bearing liabilities. The following table sets forth information concerning the Company's interest rate spread at September 30, 1997 and 1996:

INTEREST RATE SPREAD

One way to protect against interest rate volatility is to maintain a comfortable interest spread between yields on assets and the rates paid on interest bearing liabilities. As shown below, our net interest margin was unchanged in 1997 at 4.63%. Higher interest cost on deposits and borrowings, were somewhat offset by increased yield loans and investments. An increase in non-interest bearing liabilities, and asset growth resulted in significantly higher net interest income.

	Sept 30, [1]	
FOR THE NINE MONTHS ENDED:	1997	1996
Combined weighted average yield on loans and investments [2]	8.51%	8.47%
Combined weighted average rate paid on deposits and borrowings	4.66%	4.58%
Net interest spread	3.85%	3.89%
Net interest margin [3]	4.63%	4.63%

[1] Weighted averages are computed without the effect of compounding daily interest.

[2] Includes dividends received on capital stock of the Federal Home Loan Bank.

[3] The net interest margin (net yield on average interest earning assets) is interest income from loans and investments less interest expense from deposits, FHLB advances, and other borrowings, divided by the total amount of earning assets.

Non-Interest Income

Non-interest income decreased $85,000, or 1.4% from 1996. Loan fees and service charges on deposit accounts were up $162,000 while other income decreased by $230,000, primarily from a reduction in commissions on insurance sales, and a non-recurring $70,000 recovery in 1996. Gain on sale of investments was $17,000 below the amount recorded in 1996.

Non-Interest Expense

Non-interest expense increased by $950,000, or 8.0%, with the largest portion of the increase in compensation and employee benefits, which increased $542,000, or 8.6%. Data processing expenses increased $147,000, the result of increased volumes of loan and deposit accounts. Occupancy expense was also up substantially, $217,000, or 17.9%. Opening of the new branches, volume related increases, plus other normal increases resulted in these higher expenses.

Income Taxes

The effective combined federal and state tax rate was reduced from 39.1% in 1996 to 36.7% in 1997. Increased investment in tax free bonds was the primary reason for the reduced expense.

Results of Operations - The three months ended 9/30/97 compared to the three months ended 9/30/96. The following discussion pertains to the consolidated income for the Company:

Net income was $2.318 million, or $.34 per share, for the third quarter of 1997, compared with $1.499 million, or $.22 per share, for the same quarter of 1996. 1996 earnings were impacted by a one-time assessment to recapitalize the Federal Deposit Insurance Corporation (FDIC) Savings Association Insurance Fund (SAIF), and merger related expenses which resulted in a net earnings reduction of $658 thousand, or $.10 per share, adjusted for the three-for-two stock split in 1997. Return on average assets and return on beginning equity in the third quarter of 1997 were 1.62% and 16.77%, respectively, compared with returns of 1.66% and 17.98% for the same quarter of 1996 after adjustments for the SAIF and merger expenses. The lower return, as a percentage of assets, was the result of the sizeable asset growth of $38.548 million, or 7.2%. Stockholder equity at the beginning of the quarter was $6.6 million, or 13.6% greater than the third quarter of 1996. The higher equity amount resulted in the reduced return on equity ratio. The capital level remains very strong at 10% of assets.

Net Interest Income

Net interest income for the quarter was $6.162 million, an increase of $381,000, or 6.66%, over the same period in 1996. More net earning assets was the primary reason for this increase. Loan balances have increased $30.7 million from September 30, 1996, an increase of 8.0%. All loan classifications have increased, with commercial loans up $17.9 million, or 19.1%, consumer loans up $9.3 million, or 10.4%, and real estate loans up $3.9 million, or 1.9%. Total investments including mortgage backed securities, increased $3.3 million or 3.3%. Total deposits increased $24.7 million, or 7.7%, with $8.5 million of the increase in non-interest bearing deposits. Federal Home Loan Bank advances, and other borrowed funds provided the balance of the funding for the increase in earning assets.

Loan Loss Provisions and Non-Performing Assets

The third quarter provision for loan losses was $189,000, down from $249,000 during the same quarter in 1996. Non-performing assets are at .35% of loans at September 30, 1997, well below the average of the Company's peer group which was .83% at June 30, 1997, the most recent information available. The reserve for loan losses was 244% of non-performing assets as of September 30, 1997.

Non-interest Income

Non-interest income decreased $5,000, or .2% from the third quarter of 1996. Loan fees and service charges on deposit accounts were up $72,000 while other income decreased by $60,000, primarily from a reduction in commissions on insurance sales. Gain on sale of investments was $17,000 below the amount recorded in 1996.

Non-interest Expense

Non-interest expense increased by $261,000, or 6.2%, over the third quarter of 1996, excluding the SAIF and merger expenses. The largest portion of the increase was in compensation and employee benefits which increased $149,000, or 6.8%. Data processing expenses increased $40,000 the result of increased volumes of loan and deposit accounts. Occupancy expense was also up substantially, $65,000, or 15.1%. Opening of four new branches, volume related increases, plus other normal increases resulted in these higher expenses.

Income Taxes

The effective tax rate was reduced from 38.3% in 1996 to 36.8% in 1997. Increased investment in tax free bonds was the primary reason for the reduced expense.

Robert Thomas Securities, Inc.

An agreement was entered into with Robert Thomas Securities, Inc. to provide full service brokerage and investment services in Glacier Bancorp, Inc. locations throughout Montana. This change will enhance service to our customers with the expansion of the number of investment brokers from one to five.

Small Business Administration Loan (SBA)

During the SBA fiscal year ended September 30, 1997, Glacier Bancorp, Inc. subsidiaries originated 11.5% of the total number of SBA loans made in the State of Montana. First Security Bank of Missoula was the top lender in the state, originating more than twice as many loans as the number two lender. Glacier Bank was the sixth largest originator during the period.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There are no pending material legal proceedings to which the registrant or it's 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) EXHIBITS

The following exhibits are filed as part of this report.

27 Financial Data Schedule

(B) REPORTS ON FORM 8-K

None filed during the quarter ended SEPTEMBER 30, 1997.

SIGNATURES

Pursuant to the requirements 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.

GLACIER BANCORP, INC.

November 12, 1997 Date	By /s/ MICHAEL J. BLODNICK --------------------------------------- Michael J. Blodnick Executive Vice President/COO
November 12, 1997 Date	By /s/ JAMES H. STROSAHL --------------------------------------- James H. Strosahl Senior Vice President/Chief Financial Officer

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION SEP 30, 1997
CONSOLIDATED STATEMENTS OF OPERATIONS SEP 30, 1997
QUARTERLY REPORT FORM 10-Q SEP 30, 1997

1,000

9-MOS
DEC-31-1997
JAN-01-1997
SEP-30-1997
26,972
3,875
325
0
86,438
16,251
16,384
415,677
3,481
573,868
347,080
68,378
13,642
87,538
0
0
69
57,283
573,968
26,868
5,835
0
32,703
8,266
14,869
17,834
561
20
12,873
10,427
6,598
0
0
6,598
.97
.97
4.63
596
710
0
0
3,284
479
115
3,481
3,481
0
0