

GLACIER BANCORP INC
Form 10-Q
May 09, 2012
Table of Contents

UNITED STATES
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 March 31, 2012

.. **Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from to

Commission file number 000-18911

GLACIER BANCORP, INC.

(Exact name of registrant as specified in its charter)

Edgar Filing: GLACIER BANCORP INC - Form 10-Q

MONTANA
(State or other jurisdiction of
incorporation or organization)

81-0519541
(IRS Employer
Identification No.)

49 Commons Loop, Kalispell, Montana
(Address of principal executive offices)

59901
(Zip Code)

(406) 756-4200

Registrant's telephone number, including area code

Not Applicable

(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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer
Non-Accelerated Filer Smaller reporting Company

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of Registrant's common stock outstanding on April 24, 2012 was 71,931,386. No preferred shares are issued or outstanding.

Table of Contents

Glacier Bancorp, Inc.

Quarterly Report on Form 10-Q

Index

	Page
Part I. Financial Information	
Item 1 Financial Statements	
<u>Unaudited Condensed Consolidated Statements of Financial Condition – March 31, 2012 and December 31, 2011</u>	3
<u>Unaudited Condensed Consolidated Statements of Operations – Three Months ended March 31, 2012 and 2011</u>	4
<u>Unaudited Condensed Consolidated Statements of Comprehensive Income – Three Months ended March 31, 2012 and 2011</u>	5
<u>Unaudited Condensed Consolidated Statements of Changes in Stockholders' Equity – Three Months ended March 31, 2012 and 2011</u>	6
<u>Unaudited Condensed Consolidated Statements of Cash Flows – Three Months ended March 31, 2012 and 2011</u>	7
<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	8
Item 2 <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	27
Item 3 <u>Quantitative and Qualitative Disclosure about Market Risk</u>	57
Item 4 <u>Controls and Procedures</u>	57
Part II. Other Information	57
Item 1 <u>Legal Proceedings</u>	57
Item 1A <u>Risk Factors</u>	57
Item 2 <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	64
Item 3 <u>Defaults upon Senior Securities</u>	64
Item 4 <u>Mine Safety Disclosures</u>	64
Item 5 <u>Other Information</u>	64
Item 6 <u>Exhibits</u>	65
<u>Signatures</u>	65

Table of Contents**Glacier Bancorp, Inc.****Unaudited Condensed Consolidated Statements of Financial Condition**

(Dollars in thousands, except per share data)	March 31, 2012	December 31, 2011
Assets		
Cash on hand and in banks	\$ 95,687	104,674
Interest bearing cash deposits	36,070	23,358
Cash and cash equivalents	131,757	128,032
Investment securities, available-for-sale	3,239,019	3,126,743
Loans held for sale	77,528	95,457
Loans receivable	3,433,211	3,466,135
Allowance for loan and lease losses	(136,586)	(137,516)
Loans receivable, net	3,296,625	3,328,619
Premises and equipment, net	158,646	158,872
Other real estate owned	74,337	78,354
Accrued interest receivable	35,487	34,961
Deferred tax asset	24,511	31,081
Core deposit intangible, net	7,732	8,284
Goodwill	106,100	106,100
Non-marketable equity securities	49,699	49,694
Other assets	40,404	41,709
Total assets	\$ 7,241,845	7,187,906
Liabilities		
Non-interest bearing deposits	\$ 1,039,068	1,010,899
Interest bearing deposits	3,888,750	3,810,314
Securities sold under agreements to repurchase	259,290	258,643
Federal Home Loan Bank advances	995,038	1,069,046
Other borrowed funds	10,358	9,995
Subordinated debentures	125,311	125,275
Accrued interest payable	5,318	5,825
Other liabilities	54,715	47,682
Total liabilities	6,377,848	6,337,679
Stockholders' Equity		
Preferred shares, \$0.01 par value per share, 1,000,000 shares authorized, none issued or outstanding		
Common stock, \$0.01 par value per share, 117,187,500 shares authorized	719	719
Paid-in capital	641,647	642,882
Retained earnings - substantially restricted	180,122	173,139
Accumulated other comprehensive income	41,509	33,487
Total stockholders' equity	863,997	850,227
Total liabilities and stockholders' equity	\$ 7,241,845	7,187,906
Number of common stock shares issued and outstanding	71,915,073	71,915,073
See accompanying notes to unaudited condensed consolidated financial statements.		

Table of Contents**Glacier Bancorp, Inc.****Unaudited Condensed Consolidated Statements of Operations**

(Dollars in thousands, except per share data)	Three Months ended March 31,	
	2012	2011
Interest Income		
Residential real estate loans	\$ 7,784	8,716
Commercial loans	31,041	33,058
Consumer and other loans	9,170	10,450
Investment securities	19,889	16,149
Total interest income	67,884	68,373
Interest Expense		
Deposits	4,954	7,088
Securities sold under agreements to repurchase	299	357
Federal Home Loan Bank advances	3,381	2,548
Federal funds purchased and other borrowed funds	62	33
Subordinated debentures	902	1,643
Total interest expense	9,598	11,669
Net Interest Income	58,286	56,704
Provision for loan losses	8,625	19,500
Net interest income after provision for loan losses	49,661	37,204
Non-Interest Income		
Service charges and other fees	10,492	10,208
Miscellaneous loan fees and charges	946	977
Gain on sale of loans	6,813	4,694
Gain on sale of investments		124
Other income	2,087	1,392
Total non-interest income	20,338	17,395
Non-Interest Expense		
Compensation and employee benefits	23,560	21,603
Occupancy and equipment	5,968	5,954
Advertising and promotions	1,402	1,484
Outsourced data processing	846	773
Other real estate owned	6,822	2,099
Federal Deposit Insurance Corporation premiums	1,712	2,324
Core deposit intangibles amortization	552	727
Other expense	8,183	7,512
Total non-interest expense	49,045	42,476
Income Before Income Taxes	20,954	12,123
Federal and state income tax expense	4,621	1,838
Net Income	\$ 16,333	10,285

Edgar Filing: GLACIER BANCORP INC - Form 10-Q

Basic earnings per share	\$	0.23	0.14
Diluted earnings per share	\$	0.23	0.14
Dividends declared per share	\$	0.13	0.13
Average outstanding shares basic		71,915,073	71,915,073
Average outstanding shares diluted		71,915,130	71,915,073

See accompanying notes to unaudited condensed consolidated financial statements.

Table of Contents**Glacier Bancorp, Inc.****Unaudited Condensed Consolidated Statements of Comprehensive Income**

(Dollars in thousands)	Three Months ended March 31,	
	2012	2011
Net Income	\$ 16,333	10,285
Other Comprehensive Income, Net of Tax		
Unrealized holding gains on available-for-sale securities	10,018	3,028
Reclassification adjustment for gains included in net income		(124)
Net unrealized gains on securities	10,018	2,904
Tax effect	(3,897)	(1,138)
Net of tax amount	6,121	1,766
Change in fair value of derivatives used for cash flow hedges	3,112	
Tax effect	(1,211)	
Net of tax amount	1,901	
Total other comprehensive income, net of tax	8,022	1,766
Total Comprehensive Income	\$ 24,355	12,051

See accompanying notes to unaudited condensed consolidated financial statements.

Table of Contents

Glacier Bancorp, Inc.

Unaudited Condensed Consolidated Statements of Changes in Stockholders' Equity

Three Months ended March 31, 2012 and 2011

(Dollars in thousands, except per share data)	Common Stock		Paid-in Capital	Retained Earnings Substantially Restricted	Accumulated Other Comprehensive Income	Total
	Shares	Amount				
Balance at December 31, 2010	71,915,073	\$ 719	643,894	193,063	528	838,204
Comprehensive income				10,285	1,766	12,051
Cash dividends declared (\$0.13 per share)				(9,348)		(9,348)
Stock based compensation and related taxes			(1,018)			(1,018)
Balance at March 31, 2011	71,915,073	\$ 719	642,876	194,000	2,294	839,889
Balance at December 31, 2011	71,915,073	\$ 719	642,882	173,139	33,487	850,227
Comprehensive income				16,333	8,022	24,355
Cash dividends declared (\$0.13 per share)				(9,350)		(9,350)
Stock based compensation and related taxes			(1,235)			(1,235)
Balance at March 31, 2012	71,915,073	\$ 719	641,647	180,122	41,509	863,997

See accompanying notes to unaudited condensed consolidated financial statements.

Table of Contents**Glacier Bancorp, Inc.****Unaudited Condensed Consolidated Statements of Cash Flows**

(Dollars in thousands)	Three Months ended March 31,	
	2012	2011
Operating Activities		
Net cash provided by operating activities	\$ 95,469	226,910
Investing Activities		
Proceeds from sales, maturities and prepayments of investment securities, available-for-sale	398,640	104,065
Purchases of investment securities, available-for-sale	(514,219)	(420,785)
Principal collected on loans	210,355	253,029
Loans originated or acquired	(217,549)	(184,987)
Net addition of premises and equipment and other real estate owned	(2,245)	(2,961)
Proceeds from sale of other real estate owned	8,981	6,033
Net cash used in investment activities	(116,037)	(245,606)
Financing Activities		
Net increase in deposits	106,605	30,408
Net increase in securities sold under agreements to repurchase	647	1,529
Net decrease in Federal Home Loan Bank advances	(74,008)	(5,044)
Net increase (decrease) in federal funds purchased and other borrowed funds	399	(5,835)
Cash dividends paid	(9,350)	(9,348)
Net cash provided by financing activities	24,293	11,710
Net increase (decrease) in cash and cash equivalents	3,725	(6,986)
Cash and cash equivalents at beginning of period	128,032	105,090
Cash and cash equivalents at end of period	\$ 131,757	98,104
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period for interest	\$ 10,105	12,236
Cash paid during the period for income taxes	1,230	
Sale and refinancing of other real estate owned	512	1,145
Other real estate acquired in settlement of loans	10,959	17,277
See accompanying notes to unaudited condensed consolidated financial statements.		

Table of Contents

Glacier Bancorp, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

1) Nature of Operations and Summary of Significant Accounting Policies
General

Glacier Bancorp, Inc. (the Company) is a Montana corporation headquartered in Kalispell, Montana. The Company is a regional multi-bank holding company that provides a full range of banking services to individual and corporate customers in Montana, Idaho, Wyoming, Colorado, Utah and Washington through its bank subsidiaries. The bank subsidiaries are subject to competition from other financial service providers. The bank subsidiaries are also subject to the regulations of certain government agencies and undergo periodic examinations by those regulatory authorities.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the Company's financial condition as of March 31, 2012, and changes in stockholders' equity, the results of operations, comprehensive income and cash flows for the three month periods ended March 31, 2012 and 2011. The condensed consolidated statement of financial condition of the Company as of December 31, 2011 has been derived from the audited consolidated statements of the Company as of that date.

The accompanying unaudited condensed consolidated financial statements do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America (GAAP) for complete financial statements. These unaudited condensed consolidated 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, 2011. Operating results for the three months ended March 31, 2012 are not necessarily indicative of the results anticipated for the year ending December 31, 2012.

Material estimates that are particularly susceptible to significant change include: 1) the determination of the allowance for loan and lease losses (ALLL or allowance), 2) the valuations related to investments and real estate acquired in connection with foreclosures or in satisfaction of loans, and 3) the evaluation of goodwill impairment. In connection with the determination of the ALLL and other real estate valuation estimates, management obtains independent appraisals (new or updated) for significant items. Estimates relating to investments are obtained from independent third parties. Estimates relating to the evaluation of goodwill for impairment are determined based on independent party valuations and internal calculations using significant independent party inputs.

Principles of Consolidation

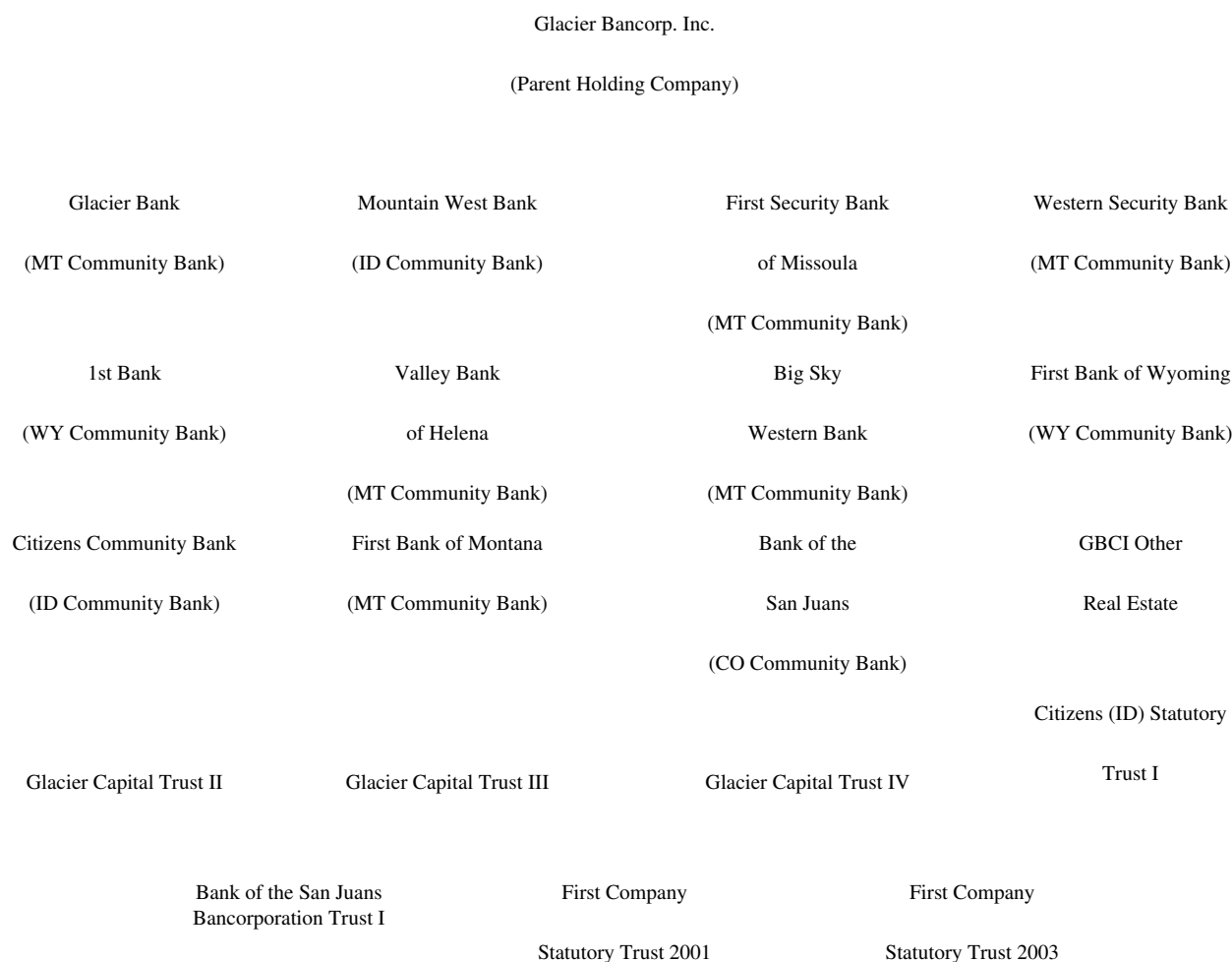
As of March 31, 2012, the Company was the parent holding company (Parent) for eleven independent wholly-owned community bank subsidiaries: Glacier Bank (Glacier), First Security Bank of Missoula (First Security), Western Security Bank (Western), Valley Bank of Helena (Valley), Big Sky Western Bank (Big Sky), and First Bank of Montana (First Bank-MT), all located in Montana; Mountain West Bank (Mountain West) and Citizens Community Bank (Citizens) located in Idaho; 1st Bank (1st Bank) and First Bank of Wyoming (First Bank-WY) located in Wyoming; and Bank of the San Juans (San Juans) located in Colorado. All significant inter-company transactions have been eliminated in consolidation.

Table of Contents

The Company formed GBCI Other Real Estate (GORE) to isolate certain bank foreclosed properties for legal protection and administrative purposes. The remaining properties are currently held for sale.

The Company owns seven trust subsidiaries, Glacier Capital Trust II (Glacier Trust II), Glacier Capital Trust III (Glacier Trust III), Glacier Capital Trust IV (Glacier Trust IV), Citizens (ID) Statutory Trust I (Citizens Trust I), Bank of the San Juans Bancorporation Trust I (San Juans Trust I), First Company Statutory Trust 2001 (First Co Trust 01) and First Company Statutory Trust 2003 (First Co Trust 03) for the purpose of issuing trust preferred securities. The trust subsidiaries are not consolidated into the Company s financial statements.

The following abbreviated organizational chart illustrates the Company s various relationships as of March 31, 2012:



On April 30, 2012, the Company combined its eleven bank subsidiaries into one single commercial bank. The bank subsidiaries will operate as separate divisions of Glacier under the same names and management teams as before the consolidation.

Variable Interest Entities

The Company has equity investments in Certified Development Entities (CDE) which have received allocations of New Markets Tax Credits (NMTC). The Company also has equity investments in Low-Income Housing Tax Credit (LIHTC) partnerships. The CDEs and the LIHTC partnerships are variable interest entities (VIE).

Table of Contents

The following table summarizes the carrying amounts of the VIE s assets and liabilities included in the Company s consolidated financial statements at March 31, 2012 and December 31, 2011:

(Dollars in thousands)	March 31, 2012		December 31, 2011	
	CDE (NMTC)	LIHTC	CDE (NMTC)	LIHTC
Assets				
Loans receivable	\$ 34,617		32,748	
Premises and equipment, net		15,707		15,996
Accrued interest receivable	116		116	
Other assets	1,328	65	1,439	31
Total assets	\$ 36,061	15,772	34,303	16,027
Liabilities				
Other borrowed funds	\$ 4,629	3,306	4,629	3,306
Accrued interest payable	4	11	4	9
Other liabilities	124	287	186	363
Total liabilities	\$ 4,757	3,604	4,819	3,678

Amounts presented in the table above are adjusted for intercompany eliminations. All assets presented can be used only to settle obligations of the consolidated VIEs and all liabilities presented consist of liabilities for which creditors and other beneficial interest holders therein have no recourse to the general credit of the Company.

Impact of Recent Authoritative Accounting Guidance

The Accounting Standards Codification™ (ASC) is the Financial Accounting Standards Board s (FASB) officially recognized source of authoritative GAAP applicable to all public and non-public non-governmental entities. Rules and interpretive releases of the Securities and Exchange Commission (SEC) under the authority of the federal securities laws are also sources of authoritative GAAP for the Company as an SEC registrant. All other accounting literature is considered non-authoritative.

In September 2011, FASB amended FASB ASC Topic 350, *Intangibles - Goodwill and Other*. The amendment provides an entity the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount. If the entity concludes it is not more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. The amendment is effective prospectively during interim and annual periods beginning after December 15, 2011 and early adoption is permitted. The Company has evaluated the impact of the adoption of this amendment and determined there was not a material effect on the Company s financial position or results of operations.

In June 2011, FASB amended FASB ASC Topic 220, *Comprehensive Income*. The amendment provides an entity the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement or in two separate but consecutive statements. Accounting Standards Update No. 2011-12, *Comprehensive Income (Topic 220)* defers the specific requirement of the amendment to present items that are reclassified from accumulated other comprehensive income to net income separately with their respective components of net income and other comprehensive income. The amendments are effective retrospectively during interim and annual periods beginning after December 15, 2011. The Company has evaluated the impact of the adoption of this amendment and determined there was not a material effect on the Company s financial position or results of operations.

Table of Contents

In May 2011, FASB amended FASB ASC Topic 820, *Fair Value Measurement*. The amendment achieves common fair value measurement and disclosure requirements in U.S. GAAP and International Financial Reporting Standards. The amendment changes the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. The amendment is effective prospectively during interim and annual periods beginning after December 15, 2011. The Company has evaluated the impact of the adoption of this amendment and determined there was not a material effect on the Company's financial position or results of operations.

2) Investment Securities, Available-for-Sale

A comparison of the amortized cost and estimated fair value of the Company's investment securities designated as available-for-sale is presented below.

(Dollars in thousands)	Weighted Yield	Amortized Cost	March 31, 2012		Fair Value
			Gross Unrealized Gains	Losses	
U.S. government and federal agency					
Maturing after one year through five years	1.62%	\$ 203	3		206
U.S. government sponsored enterprises					
Maturing within one year	1.77%	3,589	20		3,609
Maturing after one year through five years	2.34%	24,067	566		24,633
Maturing after five years through ten years	1.90%	76			76
	2.27%	27,732	586		28,318
State and local governments					
Maturing within one year	1.01%	14,546	5	(5)	14,546
Maturing after one year through five years	2.17%	105,975	2,804	(46)	108,733
Maturing after five years through ten years	2.53%	65,607	1,554	(126)	67,035
Maturing after ten years	4.80%	893,053	59,282	(1,738)	950,597
	4.35%	1,079,181	63,645	(1,915)	1,140,911
Corporate bonds					
Maturing within one year	1.35%	10,579	3	(5)	10,577
Maturing after one year through five years	2.55%	80,851	786	(190)	81,447
Maturing after five years through ten years	2.31%	15,662	28	(221)	15,469
	2.40%	107,092	817	(416)	107,493
Collateralized debt obligations					
Maturing after ten years	8.03%	5,648		(282)	5,366
Residential mortgage-backed securities	1.95%	1,945,432	14,620	(3,327)	1,956,725
Total investment securities	2.80%	\$ 3,165,288	79,671	(5,940)	3,239,019

Table of Contents

(Dollars in thousands)	Weighted Yield	Amortized Cost	December 31, 2011		Fair Value
			Gross Unrealized Gains	Losses	
U.S. government and federal agency					
Maturing after one year through five years	1.62%	\$ 204	4		208
U.S. government sponsored enterprises					
Maturing within one year	1.58%	3,979	17		3,996
Maturing after one year through five years	2.36%	26,399	682		27,081
Maturing after five years through ten years	1.90%	78			78
	2.26%	30,456	699		31,155
State and local governments					
Maturing within one year	1.31%	4,786	3	(2)	4,787
Maturing after one year through five years	2.22%	89,752	2,660	(22)	92,390
Maturing after five years through ten years	2.59%	63,143	2,094	(19)	65,218
Maturing after ten years	4.84%	845,657	57,138	(535)	902,260
	4.44%	1,003,338	61,895	(578)	1,064,655
Corporate bonds					
Maturing after one year through five years	2.55%	60,810	261	(1,264)	59,807
Maturing after five years through ten years	2.38%	2,409	21		2,430
	2.54%	63,219	282	(1,264)	62,237
Collateralized debt obligations					
Maturing after ten years	8.03%	5,648		(282)	5,366
Residential mortgage-backed securities	1.70%	1,960,167	10,138	(7,183)	1,963,122
Total investment securities	2.64%	\$ 3,063,032	73,018	(9,307)	3,126,743

Included in the residential mortgage-backed securities are \$46,928,000 and \$49,252,000 as of March 31, 2012 and December 31, 2011, respectively, of non-guaranteed private label whole loan mortgage-backed securities of which none of the underlying collateral is considered subprime."

Maturities of securities do not reflect repricing opportunities present in adjustable rate securities, nor do they reflect expected shorter maturities based upon early prepayment of principal. Weighted yields are based on the level-yield method taking into account premium amortization and discount accretion. Weighted yields on tax-exempt investment securities exclude the tax benefit.

The cost of each investment sold is determined by specific identification. Gain or loss on sale of investments consists of the following:

(Dollars in thousands)	Three Months ended March 31,	
	2012	2011
Gross proceeds	\$ 4,134	
Less amortized cost		(4,010)
Net gain on sale of investments	\$ 124	

Edgar Filing: GLACIER BANCORP INC - Form 10-Q

Gross gain on sale of investments	\$	184
Gross loss on sale of investments		(60)
Net gain on sale of investments	\$	124

Table of Contents

Investments with an unrealized loss position are summarized as follows:

(Dollars in thousands)	\$1,001,588		\$1,001,588		\$1,001,588		\$1,001,588	
	Less than 12 Months		12 Months or More		Total			
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss		
State and local governments	\$ 103,707	(1,588)	6,415	(327)	110,122	(1,915)		
Corporate bonds	33,352	(416)			33,352	(416)		
Collateralized debt obligations			5,366	(282)	5,366	(282)		
Residential mortgage-backed securities	653,430	(2,530)	10,896	(797)	664,326	(3,327)		
Total temporarily impaired securities	\$ 790,489	(4,534)	22,677	(1,406)	813,166	(5,940)		

(Dollars in thousands)	\$1,001,588		\$1,001,588		\$1,001,588		\$1,001,588	
	Less than 12 Months		12 Months or More		Total			
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss		
State and local governments	\$ 26,434	(90)	9,948	(488)	36,382	(578)		
Corporate bonds	31,782	(1,264)			31,782	(1,264)		
Collateralized debt obligations			5,366	(282)	5,366	(282)		
Residential mortgage-backed securities	943,372	(6,850)	8,244	(333)	951,616	(7,183)		
Total temporarily impaired securities	\$ 1,001,588	(8,204)	23,558	(1,103)	1,025,146	(9,307)		

With respect to its impaired securities at March 31, 2012, management determined that it did not intend to sell and there was no expected requirement to sell any of its impaired securities. Based on an analysis of its impaired securities as of March 31, 2012 and December 31, 2011, the Company determined that none of such securities had other-than-temporary impairment.

3) Loans Receivable, Net

The following schedules summarize the activity in the ALLL on a portfolio class basis:

(Dollars in thousands)	Total	Three Months ended March 31, 2012				
		Residential Real Estate	Commercial Real Estate	Other Commercial	Home Equity	Other Consumer
Allowance for loan and lease losses						
Balance at beginning of period	\$ 137,516	17,227	76,920	20,833	13,616	8,920
Provision for loan losses	8,625	3,530	1,778	2,373	737	207
Charge-offs	(11,058)	(1,849)	(6,123)	(1,283)	(1,006)	(797)
Recoveries	1,503	95	665	521	17	205
Balance at end of period	\$ 136,586	19,003	73,240	22,444	13,364	8,535

Edgar Filing: GLACIER BANCORP INC - Form 10-Q

(Dollars in thousands)	Three Months ended March 31, 2011					
	Total	Residential Real Estate	Commercial Real Estate	Other Commercial	Home Equity	Other Consumer
Allowance for loan and lease losses						
Balance at beginning of period	\$ 137,107	20,957	76,147	19,932	13,334	6,737
Provision for loan losses	19,500	(2,260)	14,267	2,638	2,121	2,734
Charge-offs	(16,504)	(1,769)	(10,628)	(1,753)	(1,332)	(1,022)
Recoveries	726	76	312	143	83	112
Balance at end of period	\$ 140,829	17,004	80,098	20,960	14,206	8,561

Table of Contents

The following schedules disclose the ALLL and the recorded investment in loans on a portfolio class basis:

(Dollars in thousands)	Total	March 31, 2012				
		Residential Real Estate	Commercial Real Estate	Other Commercial	Home Equity	Other Consumer
Allowance for loan and lease losses						
Individually evaluated for impairment	\$ 20,507	4,148	8,944	5,202	774	1,439
Collectively evaluated for impairment	116,079	14,855	64,296	17,242	12,590	7,096
Total allowance for loan and lease losses	\$ 136,586	19,003	73,240	22,444	13,364	8,535
Loans receivable						
Individually evaluated for impairment	\$ 271,072	30,280	164,126	54,061	15,535	7,070
Collectively evaluated for impairment	3,162,139	485,125	1,498,164	567,137	413,431	198,282
Total loans receivable	\$ 3,433,211	515,405	1,662,290	621,198	428,966	205,352

(Dollars in thousands)	Total	December 31, 2011				
		Residential Real Estate	Commercial Real Estate	Other Commercial	Home Equity	Other Consumer
Allowance for loan and lease losses						
Individually evaluated for impairment	\$ 18,828	2,659	9,756	4,233	584	1,596
Collectively evaluated for impairment	118,688	14,568	67,164	16,600	13,032	7,324
Total allowance for loan and lease losses	\$ 137,516	17,227	76,920	20,833	13,616	8,920
Loans receivable						
Individually evaluated for impairment	\$ 258,659	24,453	162,959	49,962	14,750	6,535
Collectively evaluated for impairment	3,207,476	492,354	1,509,100	573,906	425,819	206,297
Total loans receivable	\$ 3,466,135	516,807	1,672,059	623,868	440,569	212,832

Substantially all of the Company's loan receivables are with customers within the Company's market areas. Although the Company has a diversified loan portfolio, a substantial portion of its customers' ability to honor their obligations is dependent upon the economic performance in the Company's market areas. Net deferred fees, costs, premiums, and discounts of \$3,125,000 and \$3,123,000 were included in the loans receivable balance at March 31, 2012 and December 31, 2011, respectively.

Table of Contents

The following schedules disclose the impaired loans by portfolio class of loans:

(Dollars in thousands)	Total	At or for the Three Months ended March 31, 2012				
		Residential Real Estate	Commercial Real Estate	Other Commercial	Home Equity	Other Consumer
Loans with a specific valuation allowance						
Recorded balance	\$ 86,675	15,521	40,229	26,072	1,724	3,129
Unpaid principal balance	95,582	15,658	48,723	26,159	1,908	3,134
Valuation allowance	20,507	4,148	8,944	5,202	774	1,439
Average impaired loans	82,196	13,316	40,100	24,080	1,471	3,229
Loans without a specific valuation allowance						
Recorded balance	\$ 184,397	14,759	123,897	27,989	13,811	3,941
Unpaid principal balance	212,328	15,798	141,039	34,676	16,171	4,644
Average impaired loans	182,669	14,050	123,442	27,932	13,671	3,574
Totals						
Recorded balance	\$ 271,072	30,280	164,126	54,061	15,535	7,070
Unpaid principal balance	307,910	31,456	189,762	60,835	18,079	7,778
Valuation allowance	20,507	4,148	8,944	5,202	774	1,439
Average impaired loans	264,865	27,366	163,542	52,012	15,142	6,803

(Dollars in thousands)	Total	At or for the Year ended December 31, 2011				
		Residential Real Estate	Commercial Real Estate	Other Commercial	Home Equity	Other Consumer
Loans with a specific valuation allowance						
Recorded balance	\$ 77,717	11,111	39,971	22,087	1,219	3,329
Unpaid principal balance	85,514	11,177	47,569	22,196	1,238	3,334
Valuation allowance	18,828	2,659	9,756	4,233	584	1,596
Average impaired loans	66,871	10,330	38,805	13,395	1,284	3,057
Loans without a specific valuation allowance						
Recorded balance	\$ 180,942	13,342	122,988	27,875	13,531	3,206
Unpaid principal balance	208,828	14,741	139,962	35,174	15,097	3,854
Average impaired loans	168,983	14,730	123,231	19,963	8,975	2,084
Totals						
Recorded balance	\$ 258,659	24,453	162,959	49,962	14,750	6,535
Unpaid principal balance	294,342	25,918	187,531	57,370	16,335	7,188
Valuation allowance	18,828	2,659	9,756	4,233	584	1,596
Average impaired loans	235,854	25,060	162,036	33,358	10,259	5,141

Interest income recognized on impaired loans for the periods ended March 31, 2012 and December 31, 2011 was not significant.

Table of Contents

The following is a loan portfolio aging analysis on a portfolio class basis:

(Dollars in thousands)	Total	March 31, 2012				
		Residential Real Estate	Commercial Real Estate	Other Commercial	Home Equity	Other Consumer
Accruing loans 30-59 days past due	\$ 39,468	9,237	17,637	6,502	3,765	2,327
Accruing loans 60-89 days past due	3,113	502	702	1,200	355	354
Accruing loans 90 days or more past due	9,231	147	7,429	1,176	163	316
Non-accrual loans	131,026	13,964	83,746	21,092	10,388	1,836
Total past due and non-accrual loans	182,838	23,850	109,514	29,970	14,671	4,833
Current loans receivable	3,250,373	491,555	1,552,776	591,228	414,295	200,519
Total loans receivable	\$ 3,433,211	515,405	1,662,290	621,198	428,966	205,352

(Dollars in thousands)	Total	December 31, 2011				
		Residential Real Estate	Commercial Real Estate	Other Commercial	Home Equity	Other Consumer
Accruing loans 30-59 days past due	\$ 31,386	9,038	12,683	3,279	4,092	2,294
Accruing loans 60-89 days past due	17,700	2,678	11,660	1,034	1,276	1,052
Accruing loans 90 days or more past due	1,413	59	108	1,060	156	30
Non-accrual loans	133,689	11,881	87,956	21,685	10,272	1,895
Total past due and non-accrual loans	184,188	23,656	112,407	27,058	15,796	5,271
Current loans receivable	3,281,947	493,151	1,559,652	596,810	424,773	207,561
Total loans receivable	\$ 3,466,135	516,807	1,672,059	623,868	440,569	212,832

The following is a summary of the troubled debt restructurings (TDR) that occurred during the period presented and the TDRs that occurred within the previous twelve months that subsequently defaulted during the period presented on a portfolio class basis:

(Dollars in thousands)	Total	Three Months ended March 31, 2012				
		Residential Real Estate	Commercial Real Estate	Other Commercial	Home Equity	Other Consumer
Troubled debt restructurings						
Number of loans	56	3	25	19	6	3
Pre-modification outstanding balance	\$ 16,526	359	11,110	4,123	785	149
Post-modification outstanding balance	\$ 15,819	359	10,393	4,133	785	149
Troubled debt restructurings that subsequently defaulted						
Number of loans	15		7	4	2	2
Recorded balance	\$ 4,484		3,037	790	599	58

The majority of TDRs occurring in most loan classes was a result of an extension of the maturity date, payment deferral or change to interest only and in total accounted for approximately 61 percent of the TDRs. For commercial real estate, the class with the largest amount of TDRs, approximately 20 percent was due to extension of the maturity date and 48 percent was due to payment deferral or change to interest only.

Table of Contents

In addition to the TDRs that occurred during the period provided in the preceding table, the Company had TDRs with pre-modification loan balances of \$15,550,000 for the three months ended March 31, 2012 for which other real estate owned was received in full or partial satisfaction of the loans. The majority of such TDRs was in commercial real estate.

4) Goodwill

The changes in the carrying amount of goodwill and accumulated impairment charge are as follows:

	December 31, 2012	December 31, Three Months ended March 31, 2011
(Dollars in thousands)		
Net carrying value at beginning of period	\$ 106,100	146,259
Impairment charge		
Net carrying value at end of period	106,100	146,259
	March 31, 2012	December 31, 2011
(Dollars in thousands)		
Gross carrying value	146,259	146,259
Accumulated impairment charge	(40,159)	(40,159)
Net carrying value	\$ 106,100	106,100

The Company performed its annual goodwill impairment test during the third quarter of 2011. Due to high levels of volatility and dislocation in bank stock prices nationwide, a goodwill impairment charge was recognized during the third quarter 2011. Since there were no events or circumstances that occurred since the third quarter 2011 that would more-likely-than-not reduce the fair value of a reporting unit below its carrying value, the Company did not perform interim testing at March 31, 2012.

5) Derivatives and Hedging Activities

The Company has interest rate swap agreements on a forecasted notional amount of \$160,000,000. The effective date of the transaction was October 21, 2011 with the maturity date of October 21, 2021. For the first three years no cash flows will be exchanged and for the following seven years the Company will pay a fixed interest rate of 3.378 percent and the counterparties will pay the Company 3 month LIBOR. The hedging strategy converts the LIBOR based variable interest rate on forecasted borrowings to a fixed interest rate, thereby protecting the Company from floating interest rate variability.

The following table summarizes the Company's interest rate derivative financial instruments:

	Balance Sheet Location	Notional Amount	Fair Value March 31, 2012	December 31, 2011
(Dollars in thousands)				
Interest rate swap	Other liabilities	\$ 160,000	\$ 5,794	8,906

Pursuant to the interest rate swap agreements, the Company pledged collateral to the counterparties in the form of investment securities totaling \$15,433,000 at March 31, 2012. There was no collateral pledged from the counterparties to the Company as of March 31, 2012. There is the possibility that the Company may need to pledge additional collateral in the future.

Table of Contents

6) Accumulated Other Comprehensive Income

The components of accumulated other comprehensive income, included in stockholders' equity, are as follows:

(Dollars in thousands)	March 31, 2012	December 31, 2011
Unrealized holding gains on available-for-sale securities	\$ 73,731	63,711
Tax effect	(28,682)	(24,783)
Net of tax amount	45,049	38,928
Change in fair value of derivatives used for cash flow hedges	(5,794)	(8,906)
Tax effect	2,254	3,465
Net of tax amount	(3,540)	(5,441)
Total accumulated other comprehensive income	\$ 41,509	33,487

7) Earnings Per Share

Basic earnings per share is computed by dividing net income 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 as if dilutive outstanding stock options were exercised, using the treasury stock method.

Basic and diluted earnings per share has been computed based on the following:

(Dollars in thousands, except per share data)	Three Months ended March 31,	
	2012	2011
Net income available to common stockholders, basic and diluted	\$ 16,333	10,285
Average outstanding shares - basic	71,915,073	71,915,073
Add: dilutive stock options	57	
Average outstanding shares - diluted	71,915,130	71,915,073
Basic earnings per share	\$ 0.23	0.14
Diluted earnings per share	\$ 0.23	0.14

There were 1,048,184 and 1,746,472 options excluded from the diluted average outstanding share calculation for March 31, 2012 and 2011, respectively, due to the option exercise price exceeding the market price of the Company's common stock.

Table of Contents

8) Fair Value of Assets and Liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There is a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are as follows:

- Level 1 Quoted prices in active markets for identical assets or liabilities
- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Recurring Measurements

The following is a description of the inputs and valuation methodologies used for assets and liabilities measured at fair value on a recurring basis, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the period ended March 31, 2012.

Investment securities: fair value for available-for-sale securities is estimated by obtaining quoted market prices for identical assets, where available. If such prices are not available, fair value is based on independent asset pricing services and models, the inputs of which are market-based or independently sourced market parameters, including but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. Where Level 1 or Level 2 inputs are not available, such securities are classified as Level 3 within the hierarchy.

Fair value determinations of investment securities are the responsibility of the Company's corporate accounting department. The Company contracts with independent third party pricing vendors to generate fair value estimates on a monthly basis. The Company reviews the vendors inputs for fair value estimates and the recommended assignments of levels within the fair value hierarchy. The review includes the extent to which markets for investment securities are determined to have limited or no activity, or are judged to be active markets. The Company reviews the extent to which observable and unobservable inputs are used as well as the appropriateness of the underlying assumptions about risk that a market participant would use in active markets, with adjustments for limited or inactive markets. In considering the inputs to the fair value estimates, the Company places less reliance on quotes that are judged to not reflect orderly transactions, or are non-binding indications. The Company makes independent inquiries of other knowledgeable parties in testing the reliability of the inputs, including consideration for illiquidity, credit risk, and cash flow estimates. In assessing credit risk, the Company reviews payment performance, collateral adequacy, credit rating histories, and issuers financial statements with follow-up discussion with issuers. For those markets determined to be inactive, the valuation techniques used are models for which management verifies that discount rates are appropriately adjusted to reflect illiquidity and credit risk. The Company also independently obtains cash flow estimates that are stressed at levels that exceed those used by the independent third party pricing vendors.

Table of Contents

Interest rate swap derivative agreements: fair values for interest rate swap derivative agreements are based upon the estimated amounts to settle the contracts considering current interest rates and are calculated using discounted cash flows that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy. The inputs used to determine fair value include the 3 month Libor forward curve to estimate variable rate cash inflows and the spot Libor curve to estimate the discount rate. The estimated variable rate cash inflows are compared to the fixed rate outflows and such difference is discounted to a present value to estimate the fair value of the interest rate swaps. The Company also obtains and compares the reasonableness of the pricing from a secondary independent party.

The following schedules disclose the fair value measurement of assets and liabilities measured at fair value on a recurring basis:

	Fair Value 3/31/12	Fair Value Measurements At the End of the Reporting Period Using Quoted Prices in Active Markets		
		for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(Dollars in thousands)				
Investment securities, available-for-sale				
U.S. government and federal agency	\$ 206		206	
U.S. government sponsored enterprises	28,318		28,318	
State and local governments	1,140,911		1,140,911	
Corporate bonds	107,493		107,493	
Collateralized debt obligations	5,366		5,366	
Residential mortgage-backed securities	1,956,725		1,956,725	
Total assets measured at fair value on a recurring basis	\$ 3,239,019		3,239,019	
Interest rate swap agreements	\$ 5,794		5,794	
Total liabilities measured at fair value on a recurring basis	\$ 5,794		5,794	

Table of Contents

	Fair Value 12/31/11	Fair Value Measurements At the End of the Reporting Period Using Quoted Prices in Active Markets for		
		Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(Dollars in thousands)				
Investment securities, available-for-sale				
U.S. government and federal agency	\$ 208		208	
U.S. government sponsored enterprises	31,155		31,155	
State and local governments	1,064,655		1,064,655	
Corporate bonds	62,237		62,237	
Collateralized debt obligations	5,366		5,366	
Residential mortgage-backed securities	1,963,122		1,963,122	
Total assets measured at fair value on a recurring basis	\$ 3,126,743		3,126,743	
Interest rate swap agreements	\$ 8,906		8,906	
Total liabilities measured at fair value on a recurring basis	\$ 8,906		8,906	

Level 3 Reconciliation

There were no Level 3 fair value measurements during the three month period ended March 31, 2012.

The following schedule reconciles the opening and closing balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the period ended March 31, 2011:

	Total	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Investment Securities	
		Collateralized Debt Obligations	Residential Mortgage-backed Securities
(Dollars in thousands)			
Balance as of December 31, 2010	\$ 6,751	6,595	156
Total unrealized gains for the period included in other comprehensive income	522	480	42
Balance as of March 31, 2011	\$ 7,273	7,075	198

Non-recurring Measurements

The following is a description of the inputs and valuation methodologies used for assets recorded at fair value on a non-recurring basis, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the period ended March 31, 2012.

Other real estate owned (OREO): OREO is carried at the lower of fair value at acquisition date or estimated fair value, less estimated cost to sell. Estimated fair value of other real estate owned is based on appraisals or evaluations. OREO is classified within Level 3 of the fair value hierarchy.

Table of Contents

Collateral-dependent impaired loans, net of ALLL: loans included in the Company's financials for which it is probable that the Company will not collect all principal and interest due according to contractual terms are considered impaired. Estimated fair value of collateral-dependent impaired loans is based on the fair value of the collateral, less estimated cost to sell. Collateral-dependent impaired loans are classified within Level 3 of the fair value hierarchy.

The bank subsidiaries' credit departments review appraisals for OREO and collateral-dependent loans, giving consideration to the highest and best use of the collateral. The appraisal or evaluation (new or updated) is considered the starting point for determining fair value. The Company also considers other factors and events in the environment that may affect the fair value. The fair values are reduced by discounts to consider lack of marketability and estimated cost to sell. The appraisals or evaluations (new or updated) are reviewed at least quarterly and more frequently based on current market conditions, including deterioration in a borrower's financial condition and when property values may be subject to significant volatility. After review and acceptance of the collateral appraisal or evaluation (new or updated), adjustments to the impaired loan or OREO may occur. The Company generally obtains new or updated appraisals or evaluations annually.

Goodwill: Goodwill is evaluated for impairment at the bank subsidiary level at least annually. As a result of a goodwill impairment assessment performed by an independent valuation firm for two of the Company's bank subsidiaries, Mountain West and 1st Bank, a goodwill impairment charge was recorded during the third quarter of 2011. The key inputs used to determine the implied fair value of such bank subsidiaries and the corresponding amount of the impairment charge included quoted market prices of other banks, discounted cash flows and inputs from comparable transactions. These inputs are classified within Level 3 of the fair value hierarchy. The goodwill impairment evaluation is the responsibility of the Company's corporate accounting department. Valuations and significant inputs developed by the independent valuation firm are reviewed by the Company for accuracy and reasonableness.

The following schedules disclose the fair value measurement of assets with a recorded change during the period resulting from re-measuring the assets at fair value on a non-recurring basis:

	Fair Value 3/31/12	Fair Value Measurements At the End of the Reporting Period Using Quoted Prices in Active Markets		
		Significant for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(Dollars in thousands)				
Other real estate owned	\$ 28,004			28,004
Collateral-dependent impaired loans, net of ALLL	39,733			39,733
Total assets measured at fair value on a non-recurring basis	\$ 67,737			67,737

Table of Contents

	Fair Value Measurements			
	At the End of the Reporting Period Using			
	Quoted	Significant		Significant
	Prices	Other		Unobservable
	in Active Markets			
	for	Observable		Inputs
	Identical	Inputs		Inputs
	Assets	(Level 2)		(Level 3)
	(Level			
	1)			
(Dollars in thousands)	Fair Value			
	12/31/11			
Other real estate owned	\$ 38,076			38,076
Collateral-dependent impaired loans, net of ALLL	55,339			55,339
Goodwill	24,718			24,718
Total assets measured at fair value on a non-recurring basis	\$ 118,133			118,133

Fair Value of Financial Instruments

The following is a description of the methods used to estimate the fair value of all other assets and liabilities recognized at amounts other than fair value.

Cash and cash equivalents: fair value is estimated at book value.

Loans held for sale: fair value is estimated at book value due to the insignificant time between origination date and sale date.

Loans receivable, net of ALLL: fair value is estimated by discounting the future cash flows using the rates at which similar notes would be written for the same remaining maturities. The market rates used are based on current rates the Banks would impose for similar loans and reflect a market participant assumption about risks associated with non-performance, illiquidity, and the structure and term of the loans along with local economic and market conditions. Estimated fair value of impaired loans is based on the fair value of the collateral, less estimated cost to sell, or the present value of the loan's expected future cash flows (discounted at the loan's effective interest rate). All impaired loans are classified as Level 3 and all other loans are classified as Level 2 within the hierarchy.

Accrued interest receivable: fair value is estimated at book value.

Non-marketable equity securities: fair value is estimated at book value due to restrictions that limit the sale or transfer of such securities.

Deposits: fair value of term deposits is estimated by discounting the future cash flows using rates of similar deposits with similar maturities. The market rates used were obtained from a knowledgeable independent third party and reviewed by the Company. The rates were the average of current rates offered by local competitors of the bank subsidiaries. The estimated fair value of demand, NOW, savings, and money market deposits is the book value since rates are regularly adjusted to market rates and such deposits are classified in Level 1 of the valuation hierarchy. Certificate accounts and wholesale deposits are classified as Level 2 within the hierarchy.

Federal Home Loan Bank (FHLB) advances: fair value of non-callable FHLB advances is estimated by discounting the future cash flows using rates of similar advances with similar maturities. These rates were obtained from current rates offered by FHLB. The estimated fair value of callable FHLB advances was obtained from FHLB and the model was reviewed by the Company through discussions with FHLB.

Table of Contents

Securities sold under agreements to repurchase (repurchase agreements) and other borrowed funds: fair value of term repurchase agreements and other term borrowings is estimated based on current repurchase rates and borrowing rates currently available to the Company for repurchases and borrowings with similar terms and maturities. The estimated fair value for overnight repurchase agreements and other borrowings is book value.

Subordinated debentures: fair value of the subordinated debt is estimated by discounting the estimated future cash flows using current estimated market rates. The market rates used were averages of currently traded trust preferred securities with similar characteristics to the Company s issuances and obtained from an independent third party.

Accrued interest payable: fair value is estimated at book value.

Off-balance sheet financial instruments: commitments to extend credit and letters of credit represent the principal categories of off-balance sheet financial instruments. Rates for these commitments are set at time of loan closing, such that no adjustment is necessary to reflect these commitments at market value. The Company has an insignificant amount of off-balance sheet financial instruments.

The following schedules present the carrying amounts, estimated fair values and the level within the fair value hierarchy of the Company s financial instruments:

	Carrying Amount 3/31/12	Fair Value Measurements At the End of the Reporting Period Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(Dollars in thousands)				
Financial assets				
Cash and cash equivalents	\$ 131,757	131,757		
Investment securities, available-for-sale	3,239,019		3,239,019	
Loans held for sale	77,528	77,528		
Loans receivable, net of ALLL	3,296,625		3,118,606	250,565
Accrued interest receivable	35,487	35,487		
Non-marketable equity securities	49,699		49,699	
Total financial assets	\$ 6,830,115	244,772	6,407,324	250,565
Financial liabilities				
Deposits	\$ 4,927,818	3,218,761	1,717,782	
FHLB advances	995,038		1,021,483	
Repurchase agreements and other borrowed funds	269,648		269,648	
Subordinated debentures	125,311			67,145
Accrued interest payable	5,318	5,318		
Total financial liabilities	\$ 6,323,133	3,224,079	3,008,913	67,145

Table of Contents

	Fair Value Measurements At the End of the Reporting Period Using			
	Carrying Amount 12/31/11	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(Dollars in thousands)				
Financial assets				
Cash and cash equivalents	\$ 128,032	128,032		
Investment securities, available-for-sale	3,126,743		3,126,743	
Loans held for sale	95,457	95,457		
Loans receivable, net of ALLL	3,328,619		3,146,502	239,831
Accrued interest receivable	34,961	34,961		
Non-marketable equity securities	49,694		49,694	
Total financial assets	\$ 6,763,506	258,450	6,322,939	239,831
Financial liabilities				
Deposits	\$ 4,821,213	3,132,261	1,698,382	
FHLB advances	1,069,046		1,099,699	
Repurchase agreements and other borrowed funds	268,638		268,642	
Subordinated debentures	125,275			65,903
Accrued interest payable	5,825	5,825		
Total financial liabilities	\$ 6,289,997	3,138,086	3,066,723	65,903

9) Operating Segment Information

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by management in deciding how to allocate resources and in assessing performance. The Company's operating segments include each of the individual bank subsidiaries, GORE and the Parent.

The accounting policies of the individual operating segments are the same as those of the Company. Transactions between operating segments are conducted at fair value, resulting in profits that are eliminated for reporting consolidated results of operations. Intersegment income primarily represents interest income on intercompany borrowings, management fees, and data processing fees received by individual bank subsidiaries or the Parent. Intersegment income, expenses and assets are eliminated in order to report results in accordance with GAAP. Expenses for centrally provided services are allocated based on the estimated usage of those services.

Edgar Filing: GLACIER BANCORP INC - Form 10-Q

Table of Contents

The following schedules provide selected financial data for the Company's operating segments:

	Eliminations At or for the Three Months ended March 31, 2012							
(Dollars in thousands)	Glacier	Mountain West	First Security	Western	1st Bank	Valley	Big Sky	First Bank-WY
External revenues	\$ 17,450	17,407	13,447	8,603	7,379	5,363	4,510	3,632
Intersegment revenues	62	99	19	6	38	111	7	10
Expenses	(13,417)	(16,949)	(10,712)	(6,220)	(5,563)	(3,747)	(3,917)	(2,773)
Net earnings (loss)	\$ 4,095	557	2,754	2,389	1,854	1,727	600	869
Total assets	\$ 1,399,271	1,111,517	1,120,373	825,354	768,606	465,247	380,778	402,907

	Citizens	First Bank-MT	San Juans	GORE	Parent	Eliminations and Other	Total Consolidated
External revenues	\$ 4,707	2,628	2,833	9	173	81	88,222
Intersegment revenues		10	17		21,163	(21,542)	
Expenses	(3,725)	(1,613)	(2,129)	(229)	(5,003)	4,108	(71,889)
Net earnings (loss)	\$ 982	1,025	721	(220)	16,333	(17,353)	16,333
Total assets	\$ 368,792	280,110	237,625	6,055	1,006,887	(1,131,677)	7,241,845

	Eliminations At or for the Three Months ended March 31, 2011							
(Dollars in thousands)	Glacier	Mountain West	First Security	Western	1st Bank	Valley	Big Sky	First Bank-WY
External revenues	\$ 17,334	17,469	12,657	8,194	7,613	4,969	4,741	3,261
Intersegment revenues	66	142	20	55	3	59	3	35
Expenses	(15,041)	(18,509)	(10,714)	(6,305)	(6,515)	(3,493)	(3,782)	(2,753)
Net earnings (loss)	\$ 2,359	(898)	1,963	1,944	1,101	1,535	962	543
Total assets	\$ 1,387,078	1,172,141	1,062,765	764,396	746,074	398,690	363,805	360,346

	Citizens	First Bank-MT	San Juans	GORE	Parent	Eliminations and Other	Total Consolidated
External revenues	\$ 4,156	2,314	2,629	30	401		85,768
Intersegment revenues	18	35	44		14,686	(15,166)	
Expenses	(3,583)	(1,481)	(2,210)	(324)	(4,862)	4,089	(75,483)
Net earnings (loss)	\$ 591	868	463	(294)	10,225	(11,077)	10,285

Edgar Filing: GLACIER BANCORP INC - Form 10-Q

Total assets	\$	317,353	254,958	234,195	21,232	984,190	(1,157,359)	6,909,864
--------------	----	---------	---------	---------	--------	---------	-------------	-----------

10) Subsequent Event

On April 30, 2012, the Company combined its eleven bank subsidiaries into one single commercial bank. The bank subsidiaries will operate as separate divisions of Glacier under the same names and management teams as before the consolidation. The resulting bank Board of Directors and executive officers will be the Board of Directors and senior management team of the Company.

Table of Contents

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

Forward Looking Statements

This Form 10-Q may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about management's plans, objectives, expectations and intentions that are not historical facts, and other statements identified by words such as expects, anticipates, intends, plans, believes, should, projects, estimates or words of similar meaning. These forward-looking statements are based on current beliefs and expectations of management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the Company's control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations in the forward-looking statements, including those set forth in this Form 10-Q:

the risks associated with lending and potential adverse changes of the credit quality of loans in the Company's portfolio, including as a result of declines in the housing and real estate markets in its geographic areas;

increased loan delinquency rates;

the risks presented by a continued economic downturn, which could adversely affect credit quality, loan collateral values, other real estate owned values, investment values, liquidity and capital levels, dividends and loan originations;

changes in market interest rates, which could adversely affect the Company's net interest income and profitability;

legislative or regulatory changes that adversely affect the Company's business, ability to complete pending or prospective future acquisitions, limit certain sources of revenue, or increase cost of operations;

costs or difficulties related to the integration of acquisitions;

the goodwill the Company has recorded in connection with acquisitions could become additionally impaired, which may have an adverse impact on our earnings and capital;

reduced demand for banking products and services;

the risks presented by public stock market volatility, which could adversely affect the market price of our common stock and our ability to raise additional capital in the future;

competition from other financial services companies in our markets;

loss of services from the senior management team; and

Edgar Filing: GLACIER BANCORP INC - Form 10-Q

the Company's success in managing risks involved in the foregoing.

Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in Part II, Item 1A, Risk Factors. Please take into account that forward-looking statements speak only as of the date of this Form 10-Q. The Company does not undertake any obligation to publicly correct or update any forward-looking statement if it later becomes aware that actual results are likely to differ materially from those expressed in such forward-looking statement.

Table of Contents**Financial Condition Analysis****Assets**

The following table summarizes the asset balances as of the dates indicated, and the amount of change from December 31, 2011 and March 31, 2011:

(Unaudited - Dollars in thousands)	March 31, 2012	December 31, 2011	March 31, 2011	\$ Change from December 31, 2011	\$ Change from March 31, 2011
Cash and cash equivalents	\$ 131,757	128,032	98,104	3,725	33,653
Investment securities, available-for-sale	3,239,019	3,126,743	2,705,709	112,276	533,310
Loans receivable					
Residential real estate	515,405	516,807	543,229	(1,402)	(27,824)
Commercial	2,283,488	2,295,927	2,404,731	(12,439)	(121,243)
Consumer and other	634,318	653,401	699,026	(19,083)	(64,708)
Loans receivable	3,433,211	3,466,135	3,646,986	(32,924)	(213,775)
Allowance for loan and lease losses	(136,586)	(137,516)	(140,829)	930	4,243
Loans receivable, net	3,296,625	3,328,619	3,506,157	(31,994)	(209,532)
Other assets	574,444	604,512	599,894	(30,068)	(25,450)
Total assets	\$ 7,241,845	7,187,906	6,909,864	53,939	331,981

Investment securities increased \$112 million, or 4 percent, during the current quarter and increased \$533 million, or 20 percent, from March 31, 2011. During the current quarter and previous twelve months, the Company purchased investment securities to primarily offset the lack of loan growth and to maintain interest income. The increase in investment securities for the current quarter occurred primarily in corporate and municipal bonds. Investment securities represent 45 percent of total assets at March 31, 2012 versus 44 percent at December 31, 2011 and 39 percent at March 31, 2011.

At March 31, 2012, the loan portfolio was \$3.433 billion, a decrease of \$32.9 million, or 1 percent, during the current quarter. During the past twelve months, the loan portfolio decreased \$214 million, or 6 percent, from total loans of \$3.647 billion at March 31, 2011. The continued downturn in the economy and resulting lack of loan demand were the primary reasons for the decrease in the loan portfolio. Although there was a decrease in the loan portfolio during the current quarter, the Company was encouraged by the slowing rate of decline which hasn't occurred since 2009. The largest decrease in dollars and percentage decrease during the current quarter was in consumer and other loans which decreased \$19.1 million, or 3 percent, from December 31, 2011. The decrease in consumer and other loans was primarily driven by the Company reducing its exposure to consumer land and lot loans in combination with customers paying down their lines of credit and reducing other debt. Excluding net charge-offs of \$9.6 million and loans transferred to other real estate owned of \$11.0 million, loans decreased \$12.3 million, or 0.4 percent, during the current quarter. The Company continues to reduce its exposure to land, lot and other construction loans which totaled \$361 million as of March 31, 2012, a decrease of \$139 million, or 28 percent, since the prior year first quarter.

Table of Contents**Liabilities**

The following table summarizes the liability balances as of the dates indicated, and the amount of change from December 31, 2011 and March 31, 2011:

(Unaudited - Dollars in thousands)	March 31, 2012	December 31, 2011	March 31, 2011	\$ Change from December 31, 2011	\$ Change from March 31, 2011
Non-interest bearing deposits	\$ 1,039,068	1,010,899	888,311	28,169	150,757
Interest bearing deposits	3,888,750	3,810,314	3,663,999	78,436	224,751
Repurchase agreements	259,290	258,643	250,932	647	8,358
FHLB advances	995,038	1,069,046	960,097	(74,008)	34,941
Other borrowed funds	10,358	9,995	14,135	363	(3,777)
Subordinated debentures	125,311	125,275	125,167	36	144
Other liabilities	60,033	53,507	167,334	6,526	(107,301)
Total liabilities	\$ 6,377,848	6,337,679	6,069,975	40,169	307,873

At March 31, 2012, non-interest bearing deposits of \$1.039 billion increased \$28.2 million, or 3 percent, since December 31, 2011 and increased \$151 million, or 17 percent, since March 31, 2011. Interest bearing deposits of \$3.889 billion at March 31, 2012 included \$649 million of wholesale deposits of which \$117 million were reciprocal deposits (e.g., Certificate of Deposit Account Registry System deposits). In addition to reciprocal deposits, wholesale deposits include brokered deposits classified as NOW, money market deposit and certificate accounts. Interest bearing deposits increased \$78.4 million, or 2 percent, since December 31, 2011 and included an increase of \$41.2 million in wholesale deposits. Interest bearing deposits increased \$225 million, or 6 percent, from March 31, 2011 and included an increase of \$75.7 million in wholesale deposits. The increase in deposits during the current quarter and throughout 2011 has been driven by the banks' success in generating new personal and business customer relationships, as well as existing customers retaining cash deposits for liquidity purposes due to the continued uncertainty in the current economic environment. These deposit increases have been beneficial to the Company in funding the investment securities portfolio growth at low costs over the prior twelve months.

The Company's level of borrowings has fluctuated as needed to supplement deposit growth and to fund the growth in investment securities. Since the prior quarter end, Federal Home Loan Bank (FHLB) advances decreased \$74.0 million and have increased \$34.9 million since March 31, 2011. Included in the other liabilities at March 31, 2011 was a \$129 million obligation for securities purchased on March 31, 2011 which were settled in April 2011.

Table of Contents**Stockholders Equity**

The following table summarizes the stockholders equity balances as of the dates indicated, and the amount of change from December 31, 2011 and March 31, 2011:

(Unaudited - Dollars in thousands, except per share data)	March 31, 2012	December 31, 2011	March 31, 2011	\$ Change from December 31, 2011	\$ Change from March 31, 2011
Common equity	\$ 822,488	816,740	837,595	5,748	(15,107)
Accumulated other comprehensive income	41,509	33,487	2,294	8,022	39,215
Total stockholders equity	863,997	850,227	839,889	13,770	24,108
Goodwill and core deposit intangible, net	(113,832)	(114,384)	(156,289)	552	42,457
Tangible stockholders equity	\$ 750,165	735,843	683,600	14,322	66,565
Stockholders equity to total assets	11.93%	11.83%	12.15%		
Tangible stockholders equity to total tangible assets	10.52%	10.40%	10.12%		
Book value per common share	\$ 12.01	11.82	11.68	0.19	0.33
Tangible book value per common share	\$ 10.43	10.23	9.51	0.20	0.92
Market price per share at end of period	\$ 14.94	12.03	15.05	2.91	(0.11)

Tangible stockholders equity and book value per share increased \$14.3 million and \$0.20 per share from the prior year end, resulting in tangible stockholders equity to tangible assets of 10.52 percent and tangible book value per share of \$10.43 as of March 31, 2012. The increases came from earnings retention and an increase in accumulated other comprehensive income. Tangible stockholders equity increased \$66.6 million, or \$0.92 per share since March 31, 2011, primarily a result of an increase in accumulated other comprehensive income. The \$15.1 million decrease in common equity from March 31, 2011 included a third quarter 2011 goodwill impairment charge (net of tax) of \$32.6 million.

On March 28, 2012, the Company's Board of Directors declared a cash dividend of \$0.13 per share, payable April 19, 2012 to shareholders of record on April 10, 2012. Future cash dividends will depend on a variety of factors, including net income, capital, asset quality, general economic conditions and regulatory considerations.

Results of Operations The Three Months ended March 31, 2012**Compared to the Three Months ended December 31, 2011 and March 31, 2011****Performance Summary**

(Unaudited - Dollars in thousands, except per share data)	March 31, 2012	Three Months ended December 31, 2011	March 31, 2011
Net income	\$ 16,333	14,348	10,285
Diluted earnings per share	\$ 0.23	0.20	0.14
Return on average assets (annualized)	0.91%	0.80%	0.62%
Return on average equity (annualized)	7.58%	6.69%	4.95%

The Company reported net income for the current quarter of \$16.3 million, an increase of \$6.0 million, or 59 percent, compared to \$10.3 million for the prior year first quarter. Diluted earnings per share for the current quarter was \$0.23 per share, an increase of 64 percent from the prior year first quarter earnings per share of \$0.14.

Table of Contents**Revenue Summary**

The following tables summarize revenue for the periods indicated, including the amount and percentage change from December 31, 2011 and March 31, 2011:

(Unaudited - Dollars in thousands)	March 31, 2012	Three Months ended December 31, 2011	March 31, 2011
Net interest income			
Interest income	\$ 67,884	68,741	68,373
Interest expense	9,598	10,197	11,669
Total net interest income	58,286	58,544	56,704
Non-interest income			
Service charges, loan fees, and other fees	11,438	12,134	11,185
Gain on sale of loans	6,813	7,026	4,694
Gain on sale of investments			124
Other income	2,087	2,857	1,392
Total non-interest income	20,338	22,017	17,395
	\$ 78,624	80,561	74,099
Net interest margin (tax-equivalent)	3.73%	3.74%	3.91%

(Unaudited - Dollars in thousands)	\$ Change from December 31, 2011	\$ Change from March 31, 2011	% Change from December 31, 2011	% Change from March 31, 2011
Net interest income				
Interest income	\$ (857)	\$ (489)	-1%	-1%
Interest expense	(599)	(2,071)	-6%	-18%
Total net interest income	(258)	1,582	0%	3%
Non-interest income				
Service charges, loan fees, and other fees	(696)	253	-6%	2%
Gain on sale of loans	(213)	2,119	-3%	45%
Gain on sale of investments		(124)	n/m	-100%
Other income	(770)	695	-27%	50%
Total non-interest income	(1,679)	2,943	-8%	17%
	\$ (1,937)	\$ 4,525	-2%	6%

Net Interest Income

The current quarter net interest income of \$58.3 million decreased \$258 thousand, or 0.4 percent, over the prior quarter and increased \$1.6 million, or 3 percent, over the prior year first quarter. In spite of the significant collateralized mortgage obligation (CMO) premium amortization (net of discount accretion) in the current quarter, interest income has remained relatively stable with only small decreases compared to the prior quarter and the prior year first quarter. The current quarter CMO premium amortization was \$12.8 million, an increase of \$1.3 million over the

Edgar Filing: GLACIER BANCORP INC - Form 10-Q

prior quarter and an increase of \$3.2 million over the prior year first quarter. The decrease in interest expense of \$599 thousand, or 6 percent, from the prior quarter and the decrease of \$2.1 million, or 18 percent, in interest expense from the prior year first quarter was primarily driven by the decrease in interest rates on deposits as a result of the bank subsidiaries' continued focus on reducing funding costs. The funding cost for the current quarter was 72 basis points compared to 77 basis points for the prior quarter and 96 basis points for the prior year first quarter.

Table of Contents

The current quarter net interest margin as a percentage of earning assets, on a tax-equivalent basis, was 3.73 percent, a decrease of 1 basis point from the prior quarter net interest margin of 3.74 percent and a decrease of 18 basis points from the prior year first quarter net interest margin of 3.91 percent. Such decreases were a result of the reduction in yields on earning assets, the majority of which was from lower yielding investment securities and the increase in CMO premium amortization during the current quarter. The CMO premium amortization in the current quarter accounted for a 76 basis point reduction in the net interest margin compared to a 69 basis point reduction in the prior quarter and 63 basis point reduction in the net interest margin in the prior year first quarter. As a result of fewer loans moving to non-accrual status and the greater dispositions of existing non-accrual loans, the reversal of interest income on non-accrual loans accounted for only a 1 basis point reduction in the net interest margin during the current quarter.

Non-interest Income

Non-interest income for the current quarter totaled \$20.3 million, a decrease of \$1.7 million over the prior quarter and an increase of \$2.9 million over the same quarter last year. Gain on sale of loans decreased \$213 thousand, or 3 percent, over the prior quarter as there was a slight reduction in origination volume. However, gain on sale of loans increased \$2.1 million, or 45 percent, over the same quarter last year, the result of an increase in refinance activity during the first quarter of 2012 compared to the first quarter of 2011. Service charge fee income decreased \$696 thousand from the linked quarter, the majority of which was from lower overdraft fees driven by the increased regulatory restrictions. Service charge fee income increased \$253 thousand from the prior year first quarter primarily due to the gain in debit card income as a result of the larger number of deposit accounts and greater volume of transactions. Other income of \$2.1 million for the current quarter was a decrease of \$770 thousand from the prior quarter and an increase of \$695 thousand from the prior year first quarter. Included in other income was operating revenue of \$51.2 thousand from other real estate owned and gains of \$477 thousand on the sale of other real estate owned, which total \$528 thousand for the current quarter compared to \$822 thousand for the prior quarter and \$268 thousand for the prior year first quarter.

Table of Contents**Non-interest Expense**

The following tables summarize non-interest expense for the periods indicated, including the amount and percentage change from December 31, 2011 and March 31, 2011:

(Unaudited - Dollars in thousands)	Three Months ended		
	March 31, 2012	December 31, 2011	March 31, 2011
Compensation and employee benefits	\$ 23,560	21,311	21,603
Occupancy and equipment	5,968	5,890	5,954
Advertising and promotions	1,402	1,588	1,484
Outsourced data processing	846	849	773
Other real estate owned	6,822	12,896	2,099
Federal Deposit Insurance Corporation premiums	1,712	2,010	2,324
Core deposit intangibles amortization	552	557	727
Other expense	8,183	10,029	7,512
Total non-interest expense	\$ 49,045	55,130	42,476

(Unaudited - Dollars in thousands)	\$ Change from December 31, 2011	\$ Change from March 31, 2011	% Change from December 31, 2011	% Change from March 31, 2011
Compensation and employee benefits	\$ 2,249	\$ 1,957	11%	9%
Occupancy and equipment	78	14	1%	0%
Advertising and promotions	(186)	(82)	-12%	-6%
Outsourced data processing	(3)	73	0%	9%
Other real estate owned	(6,074)	4,723	-47%	225%
Federal Deposit Insurance Corporation premiums	(298)	(612)	-15%	-26%
Core deposit intangibles amortization	(5)	(175)	-1%	-24%
Other expense	(1,846)	671	-18%	9%
Total non-interest expense	\$ (6,085)	\$ 6,569	-11%	15%

Non-interest expense of \$49.0 million for the current quarter decreased by \$6.1 million, or 11 percent, from the prior quarter and increased by \$6.6 million, or 15 percent, from the prior year first quarter. The changes over the prior quarter and the prior year first quarter were driven primarily by other real estate owned expense. Other real estate owned expense decreased \$6.1 million, or 47 percent, from the prior quarter and increased \$4.7 million, or 225 percent, from the prior year first quarter. The current quarter other real estate owned expense of \$6.8 million included \$864 thousand of operating expense, \$5.4 million of fair value write-downs, and \$549 thousand of loss on sale of other real estate owned. Other real estate owned expense will fluctuate as the Company continues to work through non-performing loans and dispose of foreclosure properties.

Excluding other real estate owned expense, non-interest expense decreased \$11 thousand, or 3 basis points, from the prior quarter and increased \$1.8 million, or 5 percent, from the prior year first quarter. Compensation and employee benefits increased by \$2.2 million, or 11 percent, from the prior quarter and increased \$2.0 million, or 9 percent, from the prior year first quarter. Such increases were attributable to a revised Company incentive program and the restoration in 2012 of certain compensation cuts made in 2011. Other expense decreased \$1.8 million, or 18 percent, from the prior quarter as a result of decreases in several categories including loan expenses, outside service expense, and expenses associated with New Markets Tax Credit Investments. The banks continue to work diligently in reducing expenses in areas where they have direct control.

Table of Contents**Efficiency Ratio**

The efficiency ratio for the current quarter was 51 percent compared to 53 percent for the prior year first quarter. The lower efficiency ratio was the result of an increase in net interest income and non-interest income which more than offset the increase in non-interest expense.

Provision for Loan Losses

(Unaudited - Dollars in thousands)	Provision for Loan Losses	Net Charge-Offs	ALLL as a Percent of Loans	Accruing Loans 30-89 Days Past Due as a Percent of Loans	Non-Performing Assets to Total Subsidiary Assets
Q1 2012	\$ 8,625	9,555	3.98%	1.24%	2.91%
Q4 2011	8,675	9,252	3.97%	1.42%	2.92%
Q3 2011	17,175	18,877	3.92%	0.60%	3.49%
Q2 2011	19,150	20,184	3.88%	1.14%	3.68%
Q1 2011	19,500	15,778	3.86%	1.44%	3.78%
Q4 2010	27,375	24,525	3.66%	1.21%	3.91%
Q3 2010	19,162	26,570	3.47%	1.06%	4.03%
Q2 2010	17,246	19,181	3.58%	0.92%	4.01%

Net charged-off loans during the current quarter of \$9.6 million remained stable compared to the prior quarter and decreased \$6.2 million, or 39 percent, compared to the prior year first quarter. The current quarter provision for loan losses was \$8.6 million, which was nearly the same as the prior quarter and a decrease of \$10.9 million from the first quarter of 2011. Loan portfolio growth, composition, average loan size, credit quality considerations, and other environmental factors will continue to determine the level of additional provision for loan loss expense.

The determination of the allowance for loan and lease losses (ALLL or allowance) and the related provision for loan losses is a critical accounting estimate that involves management's judgments about current environmental factors which affect loan losses, such factors including economic conditions, changes in collateral values, net charge-offs, and other factors discussed below in Additional Management's Discussion and Analysis.

Table of Contents**Additional Management's Discussion and Analysis****Lending Activity and Practices**

The Banks focus their lending activity primarily on the following types of loans: 1) first-mortgage, conventional loans secured by residential properties, particularly single-family, 2) commercial lending that concentrates on targeted businesses and 3) installment lending for consumer purposes (e.g., auto, home equity, etc.). Note 3 to the Consolidated Financial Statements in Part I, Item 1, Financial Statements provides more information about the loan portfolio.

The following table summarizes the Company's loan portfolio by regulatory classification:

(Unaudited - Dollars in thousands)	Loans Receivable, by Loan Type			%	%
	Balance 3/31/12	Balance 12/31/11	Balance 3/31/11	Change from 12/31/11	Change from 3/31/11
Custom and owner occupied construction	\$ 38,540	35,422	37,841	9%	2%
Pre-sold and spec construction	50,699	58,811	55,817	-14%	-9%
Total residential construction	89,239	94,233	93,658	-5%	-5%
Land development	98,315	103,881	172,134	-5%	-43%
Consumer land or lots	118,689	125,396	144,885	-5%	-18%
Unimproved land	61,462	66,074	79,234	-7%	-22%
Developed lots for operative builders	23,910	25,180	29,543	-5%	-19%
Commercial lots	26,228	26,621	29,334	-1%	-11%
Other construction	32,503	34,346	44,588	-5%	-27%
Total land, lot, and other construction	361,107	381,498	499,718	-5%	-28%
Owner occupied	709,979	697,131	685,484	2%	4%
Non-owner occupied	445,118	436,021	434,179	2%	3%
Total commercial real estate	1,155,097	1,133,152	1,119,663	2%	3%
Commercial and industrial	399,889	408,054	416,343	-2%	-4%
1st lien	667,341	688,455	659,480	-3%	1%
Junior lien	92,578	95,508	99,898	-3%	-7%
Total 1-4 family	759,919	783,963	759,378	-3%	0%
Home equity lines of credit	342,693	350,229	374,949	-2%	-9%
Other consumer	107,933	109,235	112,499	-1%	-4%
Total consumer	450,626	459,464	487,448	-2%	-8%
Agriculture	146,943	151,031	149,689	-3%	-2%
Other	147,919	150,197	144,993	-2%	2%
Loans held for sale	(77,528)	(95,457)	(23,904)	-19%	224%
Total	\$ 3,433,211	3,466,135	3,646,986	-1%	-6%

Table of Contents**Non-performing Assets**

The following table summarizes information regarding non-performing assets at the dates indicated:

(Unaudited - Dollars in thousands)	At or for the Three Months ended March 31, 2012	At or for the Year ended December 31, 2011	At or for the Three Months ended March 31, 2011
Other real estate owned	\$ 74,337	78,354	82,594
Accruing loans 90 days or more past due			
Residential real estate	147	59	191
Commercial	8,605	1,168	3,550
Consumer and other	479	186	2,837
Total	9,231	1,413	6,578
Non-accrual loans			
Residential real estate	13,964	11,881	16,949
Commercial	104,838	109,641	151,290
Consumer and other	12,224	12,167	10,163
Total	131,026	133,689	178,402
 Total non-performing assets ¹	 \$ 214,594	 213,456	 267,574
 Non-performing assets as a percentage of subsidiary assets	 2.91%	 2.92%	 3.78%
 Allowance for loan and lease losses as a percentage of non-performing loans	 97%	 102%	 76%
Accruing loans 30-89 days past due	\$ 42,581	49,086	52,402
Troubled debt restructurings not included in non-performing assets	\$ 89,218	98,859	25,630
Interest income ²	\$ 1,777	7,441	2,471

¹ As of March 31, 2012, non-performing assets have not been reduced by U.S. government guarantees of \$3.2 million.

² Amounts represent estimated interest income that would have been recognized on loans accounted for on a non-accrual basis as of the end of each period had such loans performed pursuant to contractual terms.

Table of Contents

The following tables summarize selected information identified by regulatory classification on the Company's non-performing assets.

	Non-performing Assets, by Loan Type				Accruing Loans 90 Days or More Past Due 3/31/12	Other Real Estate Owned 3/31/12
	Balance 3/31/12	Balance 12/31/11	Balance 3/31/11	Non- Accruing Loans 3/31/12		
(Unaudited - Dollars in thousands)						
Custom and owner occupied construction	\$ 2,688	1,531	2,362	1,825		863
Pre-sold and spec construction	9,085	5,506	12,410	5,627	358	3,100
Total residential construction	11,773	7,037	14,772	7,452	358	3,963
Land development	50,746	56,152	82,465	26,544	2,385	21,817
Consumer land or lots	8,271	8,878	12,763	2,567	304	5,400
Unimproved land	31,891	35,771	42,755	18,807	255	12,829
Developed lots for operative builders	8,918	9,001	7,079	6,438	652	1,828
Commercial lots	2,643	2,032	2,630	548	449	1,646
Other construction	5,128	5,133	4,302	217		4,911
Total land, lot and other construction	107,597	116,967	151,994	55,121	4,045	48,431
Owner occupied	20,818	23,931	23,104	11,479	1,287	8,052
Non-owner occupied	3,645	4,897	12,694	2,211		1,434
Total commercial real estate	24,463	28,828	35,798	13,690	1,287	9,486
Commercial and industrial	12,818	12,855	17,577	11,915	371	532
1st lien	29,199	31,083	30,336	20,643	156	8,400
Junior lien	10,749	2,506	2,568	10,749		
Total 1-4 family	39,948	33,589	32,904	31,392	156	8,400
Home equity lines of credit	6,607	6,361	5,697	6,195	154	258
Other consumer	307	360	641	207	12	88
Total consumer	6,914	6,721	6,338	6,402	166	346
Agriculture	10,738	7,010	7,112	4,964	2,848	2,926
Other	343	449	1,079	90		253
Total	\$ 214,594	213,456	267,574	131,026	9,231	74,337

Table of Contents

(Unaudited - Dollars in thousands)	Accruing 30-89 Days Delinquent Loans, by Loan Type		
	Balance 3/31/12	Balance 12/31/11	Balance 3/31/11
Custom and owner occupied construction	\$ 415		
Pre-sold and spec construction	303	250	2,968
Total residential construction	718	250	2,968
Land development	870	458	2,874
Consumer land or lots	3,844	1,801	6,294
Unimproved land	117	1,342	3,473
Developed lots for operative builders	253	1,336	324
Commercial lots			403
Other construction	122		525
Total land, lot and other construction	5,206	4,937	13,893
Owner occupied	12,003	8,187	6,027
Non-owner occupied	2,116	1,791	711
Total commercial real estate	14,119	9,978	6,738
Commercial and industrial	4,490	4,637	3,712
1st lien	10,861	14,405	19,590
Junior lien	1,815	6,471	477
Total 1-4 family	12,676	20,876	20,067
Home equity lines of credit	2,609	3,416	2,862
Other consumer	915	1,172	1,308
Total consumer	3,524	4,588	4,170
Agriculture	1,174	3,428	776
Other	674	392	78
Total	\$ 42,581	49,086	52,402

The non-performing assets of \$215 million remained stable compared to the prior quarter and decreased \$53.0 million, or 20 percent, from the prior year first quarter. The Company's early stage delinquencies (accruing loans 30-89 days past due) of \$42.6 million at March 31, 2012 decreased from the prior quarter early stage delinquencies of \$49.1 million and early stage delinquencies of \$52.4 million at March 31, 2011. The banks continue to actively manage the disposition of non-performing assets.

The largest category of non-performing assets was the land, lot and other construction category which was \$108 million, or 50 percent, of the non-performing assets at March 31, 2012. Included in this category was \$50.7 million of land development assets and \$31.9 million in unimproved land assets at March 31, 2012. Although land, lot and other construction assets have historically put pressure on the Company's credit quality, the Company has continued to reduce this category. During the current quarter, land, lot and other construction non-performing assets were reduced by \$9.4 million, or 8 percent.

Table of Contents

Most of the Company's non-performing assets are secured by real estate, and based on the most current information available to management, including updated appraisals or evaluations, the Company believes the value of the underlying real estate collateral is adequate to minimize significant charge-offs or loss to the Company. Each bank subsidiary evaluates the level of its non-performing assets, the values of the underlying real estate and other collateral, and related trends in net charge-offs in determining the adequacy of the ALLL. Through pro-active credit administration, the Banks work closely with borrowers to seek favorable resolution to the extent possible, thereby attempting to minimize net charge-offs or losses to the Company. Throughout the year, the Company has maintained an adequate allowance for loan and lease losses while working to reduce non-performing assets. The improvement in the credit quality ratios during the previous twelve months are a product of this effort.

For non-performing construction loans involving residential structures, the percentage of completion exceeds 95 percent at March 31, 2012. For construction loans involving commercial structures, the percentage of completion ranges from projects not started to projects completed at March 31, 2012. During the construction loan term, all construction loan collateral properties are inspected at least monthly, or more frequently as needed, until completion. Draws on construction loans are predicated upon the results of the inspection and advanced based upon a percentage of completion basis versus original budget percentages. When construction loans become non-performing and the associated project is not complete, the Company on a case-by-case basis makes the decision to advance additional funds or to initiate collection/foreclosure proceedings. Such decision includes obtaining as-is and at completion appraisals for consideration of potential increases or decreases in the collateral's value. The Company also considers the increased costs of monitoring progress to completion, and the related collection/holding period costs should collateral ownership be transferred to the Company. With very limited exception, the Company does not disburse additional funds on non-performing loans. Instead, the Company has proceeded to collection and foreclosure actions in order to reduce the Company's exposure to loss on such loans.

As identified below, the following four bank subsidiaries had non-accrual construction loans that aggregated 5 percent or more of the Company's \$62.6 million of non-accrual construction loans at March 31, 2012. Also identified below are the principal areas of the bank subsidiaries operations in which the collateral properties of such non-accrual construction loans are located:

Glacier	44 percent	Western Montana
First Security	23 percent	Western Montana
Mountain West	18 percent	Northern Idaho and Boise and Sun Valley, Idaho
Big Sky	8 percent	Western Montana

Unimproved land and land development loans collectively account for the bulk of the non-accrual commercial construction loans at the four bank subsidiaries. With locations and operations in the contiguous northern Rocky Mountain states of Idaho and Montana, the geography and economies of each of the four bank subsidiaries are predominantly tied to real estate development given the sprawling abundance of timbered valleys and mountainous terrain with significant lakes, streams and watershed areas. Consistent with the general economic downturn, the market for upscale primary, secondary and other housing as well as the associated construction and building industries have stalled after years of significant growth. As the housing market (rental and owner-occupied) and related industries continue to recover from the downturn, the Company continues to reduce its exposure to loss in the construction loan and other segments of the total loan portfolio.

Table of Contents

Impaired Loans

Loans are designated impaired when, based upon current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement and therefore, the Company has serious doubts as to the ability of such borrowers to fulfill the contractual obligation. When the ultimate collectability of the total principal of an impaired loan is in doubt and designated as non-accrual, all payments are applied to principal under the cost recovery method. When the ultimate collectability of the total principal on an impaired loan is not in doubt, contractual interest is generally credited to interest income when received under the cash basis method. Impaired loans were \$271 million and \$259 million as of March 31, 2012 and December 31, 2011, respectively. The ALLL includes valuation allowances of \$20.5 million and \$18.8 million specific to impaired loans as of March 31, 2012 and December 31, 2011, respectively. Of the total impaired loans at March 31, 2012, there were 42 commercial real estate and other commercial loans that accounted for \$113 million, or 42 percent, of the impaired loans. The 42 loans were collateralized by 152 percent of the loan value, the majority of which had appraisals (new or updated) during the last year, such appraisals reviewed at least quarterly taking into account current market conditions. Of the total impaired loans at March 31, 2012, there were 290 loans aggregating to \$150 million, or 55 percent, whereby the borrowers had more than one impaired loan. The amount of impaired loans that have had partial charge-offs during the year for which the Company continues to have concern about the collectability of the remaining loan balance was \$16.7 million. Of these loans, there were charge-offs of \$5.5 million during 2012.

For collateral-dependent loans and real estate loans for which foreclosure or a deed-in-lieu of foreclosure is probable, impairment is measured by the fair value of the collateral, less estimated cost to sell. The fair value of the collateral is determined primarily based upon appraisal or evaluation (new or updated) of the underlying property value. The Company reviews appraisals or evaluations, giving consideration to the highest and best use of the collateral, with values reduced by discounts to consider lack of marketability and estimated cost to sell. Appraisals or evaluations (new or updated) are reviewed at least quarterly and more frequently based on current market conditions, including deterioration in a borrower's financial condition and when property values may be subject to significant volatility. After review and acceptance of the collateral appraisal or evaluation (new or updated), adjustments to an impaired loan's value may occur.

In deciding whether to obtain a new or updated appraisal or evaluation, the Company considers the impact of the following factors and environmental events:

passage of time;

improvements to, or lack of maintenance of, the collateral property;

stressed and volatile economic conditions, including market values;

changes in the performance, risk profile, size and complexity of the credit exposure;

limited or specific use collateral property;

high loan-to-value credit exposures;

changes in the adequacy of the collateral protections, including loan covenants and financially responsible guarantors;

competing properties in the market area;

changes in zoning and environmental contamination;

the nature of subsequent transactions (e.g., modification, restructuring, refinancing); and

the availability of alternative financing sources.

The Company also takes into account 1) the Company's experience with whether the appraised values of impaired collateral-dependent loans are actually realized, and 2) the timing of cash flows expected to be received from the underlying collateral to the extent such timing is significantly different than anticipated in the most recent appraisal.

Table of Contents

The Company generally obtains new or updated appraisals or evaluations annually for collateral underlying impaired loans. For collateral-dependent loans for which the appraisal of the underlying collateral is more than twelve months old, the Company updates collateral valuations through procedures that include obtaining current inspections of the collateral property, broker price opinions, comprehensive market analyses and current data for conditions and assumptions (e.g., discounts, comparable sales and trends) underlying the appraisals' valuation techniques. The Company's impairment/valuation procedures take into account new and updated appraisals on similar properties in the same area in order to capture current market valuation changes, unfavorable and favorable.

Restructured Loans

A restructured loan is considered a troubled debt restructuring (TDR) if the creditor, for economic or legal reasons related to the debtor's financial difficulties, grants a concession to the debtor that it would not otherwise consider. The Company had TDR loans of \$155 million as of March 31, 2012. The Company's TDR loans are considered impaired loans of which \$65.4 million are designated as non-accrual.

Each restructured debt is separately negotiated with the borrower and includes terms and conditions that reflect the borrower's prospective ability to service the debt as modified. The Company discourages the multiple loan strategy when restructuring loans regardless of whether or not the notes are TDR loans. The Company does not have any commercial TDR loans as of March 31, 2012 that have repayment dates extended at or near the original maturity date for which the Company has not classified as impaired. The Company has TDR loans of \$28.8 million that are in non-accrual status or that have had partial charge-offs during the year, the borrowers of which continue to have \$39.7 million in other loans that are on accrual status.

Other Real Estate Owned

The loan book value prior to the acquisition and transfer of the loan into other real estate owned (OREO) during 2012 was \$15.5 million of which \$5.6 million was residential real estate, \$9.4 million was commercial, and \$506 thousand was consumer loans. The loan collateral acquired in foreclosure during 2012 was \$11.0 million of which \$2.9 million was residential real estate, \$7.8 million was commercial, and \$330 thousand was consumer loans. The following table sets forth the changes in OREO for the periods indicated:

	Three Months ended March 31, 2012	Year ended December 31, 2011	Three Months ended March 31, 2011
(Unaudited - Dollars in thousands)			
Balance at beginning of period	\$ 78,354	73,485	73,485
Additions	10,957	79,295	17,277
Capital improvements		669	
Write-downs	(5,408)	(16,246)	(758)
Sales	(9,566)	(58,849)	(7,410)
Balance at end of period	\$ 74,337	78,354	82,594

The Company believes that the write-downs in 2012 and 2011 are not indicative of a trend in that several of such properties have characteristics unique to the property, including special or limited use, and locations of such properties. The Company determined that the write-downs were not indicative of a trend which would likely affect the future operating results in light of the remaining holdings of real property and each particular bank subsidiary's experience in its particular markets. However, there can be no assurance that future significant write-downs will not occur.

Table of Contents

Allowance for Loan and Lease Losses

Determining the adequacy of the ALLL involves a high degree of judgment and is inevitably imprecise as the risk of loss is difficult to quantify. The ALLL methodology is designed to reasonably estimate the probable loan and lease losses within each bank subsidiary's loan portfolios. Accordingly, the ALLL is maintained within a range of estimated losses. The determination of the ALLL, including the provision for loan losses and net charge-offs, is a critical accounting estimate that involves management's judgments about all known relevant internal and external environmental factors that affect loan losses, including the credit risk inherent in the loan portfolios, economic conditions nationally and in the local markets in which the community bank subsidiaries operate, changes in collateral values, delinquencies, non-performing assets and net charge-offs.

Although the Company and Banks continue to actively monitor economic trends, soft economic conditions combined with potential declines in the values of real estate that collateralize most of the Company's loan portfolios may adversely affect the credit risk and potential for loss to the Company.

The ALLL evaluation is well documented and approved by each bank subsidiary's Board of Directors and reviewed by the Parent's Board of Directors. In addition, the policy and procedures for determining the balance of the ALLL are reviewed annually by each bank subsidiary's Board of Directors, the Parent's Board of Directors, the internal audit department, independent credit reviewers and state and federal bank regulatory agencies.

At the end of each quarter, each of the community bank subsidiaries analyzes its loan portfolio and maintain an ALLL at a level that is appropriate and determined in accordance with accounting principles generally accepted in the United States of America. The allowance consists of a specific valuation allowance component and a general valuation allowance component. The specific valuation allowance component relates to loans that are determined to be impaired. A specific valuation allowance is established when the fair value of a collateral-dependent loan or the present value of the loan's expected future cash flows (discounted at the loan's effective interest rate) is lower than the carrying value of the impaired loan. The general valuation allowance component relates to probable credit losses inherent in the balance of the loan portfolio based on prior loss experience, adjusted for changes in trends and conditions of qualitative or environmental factors.

Management of each bank subsidiary exercises significant judgment when evaluating the effect of applicable qualitative or environmental factors on each bank subsidiary's historical loss experience for loans not identified as impaired. Quantification of the impact upon each bank subsidiary's ALLL is inherently subjective as data for any factor may not be directly applicable, consistently relevant, or reasonably available for management to determine the precise impact of a factor on the collectability of the Bank's unimpaired loan portfolio as of each evaluation date. Bank management documents its conclusions and rationale for changes that occur in each applicable factor's weight (i.e., measurement) and ensures that such changes are directionally consistent based on the underlying current trends and conditions for the factor. To have directional consistency, the provision for loan losses and credit quality should move in the same direction.

The Company is committed to a conservative management of the credit risk within the loan portfolios, including the early recognition of problem loans. The Company's credit risk management includes stringent credit policies, individual loan approval limits, limits on concentrations of credit, and committee approval of larger loan requests. Management practices also include regular internal and external credit examinations, identification and review of individual loans and leases experiencing deterioration of credit quality, procedures for the collection of non-performing assets, quarterly monitoring of the loan portfolios, semi-annual review of loans by industry, and periodic stress testing of the loans secured by real estate.

Table of Contents

The Company's model of eleven independent wholly-owned community banks, each with its own loan committee, chief credit officer and Board of Directors, provides substantial local oversight to the lending and credit management function. The Company's decentralized business model affords multiple reviews of larger loans before credit is extended, a significant benefit in mitigating and managing the Company's credit risk. The geographic dispersion of the market areas in which the Company and the community bank subsidiaries operate further mitigates the risk of credit loss. While this process is intended to limit credit exposure, there can be no assurance that further problem credits will not arise and additional loan losses incurred, particularly in periods of rapid economic downturns.

The primary responsibility for credit risk assessment and identification of problem loans rests with the loan officer of the account. This continuous process, utilizing each of the Banks' internal credit risk rating process, is necessary to support management's evaluation of the ALLL adequacy. An independent loan review function verifying credit risk ratings evaluates the loan officer and management's evaluation of the loan portfolio credit quality. The loan review function also assesses the evaluation process and provides an independent analysis of the adequacy of the ALLL.

The Company considers the ALLL balance of \$137 million adequate to cover inherent losses in the loan portfolios as of March 31, 2012. However, no assurance can be given that the Company will not, in any particular period, sustain losses that are significant relative to the ALLL amount, or that subsequent evaluations of the loan portfolios applying management's judgment about then current factors, including economic and regulatory developments, will not require significant changes in the ALLL. Under such circumstances, this could result in enhanced provisions for loan losses. See additional risk factors in Part II. Item 1A. Risk Factors.

The following table summarizes the allocation of the ALLL as of the dates indicated:

(Unaudited - Dollars in thousands)	March 31, 2012		December 31, 2011		March 31, 2011	
	Allowance for Loan and Lease Losses	Percent of Loans in Category	Allowance for Loan and Lease Losses	Percent of Loans in Category	Allowance for Loan and Lease Losses	Percent of Loans in Category
Residential real estate	\$ 19,003	15%	17,227	15%	17,004	15%
Commercial real estate	73,240	48%	76,920	48%	80,098	48%
Other commercial	22,444	18%	20,833	18%	20,960	18%
Home equity	13,364	13%	13,616	13%	14,206	13%
Other consumer	8,535	6%	8,920	6%	8,561	6%
Totals	\$ 136,586	100%	137,516	100%	140,829	100%

Table of Contents

The following table summarizes the ALLL experience for the periods indicated:

(Unaudited - Dollars in thousands)	Three Months ended March 31, 2012	Year ended December 31, 2011	Three Months ended March 31, 2011
Balance at beginning of period	\$ 137,516	137,107	137,107
Provision for loan losses	8,625	64,500	19,500
Charge-offs			
Residential real estate	(1,849)	(5,671)	(5,281)
Commercial loans	(7,406)	(52,428)	(10,098)
Consumer and other loans	(1,803)	(11,267)	(1,125)
Total charge-offs	(11,058)	(69,366)	(16,504)
Recoveries			
Residential real estate	95	486	95
Commercial loans	1,186	3,830	439
Consumer and other loans	222	959	192
Total recoveries	1,503	5,275	726
Charge-offs, net of recoveries	(9,555)	(64,091)	(15,778)
Balance at end of period	\$ 136,586	137,516	140,829
Allowance for loan and lease losses as a percentage of total loans	3.98%	3.97%	3.86%
Net charge-offs as a percentage of total loans	0.28%	1.85%	0.43%

Table of Contents

The following table summarizes net charge-offs at the dates indicated, including identification by regulatory classification:

(Unaudited - Dollars in thousands)	Net Charge-Offs (Recoveries), Year-to-Date Period Ending, By Loan Type				
	Balance 3/31/12	Balance 12/31/11	Balance 3/31/11	Charge-Offs 3/31/12	Recoveries 3/31/12
Custom and owner occupied construction	\$	206	97		
Pre-sold and spec construction	1,919	4,069	2,735	2,013	94
Total residential construction	1,919	4,275	2,832	2,013	94
Land development	1,236	17,055	3,511	1,467	231
Consumer land or lots	1,195	7,456	1,751	1,304	109
Unimproved land	130	4,047	1,776	321	191
Developed lots for operative builders	394	943	129	397	3
Commercial lots	(120)	237	267		120
Other construction		1,568			
Total land, lot and other construction	2,835	31,306	7,434	3,489	654
Owner occupied	1,372	3,815	890	1,404	32
Non-owner occupied	546	3,861		549	3
Total commercial real estate	1,918	7,676	890	1,953	35
Commercial and industrial	334	7,871	1,344	691	357
1st lien	893	7,031	2,309	951	58
Junior lien	1,176	1,663	615	1,335	159
Total 1-4 family	2,069	8,694	2,924	2,286	217
Home equity lines of credit	346	3,261	285	371	25
Other consumer	36	615	31	151	115
Total consumer	382	3,876	316	522	140
Agriculture		134	(1)		
Other	98	259	39	104	6
Total	\$ 9,555	64,091	15,778	11,058	1,503

The allowance determined by each of the eleven community bank subsidiaries is combined together into a single allowance for the Company. Each of the Bank's ALLL is considered adequate to absorb losses from any class of its loan portfolio. For the periods ended March 31, 2012 and 2011, the Company believes the allowance is commensurate with the risk in the Company's loan portfolio and is directionally consistent with the change in the quality of the Company's loan portfolio as determined at each bank subsidiary. At March 31, 2012, the allowance for loan and lease losses (allowance) was \$137 million, a decrease of \$930 thousand from the prior quarter and a decrease of \$4.2 million from a year ago. The allowance was 3.98 percent of total loans outstanding at March 31, 2012, compared to 3.97 percent at December 31, 2011. The allowance was 97 percent of non-performing loans at March 31, 2012, a decrease from 102 percent at the prior quarter end and an increase from 76 percent from the prior year first quarter.

Table of Contents

The Company's allowance consisted of the following components as of the dates indicated:

(Unaudited - Dollars in thousands)	March 31, 2012	December 31, 2011	March 31, 2011
Specific valuation allowance	\$ 20,507	18,828	15,402
General valuation allowance	116,079	118,688	125,427
Total ALLL	\$ 136,586	137,516	140,829

During 2012, the ALLL decreased by \$930 thousand, the net result of a \$1.7 million increase in the specific valuation allowance and a \$2.6 million decrease in the general valuation allowance. The increase in the specific valuation allowance since the prior year end was primarily due to the increase in loans individually reviewed for impairment of \$12.4 million. The decrease in the general valuation allowance since the prior year end was due to a decrease in loans collectively evaluated for impaired of \$45 million.

Presented below are select aggregated statistics that were also considered when determining the adequacy of the Company's ALLL at March 31, 2012:

Positive Trends

Non-accrual construction loans (i.e., residential construction and land, lot and other construction) were \$62.6 million, or 48 percent, of the \$131 million of non-accrual loans at March 31, 2012, a decrease of \$5.3 million from the prior year end and decreased \$36.0 million from March 31, 2011. Non-accrual construction loans accounted for 51 percent of the \$134 million of non-accrual loans at year end 2011 and 55 percent of the \$178 million of non-accrual loans at March 31, 2011.

The \$25.6 million total of non-accrual loans in the commercial real estate and commercial and industrial at March 31, 2012 decreased by \$5.8 million from the prior year end and decreased \$17.4 million from March 31, 2011.

Charge-offs, net of recoveries, in 2012 were \$9.6 million, a decrease of \$6.2 million from the same period in 2011.

Net charge-offs of construction loans were \$4.8 million, or 50 percent, of the \$9.6 million of net charge-offs in 2012 compared to net charge-offs of construction loans of \$10.3 million, or 65 percent, of the \$15.8 million of net charge-offs during the same period in 2011.

Early stage delinquencies (accruing loans 30-89 days past due) decreased to \$42.6 million at March 31, 2012 from \$49.1 million at the prior year end and \$52.4 million at March 31, 2011.

Negative Trends

The \$42.8 million total of non-accrual loans in the agriculture, 1-4 family, home equity lines of credit, consumer, and other loans at March 31, 2012 increased by \$8.4 million from year end 2011 and increased by \$6.0 million from March 31, 2011.

Non-performing loans as a percent of total loans increased to 4.09 percent at March 31, 2012 as compared to 3.90 percent at year end 2011.

Edgar Filing: GLACIER BANCORP INC - Form 10-Q

The allowance as a percent of non-performing loans was 97 percent at March 31, 2012, compared to 102 percent at year end 2011.

Impaired loans as a percent of total loans increased to 7.90 percent at March 31, 2012 as compared to 7.46 percent and 6.00 percent at year end 2011 and March 31, 2011, respectively.

Table of Contents

When applied to each bank subsidiary's historical loss experience, the environmental factors result in the provision for loan losses being recorded in the period in which the loss has probably occurred. When the loss is confirmed at a later date, a charge-off is recorded. During 2012, loan charge-offs, net of recoveries, exceeded the provision for loan losses by \$930 thousand. During the same period in 2011, the provision for loan losses exceeded loan charge-offs, net of recoveries, by \$3.7 million.

The eleven bank subsidiaries provide commercial services to individuals, small to medium size businesses, community organizations and public entities from 106 locations, including 97 branches, across Montana, Idaho, Wyoming, Colorado, Utah, and Washington. The Rocky Mountain areas in which the bank subsidiaries operate have diverse economies and markets that are tied to commodities (crops, livestock, minerals, oil and natural gas), tourism, real estate and land development and an assortment of industries, both manufacturing and service-related. Thus, the changes in the global, national, and local economies are not uniform across each of the bank subsidiaries.

Though stabilizing, the soft economic conditions during much of 2010 continued during 2011 and the first quarter of 2012, including declining sales of existing real property (e.g., single family residential, multi-family, commercial buildings and land), an increase in existing inventory of real property, increase in real property delinquencies and foreclosures, and corresponding decrease in absorption rates, and lower values of real property that collateralize most of the Company's loan portfolios, among other factors. National unemployment rates increased steadily from 5.0 in the first part of 2008 to a range of 8.5 to 10.0 during 2009 through 2011 and has recently declined to 8.2 in March of 2012. The unemployment rates for most states in which the community bank subsidiaries conduct operations were generally lower throughout this time period compared to the national unemployment rate. Agricultural price declines in livestock and grain in 2009 have recovered significantly and remain strong. While prices for oil have held strong, prices for natural gas currently remain weak (due to excess supply) especially when compared to the exceptionally high price levels of natural gas during 2008. Although the cost of living (as reflected in Consumer Price Index measures) has slowly increased during 2011 and the first quarter of 2012, the overall decline in the cost of living during 2010 and 2009 helped buffer the general softening of the economy nationally, regionally and locally, and the impact of lower real property values. The tourism industry and related lodging continues to be a source of strength for those banks whose market areas have national parks and similar recreational areas in the market areas served. Such changes affected the bank subsidiaries in distinctly different ways as each bank has its own geographic area and local economic influences over both a short-term and long-term horizon.

In evaluating the need for a specific or general valuation allowance for impaired and unimpaired loans, respectively, within the Company's construction loan portfolio, including residential construction and land, lot and other construction loans, the credit risk related to such loans was considered in the ongoing monitoring of such loans, including assessments based on current information, including new or updated appraisals or evaluations of the underlying collateral, expected cash flows and the timing thereof, as well as the estimated cost to sell when such costs are expected to reduce the cash flows available to repay or otherwise satisfy the construction loan. Construction loans are 13 percent of the Company's total loan portfolio and account for 48 percent of the Company's non-accrual loans at March 31, 2012. Collateral securing construction loans includes residential buildings (e.g., single/multi-family and condominiums), commercial buildings, and associated land (multi-acre parcels and individual lots, with and without shorelines). Outstanding balances are centered in Western Montana and Northern Idaho, as well as Boise and Sun Valley, Idaho. None of the individual bank subsidiaries have a concentration of construction loans exceeding 5 percent of the Company's total loan portfolio.

For additional information regarding the ALLL, its relation to the provision for loan losses and risk related to asset quality, see Note 3 to the Consolidated Financial Statements in Part I. Item 1. Financial Statements.

Table of Contents

Investment Activity

It has generally been the Company's policy to maintain a liquid portfolio above policy limits. The Company's investment securities are generally classified as available-for-sale and are carried at estimated fair value with unrealized gains or losses, net of tax, reflected as an adjustment to stockholders' equity. The Company's investment portfolio is primarily comprised of residential mortgage-backed securities and state and local government securities which are largely exempt from federal income tax. The Company uses the federal statutory rate of 35 percent in calculating its tax-equivalent yield. The residential mortgage-backed securities are typically short-term and provide the Company with on-going liquidity as scheduled and pre-paid principal payments are made on the securities. The Company assesses individual securities in its investment securities portfolio for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market conditions warrant.

For additional investment activity information, see Note 2 to the Consolidated Financial Statements in Part I. Item 1. Financial Statements.

Other-Than-Temporary Impairment on Securities Analysis

Non-marketable equity securities owned at March 31, 2012 primarily consisted of stock issued by the FHLB of Seattle and Topeka, such shares measured at cost in recognition of the transferability restrictions imposed by the issuers. Other non-marketable equity securities include Federal Agriculture Mortgage Corporation and Bankers' Bank of the West Bancorporation, Inc.

With respect to FHLB stock, the Company evaluates such stock for other-than-temporary impairment. Such evaluation takes into consideration 1) FHLB deficiency, if any, in meeting applicable regulatory capital targets, including risk-based capital requirements, 2) the significance of any decline in net assets of the FHLB as compared to the capital stock amount for the FHLB and the time period for any such decline, 3) commitments by the FHLB to make payments required by law or regulation and the level of such payments in relation to the operating performance of the FHLB, 4) the impact of legislative and regulatory changes on the FHLB, and 5) the liquidity position of the FHLB.

Based on the Company's analysis of its impaired non-marketable equity securities as of March 31, 2012, the Company determined that none of such securities had other-than-temporary impairment.

In evaluating debt securities for other-than-temporary impairment losses, management assesses whether the Company intends to sell the security or if it is more-likely-than-not that the Company will be required to sell the debt security. In so doing, management considers contractual constraints, liquidity, capital, asset / liability management and securities portfolio objectives.

The Company believes that macroeconomic conditions occurring during the first quarter of 2012 and throughout 2011 have unfavorably impacted the fair value of certain debt securities in its investment portfolio. On August 5, 2011, Standard and Poor's downgraded the United States long-term debt rating from its AAA rating to AA+. On August 8, 2011, Standard and Poor's downgraded from AAA to AA+ the credit ratings of certain long-term debt instruments issued by Fannie Mae and Freddie Mac and other U.S. government agencies linked to long-term United States debt. For debt securities with limited or inactive markets, the impact of these macroeconomic conditions upon fair value estimates includes higher risk-adjusted discount rates and downgrades in credit ratings provided by nationally recognized credit rating agencies, (e.g., Moody's, S&P, Fitch, and DBRS).

Table of Contents

The following table separates investments with an unrealized loss position at March 31, 2012 into two categories: investments purchased prior to 2012 and those purchased during the first quarter of 2012. Of those investments purchased prior to 2012, the fair value and unrealized loss of the same investments at December 31, 2011 is also presented.

(Unaudited - Dollars in thousands)	March 31, 2012			December 31, 2011		
	Fair Value	Unrealized Loss	Unrealized Loss as a Percent of Fair Value	Fair Value	Unrealized Loss	Unrealized Loss as a Percent of Fair Value
Temporarily impaired securities purchased prior to 2012						
State and local governments	\$ 30,620	(463)	-1.51%	30,649	(466)	-1.52%
Corporate bonds	12,532	(173)	-1.38%	11,990	(793)	-6.61%
Collateralized debt obligations	5,366	(282)	-5.26%	5,366	(282)	-5.26%
Residential mortgage-backed securities	538,318	(3,052)	-0.57%	670,652	(6,426)	-0.96%
Total	\$ 586,836	(3,970)	-0.68%	718,657	(7,967)	-1.11%
Temporarily impaired securities purchased during 2012						
State and local governments	\$ 79,502	(1,452)	-1.83%			
Corporate bonds	20,820	(243)	-1.17%			
Residential mortgage-backed securities	126,008	(275)	-0.22%			
Total	\$ 226,330	(1,970)	-0.87%			
Temporarily impaired securities						
State and local governments	\$ 110,122	(1,915)	-1.74%			
Corporate bonds	33,352	(416)	-1.25%			
Collateralized debt obligations	5,366	(282)	-5.26%			
Residential mortgage-backed securities	664,326	(3,327)	-0.50%			
Total	\$ 813,166	(5,940)	-0.73%			

With respect to severity, the following table provides the number of securities and amount of unrealized loss in the various ranges of unrealized loss as a percent of book value.

(Unaudited - Dollars in thousands)	Number of Debt Securities	Unrealized Loss
Greater than 20.0%		\$
15.1% to 20.0%	1	(5)
10.1% to 15.0%	2	(348)
5.1% to 10.0%	3	(446)
0.1% to 5.0%	410	(5,141)
Total	416	\$ (5,940)

Table of Contents

With respect to the duration of the impaired debt securities, the Company identified 20 securities which have been continuously impaired for the twelve months ending March 31, 2012. The valuation history of such securities in the prior year(s) was also reviewed to determine the number of months in prior year(s) in which the identified securities was in an unrealized loss position.

The following table provides details of the 20 securities which have been continuously impaired for the twelve months ended March 31, 2012, including the most notable loss for any one bond in each category.

(Unaudited - Dollars in thousands)	Number of Debt Securities	Unrealized Loss for 12 Months Or More	Most Notable Loss
State and local governments	8	\$ (327)	(137)
Collateralized debt obligations	6	(282)	(71)
Residential mortgage-backed securities	6	(797)	(282)
Total	20	\$ (1,406)	

With respect to the collateralized debt obligation securities, each is in the form of a pooled trust preferred structure of which the Company owns a portion of the Senior Notes tranche. All of the assets underlying the pooled trust preferred structure are capital securities issued by trust subsidiaries of holding companies of banks and thrifts.

Of the 6 non-guaranteed private label whole loan mortgages, 2 are collateralized by 30-year fixed rate residential mortgages considered to be Prime and 4 are collateralized by 30-year fixed rate residential mortgages considered to be ALT - A. Moreover, none of the underlying mortgage collateral is considered subprime. The Company engages a third-party to perform detailed analysis for other-than-temporary impairment of such securities. Such analysis takes into consideration original and current data for the tranche and CMO structure, the non-guaranteed classification of each CMO tranche, current and deal inception credit ratings, credit support (protection) afforded the tranche through the subordination of other tranches in the CMO structure, the nature of the collateral (e.g., Prime or Alt-A) underlying each CMO tranche, and realized cash flows since purchase.

Based on the Company's analysis of its impaired debt securities as of March 31, 2012, the Company determined that none of such securities had other-than-temporary impairment.

Sources of Funds

Deposits obtained through the Banks have traditionally been the principal source of funds for use in lending and other business purposes. The Banks have a number of different deposit programs designed to attract both short-term and long-term deposits from the general public by providing a wide selection of accounts and rates. These programs include non-interest bearing demand accounts, interest bearing checking, regular statement savings, money market deposit accounts, and fixed rate certificates of deposit with maturities ranging from three months to five years, negotiated-rate jumbo certificates, and individual retirement accounts. In addition, the Banks obtain wholesale deposits through various programs including reciprocal deposit programs (e.g. Certificate of Deposit Account Registry System).

Table of Contents

The Banks also obtain funds from repayment of loans and investment securities, securities sold under agreements to repurchase (repurchase agreements), advances from the FHLB, other borrowings, and sale of loans and investment securities. Loan repayments are a relatively stable source of funds, while interest bearing deposit inflows and outflows are significantly influenced by general interest rate levels and market conditions. Borrowings and advances may be used on a short-term basis to compensate for reductions in normal sources of funds such as deposit inflows at less than projected levels. Borrowings also may be used on a long-term basis to support expanded activities and to match maturities of longer-term assets.

Short-term borrowings

A critical component of the Company's liquidity and capital resources is access to short-term borrowings to fund its operations. Short-term borrowings are accompanied by increased risks managed by asset liability committees (ALCO) such as rate increases or unfavorable change in terms which would make it more costly to obtain future short-term borrowings. The Company's short-term borrowing sources include FHLB advances, discount window borrowings, federal funds purchased, wholesale deposits, and retail and wholesale repurchase agreements. FHLB advances and certain other short-term borrowings may be extended as long-term borrowings to decrease certain risks such as liquidity or interest rate risk; however, the reduction in risks are weighed against the increased cost of funds.

The following table provides information relating to short-term borrowings which consists of borrowings that mature within one year of period end:

(Unaudited - Dollars in thousands)	At or for the Three Months ended March 31, 2012	At or for the Year ended December 31, 2011
Repurchase agreements		
Amount outstanding at end of period	\$ 259,290	258,643
Weighted interest rate on outstanding amount	0.35%	0.42%
Maximum outstanding at any month-end	\$ 389,452	338,352
Average balance	\$ 313,611	267,058
Weighted average interest rate	0.38%	0.51%
FHLB advances		
Amount outstanding at end of period	\$ 718,000	792,000
Weighted interest rate on outstanding amount	0.61%	0.68%
Maximum outstanding at any month-end	\$ 774,000	877,017
Average balance	\$ 734,670	721,226
Weighted average interest rate	0.63%	0.76%

Contractual Obligations and Off-Balance Sheet Arrangements

In the normal course of business, there are various outstanding commitments to extend credit, such as letters of credit and un-advanced loan commitments, which are not reflected in the accompanying condensed consolidated financial statements. Management does not anticipate any material losses as a result of these transactions. The Company has outstanding debt maturities, the largest aggregate amount of which were FHLB advances.

Table of Contents**Liquidity Risk**

Liquidity risk is the possibility that the Company will not be able to fund present and future obligations as they come due because of an inability to liquidate assets or obtain adequate funding at a reasonable cost. The objective of liquidity management is to maintain cash flows adequate to meet current and future needs for credit demand, deposit withdrawals, maturing liabilities and corporate operating expenses. Effective liquidity management entails three elements:

1. Assessing on an ongoing basis, the current and expected future needs for funds, and ensuring that sufficient funds or access to funds exist to meet those needs at the appropriate time.
 2. Providing for an adequate cushion of liquidity to meet unanticipated cash flow needs that may arise from potential adverse circumstances ranging from high probability/low severity events to low probability/high severity.
 3. Balancing the benefits between providing for adequate liquidity to mitigate potential adverse events and the cost of that liquidity.
- The following table identifies certain liquidity sources and capacity available to the Company at March 31, 2012:

(Unaudited - Dollars in thousands)	March 31, 2012
FHLB advances	
Borrowing capacity	\$ 1,105,571
Amount utilized	(995,038)
 Amount available	 \$ 110,533
 Federal Reserve Bank discount window	
Borrowing capacity	\$ 231,637
Amount utilized	
 Amount available	 \$ 231,637
 Unsecured lines of credit available	 \$ 183,860
 Unencumbered securities	
U.S. government and federal agency	\$ 206
U.S. government sponsored enterprises	3,687
State and local governments	1,022,790
Corporate bonds	107,493
Collateralized debt obligations	5,366
Residential mortgage-backed securities	932,863
 Total unencumbered securities	 \$ 2,072,405

The Company and each of the bank subsidiaries have a wide range of versatility in managing the liquidity and asset/liability mix across each of the bank subsidiaries as well as the Company as a whole. ALCO committees are maintained at the Parent and bank subsidiary levels with the ALCO committees meeting regularly to assess liquidity risk, among other matters. The Company monitors liquidity and contingency funding alternatives through management reports of liquid assets (e.g., investment securities), both unencumbered and pledged, as well as borrowing capacity, both secured and unsecured.

Table of Contents**Capital Resources**

Maintaining capital strength continues to be a long-term objective. Abundant capital is necessary to sustain growth, provide protection against unanticipated declines in asset values, and to safeguard the funds of depositors. Capital also is a source of funds for loan demand and enables the Company to effectively manage its assets and liabilities. Taking these considerations into account, the Company may, as it has done in the past, decide to utilize a portion of its strong capital position to repurchase shares of its outstanding common stock, from time to time, depending on market price and other relevant considerations.

The Federal Reserve Board has adopted capital adequacy guidelines that are used to assess the adequacy of capital in supervising a bank holding company. Each bank subsidiary was considered well capitalized by their respective regulator as of March 31, 2012 and 2011. There are no conditions or events since March 31, 2012 that management believes have changed the Company's or bank subsidiaries' risk-based capital category.

The following table illustrates the Federal Reserve Board's capital adequacy guidelines and the Company's compliance with those guidelines as of March 31, 2012.

(Unaudited - Dollars in thousands)	Tier 1 (Core) Capital	Tier 2 (Total) Capital	Leverage Capital
Total stockholders' equity	\$ 863,997	863,997	863,997
Less:			
Goodwill and intangibles	(112,307)	(112,307)	(112,307)
Net unrealized gains on investment securities and change in fair value of derivatives used for cash flow hedges	(41,509)	(41,509)	(41,509)
Other adjustments	(50)	(50)	(50)
Plus:			
Allowance for loan and lease losses		55,994	
Subordinated debentures	124,500	124,500	124,500
Total regulatory capital	\$ 834,631	890,625	834,631
Risk weighted assets	\$ 4,398,418	4,398,418	
Total adjusted average assets			\$ 7,124,111
Capital as % of risk weighted assets	18.98%	20.25%	11.72%
Regulatory well capitalized requirement	6.00%	10.00%	
Excess over well capitalized requirement	12.98%	10.25%	

Dividend payments were \$0.13 per share for both periods ended March 31, 2012 and 2011. The payment of dividends is subject to government regulation in that regulatory authorities may prohibit banks and bank holding companies from paying dividends that would constitute an unsafe or unsound banking practice. Additionally, current guidance from the Federal Reserve provides, among other things, that dividends per share on the Company's common stock generally should not exceed earnings per share measured over the previous four fiscal quarters.

In addition to the primary and safeguard liquidity sources available, the Company has the capacity to issue 117,187,500 shares of common stock of which 71,915,073 has been issued as of March 31, 2012. The Company also has the capacity to issue 1,000,000 shares of preferred shares of which none are currently issued.

Table of Contents**Federal and State Income Taxes**

The Company files a consolidated federal income tax return, using the accrual method of accounting. All required tax returns have been timely filed. Financial institutions are subject to the provisions of the Internal Revenue Code of 1986, as amended, in the same general manner as other corporations.

Under Montana, Idaho, Colorado and Utah law, financial institutions are subject to a corporation tax, which incorporates or is substantially similar to applicable provisions of the Internal Revenue Code. The corporation tax is imposed on federal taxable income, subject to certain adjustments. State taxes are incurred at the rate of 6.75 percent in Montana, 7.6 percent in Idaho, 5 percent in Utah and 4.63 percent in Colorado. Wyoming and Washington do not impose a corporate income tax.

The Company has equity investments in Certified Development Entities which have received allocations of New Markets Tax Credits (NMTC). Administered by the Community Development Financial Institutions Fund of the U.S. Department of the Treasury, the NMTC program is aimed at stimulating economic and community development and job creation in low-income communities. The federal income tax credits received are claimed over a seven-year credit allowance period. The Company also has equity investments in Low-Income Housing Tax Credits which are indirect federal subsidies used to finance the development of affordable rental housing for low-income households. The federal income tax credits received are claimed over a ten-year credit allowance period. The Company has investments in Qualified Zone Academy and Qualified School Construction bonds whereby the Company receives quarterly federal income tax credits in lieu of taxable interest income until the bonds mature. The federal income tax credits on these bonds are subject to federal and state income tax.

Following is a list of expected federal income tax credits to be received in the years indicated.

(Unaudited - Dollars in thousands)	New Markets Tax Credits	Low-Income Housing Tax Credits	Investment Securities Tax Credits	Total
2012	\$ 2,681	1,270	943	4,894
2013	2,775	1,270	926	4,971
2014	2,850	1,270	904	5,024
2015	2,850	1,174	880	4,904
2016	1,014	1,172	855	3,041
Thereafter	450	4,207	4,432	9,089
	\$ 12,620	10,363	8,940	31,923

Income tax expense for the three months ended March 31, 2012 and 2011 was \$4.6 million and \$1.8 million, respectively. The Company's effective tax rate for the three months ended March 31, 2012 and 2011 was 22.1 percent and 15.2 percent, respectively. The primary reason for the low effective rates is the amount of tax-exempt investment income and federal tax credits. The tax-exempt income was \$9.7 million and \$6.8 million for the three months ended March 31, 2012 and 2011, respectively. The federal tax credit benefits were \$432 thousand and \$418 thousand for the three months ended March 31, 2012 and 2011, respectively. The Company continues its investments in select municipal securities and variable interest entities whereby the Company receives federal tax credits.

Table of Contents**Average Balance Sheet**

The following schedule provides 1) the total dollar amount of interest and dividend income of the Company for earning assets and the average yield; 2) the total dollar amount of interest expense on interest bearing liabilities and the average rate; 3) net interest and dividend income and interest rate spread; and 4) net interest margin and net interest margin tax-equivalent.

(Unaudited - Dollars in thousands)	Three Months ended 3/31/12			Three Months ended 3/31/11		
	Average Balance	Interest & Dividends	Average Yield/Rate	Average Balance	Interest & Dividends	Average Yield/Rate
Assets						
Residential real estate loans	\$ 584,758	7,784	5.32%	\$ 601,640	8,716	5.79%
Commercial loans	2,290,236	31,041	5.44%	2,411,846	33,058	5.56%
Consumer and other loans	639,302	9,170	5.75%	702,248	10,450	6.03%
Total loans ¹	3,514,296	47,995	5.48%	3,715,734	52,224	5.70%
Tax-exempt investment securities ²	867,621	9,673	4.46%	583,904	6,778	4.64%
Taxable investment securities ³	2,382,119	10,216	1.72%	1,936,316	9,371	1.94%
Total earning assets	6,764,036	67,884	4.03%	6,235,954	68,373	4.45%
Goodwill and intangibles	114,138			156,703		
Non-earning assets	358,294			284,631		
Total assets	\$ 7,236,468			\$ 6,677,288		
Liabilities						
NOW accounts	\$ 830,821	369	0.18%	\$ 748,058	525	0.28%
Savings accounts	427,129	91	0.09%	374,031	148	0.16%
Money market deposit accounts	874,239	600	0.28%	878,391	1,106	0.51%
Certificate accounts	1,071,999	3,285	1.23%	1,082,083	4,483	1.68%
Wholesale deposits ⁴	643,507	609	0.38%	537,008	826	0.62%
FHLB advances	1,011,711	3,381	1.34%	946,997	2,548	1.09%
Repurchase agreements and other borrowed funds	456,340	1,263	1.11%	387,060	2,033	2.13%
Total interest bearing liabilities	5,315,746	9,598	0.72%	4,953,628	11,669	0.96%
Non-interest bearing deposits	1,003,604			851,900		
Other liabilities	50,850			29,436		
Total liabilities	6,370,200			5,834,964		
Stockholders Equity						
Common stock	719			719		
Paid-in capital	642,869			643,937		
Retained earnings	181,972			194,596		
Accumulated other comprehensive income	40,708			3,072		
Total stockholders equity	866,268			842,324		
Total liabilities and stockholders equity	\$ 7,236,468			\$ 6,677,288		

Edgar Filing: GLACIER BANCORP INC - Form 10-Q

Net interest income	\$ 58,286	\$ 56,704
Net interest spread	3.31%	3.49%
Net interest margin	3.46%	3.69%
Net interest margin (tax-equivalent)	3.73%	3.91%

- ¹ Total loans are gross of the allowance for loan and lease losses, net of unearned income and include loans held for sale. Non-accrual loans were included in the average volume for the entire period.
- ² Excludes tax effect of \$4,282,000 and \$3,001,000 on tax-exempt investment security income for the three months ended March 31, 2012 and 2011, respectively.
- ³ Excludes tax effect of \$386,000 and \$392,000 on investment security tax credits for the three months ended March 31, 2012 and 2011, respectively.
- ⁴ Wholesale deposits include brokered deposits classified as NOW, money market deposit and certificate accounts, including reciprocal deposits.

Table of Contents**Rate/Volume Analysis**

Net interest income can be evaluated from the perspective of relative dollars of change in each period. Interest income and interest expense, which are the components of net interest income, are shown in the following table on the basis of the amount of any increases (or decreases) attributable to changes in the dollar levels of the Company's interest earning assets and interest bearing liabilities (Volume) and the yields earned and rates paid on such assets and liabilities (Rate). The change in interest income and interest expense attributable to changes in both volume and rates has been allocated proportionately to the change due to volume and the change due to rate.

(Unaudited - Dollars in thousands)	Three Months ended March 31, 2012 vs. 2011		
	Increase (Decrease) Due to:		
	Volume	Rate	Net
Interest income			
Residential real estate loans	\$ (245)	(687)	(932)
Commercial loans	(1,666)	(351)	(2,017)
Consumer and other loans	(937)	(343)	(1,280)
Investment securities	4,675	(935)	3,740
Total interest income	1,827	(2,316)	(489)
Interest expense			
NOW accounts	58	(214)	(156)
Savings accounts	21	(78)	(57)
Money market deposit accounts	(5)	(501)	(506)
Certificate accounts	(42)	(1,156)	(1,198)
Wholesale deposits	164	(381)	(217)
FHLB advances	174	659	833
Repurchase agreements and other borrowed funds	364	(1,134)	(770)
Total interest expense	734	(2,805)	(2,071)
Net interest income	\$ 1,093	489	1,582

Net interest income increased \$1.6 million for the current quarter compared to the prior year first quarter. The increase in interest income was a result of a decrease in interest expense which was primarily driven by lower funding costs most notably in interest bearing deposits. Additionally, the Company has continued to purchase investment securities to offset the lower volume of loans and maintain interest income.

Effect of inflation and changing prices

Generally accepted accounting principles often require the measurement of financial position and operating results in terms of historical dollars, without consideration for change in relative purchasing power over time due to inflation. Virtually all assets of the Company and each bank subsidiary are monetary in nature; therefore, interest rates generally have a more significant impact on a company's performance than does the effect of inflation.

Table of Contents

Item 3. Quantitative and Qualitative Disclosure about Market Risk

The Company believes that there have not been any material changes in information about the Company's market risk than was provided in the Form 10-K report for the year ended December 31, 2011.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer have reviewed and evaluated the effectiveness of our disclosure controls and procedures (as required by Exchange Act Rules 240.13a-15(b) and 15d-14(c)) as of the date of this quarterly report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's current disclosure controls and procedures are effective and timely, providing them with material information relating to the Company required to be disclosed in the reports the Company files or submits under the Exchange Act.

Changes in Internal Controls

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the first quarter 2012, to which this report relates that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

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 1A. Risk Factors

The Company is exposed to certain risks. The following is a discussion of the most significant risks and uncertainties that may affect the Company's business, financial condition and future results.

The continued challenges in the economy could have a material adverse effect on the Company's future results of operations or market price of stock.

The national economy, and the financial services sector in particular, are still facing significant challenges. Substantially all of the Company's loans are to businesses and individuals in Montana, Idaho, Wyoming, Utah, Colorado and Washington, markets facing many of the same challenges as the national economy, including elevated unemployment and softness in commercial and residential real estate. Although some economic indicators are improving both nationally and in the Company's markets, unemployment remains high and there remains uncertainty regarding when and how strongly a sustained economic recovery will occur. These economic conditions can cause borrowers to be unable to pay their loans. The inability of borrowers to repay loans can erode earnings by reducing net interest income and by requiring the Company to add to its allowance for loan and lease losses. While the Company cannot accurately predict how long these conditions may exist, the economy could continue to present risks for some time for the industry and Company. A continued slow economic recovery could result in the following consequences, any of which could have an adverse impact, which may be material, on the Company's business, financial condition, results of operations and prospects, and could also cause the market price of the Company's stock to decline:

Table of Contents

loan delinquencies may increase further;

problem assets and foreclosures may increase further;

collateral for loans made may decline further in value, in turn reducing customers' borrowing power, reducing the value of assets and collateral associated with existing loans and increasing the potential severity of loss in the event of loan defaults;

demand for banking products and services may decline; and

low cost or non-interest bearing deposits may decrease.

The allowance for loan and lease losses may not be adequate to cover actual loan losses, which could adversely affect earnings.

The Company maintains an allowance for loan and lease losses in an amount that it believes is adequate to provide for losses in the loan portfolio. While the Company strives to carefully manage and monitor credit quality and to identify loans that may become non-performing, at any time there are loans included in the portfolio that will result in losses, but that have not been identified as non-performing or potential problem loans. With respect to real estate loans and property taken in satisfaction of such loans, the Company can be required to recognize significant declines in the value of the underlying real estate collateral or OREO quite suddenly as values are updated through appraisals and evaluations performed in the normal course of monitoring the credit quality of the loans. There are many factors that can cause the value of real estate to decline, including declines in the general real estate market, changes in methodology applied by appraisers, and/or using a different appraiser than was used for the prior appraisal or evaluation. The Company's ability to recover on real estate loans by selling or disposing of the underlying real estate collateral is adversely impacted by declining values, which increases the likelihood the Company will suffer losses on defaulted loans beyond the amounts provided for in the ALLL. This, in turn, could require material increases in the Company's provision for loan losses and ALLL. By closely monitoring credit quality, the Company attempts to identify deteriorating loans before they become non-performing assets and adjust the ALLL accordingly. However, because future events are uncertain, and if difficult economic conditions continue or worsen, there may be loans that deteriorate to a non-performing status in an accelerated time frame. As a result, future additions to the ALLL may be necessary. Because the loan portfolio contains a number of loans with relatively large balances, the deterioration of one or a few of these loans may cause a significant increase in non-performing loans, requiring an increase to the ALLL. Additionally, future significant additions to the ALLL may be required based on changes in the mix of loans comprising the portfolio, changes in the financial condition of borrowers, which may result from changes in economic conditions, or changes in the assumptions used in determining the ALLL. Additionally, federal banking regulators, as an integral part of their supervisory function, periodically review the Company's loan portfolio and the adequacy of the ALLL. These regulatory agencies may require the Company to recognize further loan loss provisions or charge-offs based upon their judgments, which may be different from the Company's judgments. Any increase in the ALLL would have an adverse effect, which could be material, on the Company's financial condition and results of operations.

The Company has a high concentration of loans secured by real estate, so any further deterioration in the real estate markets could require material increases in the ALLL and adversely affect the Company's financial condition and results of operations.

The Company has a high degree of concentration in loans secured by real estate. A sluggish recovery, or a continuation of the downturn in the economic conditions or real estate values of the Company's market areas, could adversely impact borrowers' ability to repay loans secured by real estate and the value of real estate collateral, thereby increasing the credit risk associated with the loan portfolio. The Company's ability to recover on these loans by selling or disposing of the underlying real estate collateral is adversely impacted by declining real estate values, which increases the likelihood that the Company will suffer losses on defaulted loans secured by real estate beyond the amounts provided for in the ALLL. This, in turn, could require material increases in the ALLL which would adversely affect the Company's financial condition and results of operations, perhaps materially.

Table of Contents

There can be no assurance the Company will be able to continue paying dividends on the common stock at recent levels.

The ability to pay dividends on the Company's common stock depends on a variety of factors. The Company paid dividends of \$0.13 per share in each quarter of 2010, 2011 and 2012. The Company may not be able to continue paying quarterly dividends commensurate with recent levels. In that regard, the Federal Reserve now is requiring the Company to provide prior written notice and related information for staff review before declaring or paying dividends. In addition, current guidance from the Federal Reserve provides, among other things, that dividends per share generally should not exceed earnings per share. As a result, future dividends will generally depend on the sufficiency of earnings. Furthermore, the Company's ability to pay dividends depends on the amount of dividends paid to the Company by its subsidiaries, which is also subject to government regulation, oversight and review. In addition, the ability of some of the bank subsidiaries to pay dividends to the Company is subject to prior regulatory approval.

The Company may not be able to continue to grow organically or through acquisitions.

Historically, the Company has expanded through a combination of organic growth and acquisitions. If market and regulatory conditions remain challenging, the Company may be unable to grow organically or successfully complete potential future acquisitions. In particular, while the Company intends to focus any near-term acquisition efforts on FDIC-assisted transactions within its existing market areas, there can be no assurance that such opportunities will become available on terms that are acceptable to the Company. Furthermore, there can be no assurance that the Company can successfully complete such transactions, since they are subject to a formal bid process and regulatory review and approval.

The FDIC has increased insurance premiums to rebuild and maintain the federal Deposit Insurance Fund and there may be additional future premium increases and special assessments.

In 2009, the FDIC imposed a special deposit insurance assessment of five basis points on all insured institutions, and also required insured institutions to prepay estimated quarterly risk-based assessments for periods through 2012.

The Dodd-Frank Act established 1.35 percent as the minimum Deposit Insurance Fund reserve ratio. The FDIC has determined that the fund reserve ratio should be 2.0 percent and has adopted a plan under which it will meet the statutory minimum fund reserve ratio of 1.35 percent by the statutory deadline of September 30, 2020. The Dodd-Frank Act requires the FDIC to offset the effect on institutions with assets less than \$10 billion of the increase in the statutory minimum fund reserve ratio to 1.35 percent from the former statutory minimum of 1.15 percent. The FDIC has not announced how it will implement this offset or how larger institutions will be affected by it.

Despite the FDIC's actions to restore the Deposit Insurance Fund, the fund will suffer additional losses in the future due to failures of insured institutions. There could be additional significant deposit insurance premium increases, special assessments or prepayments in order to restore the insurance fund's reserve ratio. Any significant premium increases or special assessments could have a material adverse effect on the Company's financial condition and results of operations.

Table of Contents

The Company's loan portfolio mix increases the exposure to credit risks tied to deteriorating conditions.

The loan portfolio contains a high percentage of commercial, commercial real estate, real estate acquisition and development loans in relation to the total loans and total assets. These types of loans have historically been viewed as having more risk of default than residential real estate loans or certain other types of loans or investments. In fact, the FDIC has issued pronouncements alerting banks of its concern about banks with a heavy concentration of commercial real estate loans. These types of loans also typically are larger than residential real estate loans and other commercial loans. Because the Company's loan portfolio contains a significant number of commercial and commercial real estate loans with relatively large balances, the deterioration of one or more of these loans may cause a significant increase in non-performing loans. An increase in non-performing loans could result in a loss of earnings from these loans, an increase in the provision for loan losses, or an increase in loan charge-offs, which could have a material adverse impact on results of operations and financial condition.

Non-performing assets have increased and could continue to increase, which could adversely affect the Company's results of operations and financial condition.

Non-performing assets (which include OREO) adversely affect the Company's net income and financial condition in various ways. The Company does not record interest income on non-accrual loans or OREO, thereby adversely affecting the Company's income. When the Company takes collateral in foreclosures and similar proceedings, it is required to mark the related asset to the then fair value of the collateral, less estimated cost to sell, which may result in a charge-off of the value of the asset and lead the Company to increase the provision for loan losses. An increase in the level of non-performing assets also increases the Company's risk profile and may impact the capital levels its regulators believe are appropriate in light of such risks. Continued decreases in the value of these assets, or the underlying collateral, or in these borrowers performance or financial condition, whether or not due to economic and market conditions beyond the Company's control, could adversely affect the Company's business, results of operations and financial condition, perhaps materially. In addition to the carrying costs to maintain OREO, the resolution of non-performing assets increases the Company's loan administration costs generally, and requires significant commitments of time from management and the Company's directors, which reduces the time they have to focus on profitably growing the Company's business. The Company may experience further increases in non-performing assets in the future.

A decline in the fair value of the Company's investment portfolio could adversely affect earnings.

The fair value of the Company's investment securities could decline as a result of factors including changes in market interest rates, credit quality and credit ratings, lack of market liquidity and other economic conditions. An investment security is impaired if the fair value of the security is less than the carrying value. When a security is impaired, the Company determines whether the impairment is temporary or other-than-temporary. If an impairment is determined to be other-than temporary, an impairment loss is recognized by reducing the amortized cost only for the credit loss associated with the other-than-temporary loss with a corresponding charge to earnings for a like amount. Any such impairment charge would have an adverse effect, which could be material, on the Company's results of operations and financial condition.

With relatively soft loan demand and increased market liquidity, the investment securities portfolio has grown significantly and represented 45 percent of total assets at March 31, 2012. While the Company believes that the term of such investments has been kept relatively short, the Company is subject to interest rate risk exposure if rates were to increase sharply. Further, the change in the mix of the Company's assets to more investment securities presents a different type of asset quality risk than the loan portfolio. While the Company believes a relatively conservative approach has been applied to the investment portfolio, there is always potential loss exposure under changing economic conditions. The Company's investment securities portfolio has increased and now constitutes a much larger portion of assets with any attendant risks of such investments.

Table of Contents

Recent and/or future U.S. credit downgrades or changes in outlook by major credit rating agencies may have an adverse effect on financial markets, including financial institutions and the financial industry.

On August 5, 2011, Standard and Poor's downgraded the United States long-term debt rating from its AAA rating to AA+. On August 8, 2011, Standard and Poor's downgraded from AAA to AA+ the credit ratings of certain long-term debt instruments issued by Fannie Mae and Freddie Mac and other U.S. government agencies linked to long-term United States debt. It is difficult to predict the effect of these actions, or any future downgrades or changes in outlook by Standard & Poor's or either of the other two major credit rating agencies. However, these events could impact the trading market for U.S. government securities, including U.S. agency securities, and the securities markets more broadly, and consequently could impact the value and liquidity of financial assets, including assets in the Company's investment portfolio. These actions could also create broader financial turmoil and uncertainty, which may negatively affect the global banking system and limit the availability of funding, including borrowing under securities sold under agreements to repurchase, at reasonable terms. In turn, this could have a material adverse effect on the Company's liquidity, financial condition and results of operations.

Fluctuating interest rates can adversely affect profitability.

The Company's profitability is dependent to a large extent upon net interest income, which is the difference (or spread) between the interest earned on loans, securities and other interest-earning assets and interest paid on deposits, borrowings, and other interest-bearing liabilities. Because of the differences in maturities and repricing characteristics of interest-earning assets and interest-bearing liabilities, changes in interest rates do not produce equivalent changes in interest income earned on interest-earning assets and interest paid on interest-bearing liabilities. Accordingly, fluctuations in interest rates could adversely affect the Company's interest rate spread, and, in turn, profitability. The Company seeks to manage its interest rate risk within well established guidelines. Generally, the Company seeks an asset and liability structure that insulates net interest income from large deviations attributable to changes in market rates. However, the Company's structures and practices to manage interest rate risk may not be effective in a highly volatile rate environment.

Interest rate swaps expose the Company to certain risks, and may not be effective in mitigating exposure to changes in interest rates.

The Company has interest rate swap agreements in order to manage a portion of the risk to interest rate volatility. The Company anticipates that additional interest rate swaps may be entered into in the future. These swap agreements involve other risks, such as the risk that counterparties may fail to honor their obligations under these arrangements, leaving the Company vulnerable to interest rate movements. There can be no assurance that these arrangements will be effective in reducing the Company's exposure to changes in interest rates.

If goodwill recorded in connection with acquisitions becomes additionally impaired, it could have an adverse impact on earnings and capital.

Accounting standards require the Company account for acquisitions using the acquisition method of accounting. Under acquisition accounting, if the purchase price of an acquired company exceeds the fair value of its net assets, the excess is carried on the acquirer's balance sheet as goodwill. In accordance with accounting principles generally accepted in the United States of America, goodwill is not amortized but rather is evaluated for impairment on an annual basis or more frequently if events or circumstances indicate that a potential impairment exists. The Company maintains \$106 million in goodwill on its balance sheet and there can be no assurance that future evaluations of goodwill will not result in findings of additional impairment and write-downs, which could be material. While a non-cash item, additional impairment of goodwill could have a material adverse effect on the Company's business, financial condition and results of operations. Furthermore, additional impairment of goodwill could subject the Company to regulatory limitations, including the ability to pay dividends on its common stock.

Table of Contents

Growth through future acquisitions could, in some circumstances, adversely affect profitability or other performance measures.

The Company has in recent years acquired other financial institutions. The Company may in the future engage in selected acquisitions of additional financial institutions, including transactions that may receive assistance from the FDIC, although the Company may not be able to successfully complete any such transactions. There are risks associated with any such acquisitions that could adversely affect profitability and other performance measures. These risks include, among other things, incorrectly assessing the asset quality of a financial institution being acquired, encountering greater than anticipated cost of integrating acquired businesses into the Company's operations, and being unable to profitably deploy funds acquired in an acquisition. The Company may not be able to continue to grow through acquisitions, and if it does, there is a risk of negative impacts of such acquisitions on the Company's operating results and financial condition.

The Company anticipates that it might issue capital stock in connection with future acquisitions. Acquisitions and related issuances of stock may have a dilutive effect on earnings per share and the percentage ownership of current shareholders.

A tightening of the credit markets may make it difficult to obtain adequate funding for loan growth, which could adversely affect earnings.

A tightening of the credit markets and the inability to obtain or retain adequate funds for continued loan growth at an acceptable cost may negatively affect the Company's asset growth and liquidity position and, therefore, earnings capability. In addition to core deposit growth, maturity of investment securities and loan payments, the Company also relies on alternative funding sources through correspondent banking, and borrowing lines with the Federal Reserve Bank and the FHLB to fund loans. In the event the current economic downturn continues, particularly in the housing market, these resources could be negatively affected, both as to price and availability, which would limit and or raise the cost of the funds available to the Company.

The Company may pursue additional capital in the future, which could dilute the holders of the Company's outstanding common stock and may adversely affect the market price of common stock.

In the current economic environment, the Company believes it is prudent to consider alternatives for raising capital when opportunities to raise capital at attractive prices present themselves, in order to further strengthen the Company's capital and better position itself to take advantage of opportunities that may arise in the future. Such alternatives may include issuance and sale of common or preferred stock or borrowings by the Company, with proceeds contributed to the bank subsidiaries. Any such capital raising alternatives could dilute the holders of the Company's outstanding common stock, and may adversely affect the market price of the Company's common stock and performance measures such as earnings per share.

Business would be harmed if the Company lost the services of any of the senior management team.

The Company believes its success to date has been substantially dependent on its Chief Executive Officer and other members of the executive management team, and on the Presidents of its bank subsidiaries. The loss of any of these persons could have an adverse effect on the Company's business and future growth prospects.

Competition in the Company's market areas may limit future success.

Commercial banking is a highly competitive business. The Company competes with other commercial banks, thrifts, credit unions, finance, insurance and other non-depository companies operating in its market areas. The Company is subject to substantial competition for loans and deposits from other financial institutions. Some of its competitors are not subject to the same degree of regulation and restriction as the Company. Some of the Company's competitors have greater financial resources than the Company. If the Company is unable to effectively compete in its market areas, the Company's business, results of operations and prospects could be adversely affected.

Table of Contents

The Company operates in a highly regulated environment and changes or increases in, or supervisory enforcement of, banking or other laws and regulations or governmental fiscal or monetary policies could adversely affect the Company.

The Company is subject to extensive regulation, supervision and examination by federal and state banking authorities. In addition, as a publicly-traded company, the Company is subject to regulation by the SEC. Any change in applicable regulations or federal, state or local legislation or in policies or interpretations or regulatory approaches to compliance and enforcement, income tax laws and accounting principles could have a substantial impact on the Company and its operations. Changes in laws and regulations may also increase expenses by imposing additional fees or taxes or restrictions on operations. Additional legislation and regulations that could significantly affect powers, authority and operations may be enacted or adopted in the future, which could have a material adverse effect on the Company's financial condition and results of operations. Failure to appropriately comply with any such laws, regulations or principles could result in sanctions by regulatory agencies or damage to the Company's reputation, all of which could adversely affect the Company's business, financial condition or results of operations.

In that regard, sweeping financial regulatory reform legislation was enacted in July 2010. Among other provisions, the new legislation 1) creates a new Bureau of Consumer Financial Protection with broad powers to regulate consumer financial products such as credit cards and mortgages; 2) creates a Financial Stability Oversight Council comprised of the heads of other regulatory agencies; 3) will lead to new capital requirements from federal banking regulatory agencies; 4) places new limits on electronic debt card interchange fees; and 5) requires the SEC and national stock exchanges to adopt significant new corporate governance and executive compensation reforms. The new legislation and regulations are expected to increase the overall costs of regulatory compliance.

Further, regulators have significant discretion and authority to prevent or remedy unsafe or unsound practices or violations of laws or regulations by financial institutions and bank holding companies in the performance of their supervisory and enforcement duties. Recently, these powers have been utilized more frequently due to the challenging national, regional and local economic conditions. The exercise of regulatory authority may have a negative impact on the Company's financial condition and results of operations. Additionally, the Company's business is affected significantly by the fiscal and monetary policies of the U.S. federal government and its agencies, including the Federal Reserve Board.

The Company cannot accurately predict the full effects of recent legislation or the various other governmental, regulatory, monetary and fiscal initiatives which have been and may be enacted on the financial markets, on the Company and on its bank subsidiaries. The terms and costs of these activities, or the failure of these actions to help stabilize the financial markets, asset prices, market liquidity and a continuation or worsening of current financial market and economic conditions could materially and adversely affect the Company's business, financial condition, results of operations, and the trading price of the Company's common stock.

Table of Contents

The Company has various anti-takeover measures that could impede a takeover.

The Company's articles of incorporation include certain provisions that could make more difficult the acquisition of the Company by means of a tender offer, a proxy contest, merger or otherwise. These provisions include a requirement that any Business Combination (as defined in the articles of incorporation) be approved by at least 80 percent of the voting power of the then-outstanding shares, unless it is either approved by the Board of Directors or certain price and procedural requirements are satisfied. In addition, the authorization of preferred stock, which is intended primarily as a financing tool and not as a defensive measure against takeovers, may potentially be used by management to make more difficult uninvited attempts to acquire control of the Company. These provisions may have the effect of lengthening the time required for a person to acquire control of the Company through a tender offer, proxy contest or otherwise, and may deter any potentially unfriendly offers or other efforts to obtain control of the Company. This could deprive the Company's shareholders of opportunities to realize a premium for their Glacier Bancorp, Inc. common stock, even in circumstances where such action is favored by a majority of the Company's shareholders.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Not Applicable

(b) Not Applicable

(c) Not Applicable

Item 3. Defaults upon Senior Securities

(a) Not Applicable

(b) Not Applicable

Item 4. Mine Safety Disclosures

Not Applicable

Item 5. Other Information

(a) Not Applicable

(b) Not Applicable

Table of Contents

Item 6. Exhibits

- Exhibit 31.1 - Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes - Oxley Act of 2002
- Exhibit 31.2 - Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes - Oxley Act of 2002
- Exhibit 32 - Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes - Oxley Act of 2002
- Exhibit 101 - The following financial information from Glacier Bancorp, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 is formatted in XBRL: (i) the Unaudited Condensed Consolidated Statements of Financial Condition, (ii) the Unaudited Condensed Consolidated Statements of Operations, (iii) the Unaudited Condensed Consolidated Statements of Stockholders' Equity and Comprehensive Income, (iv) the Unaudited Condensed Consolidated Statements of Cash Flows, and (v) the Notes to Unaudited Condensed Consolidated Financial Statements.

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.

May 9, 2012

/s/ Michael J. Blodnick
Michael J. Blodnick
President/CEO

May 9, 2012

/s/ Ron J. Copher
Ron J. Copher
Executive Vice President/CFO