GLACIER BANCORP INC
Form 10-K
February 28, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2010

or

o **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)

MONTANA	81-0519541
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
49 Commons Loop, Kalispell, Montana	59901
(Address of principal executive offices)	(Zip Code)
(406) 756-4200	
(Registrant s telephone number, including area code)	
Securities registered pursuant to Section 12(b) of the Act:	
Common Stock, $0.01 par value per share	Nasdaq Global Select Market
(Title of Each Class)	(Name of Each Exchange on Which Registered)

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. þ Yes o No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. o Yes þ No

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. þ Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months. þ Yes o No

Indicate by check mark if disclosure of delinquent filers pursuant to item 405 of regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

Indicate by check mark 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. (Check one):

þ Large accelerated filer	o Accelerated filer	o Non-accelerated filer (Do not check if a smaller reporting company)	o Smaller reporting company

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

The aggregate market value of the voting common equity held by non-affiliates of the Registrant at June 30, 2010 (the last business day of the most recent second quarter), was $1,022,855,305 (based on the average bid and ask price as quoted on the NASDAQ Global Select Market at the close of business on that date).

As of February 15, 2011, there were issued and outstanding 71,915,073 shares of the Registrant s common stock. No preferred shares are issued or outstanding.

Document Incorporated by Reference

Portions of the 2011 Annual Meeting Proxy Statement dated March 29, 2011 are incorporated by reference into Part III of this Form 10-K.

GLACIER BANCORP, INC.
FORM 10-K ANNUAL REPORT
For the Year ended December 31, 2010
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PART I

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K 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, seeks, estin 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 Annual Report on Form 10-K, or the documents incorporated by reference:

- 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 we have recorded in connection with acquisitions could become 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
- 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 Risk Factors in Item 1A. Please take into account that forward-looking statements speak only as of the date of this Annual Report on Form 10-K (or documents incorporated by reference, if applicable). 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.

Item 1. Business

GENERAL DEVELOPMENT OF BUSINESS

Glacier Bancorp, Inc., headquartered in Kalispell, Montana (the Company), is a Montana corporation incorporated in 2004 as a successor corporation to the Delaware corporation originally incorporated in 1990. The Company is a regional multi-bank holding company providing commercial banking services from 105 locations in Montana, Idaho, Wyoming, Colorado, Utah and Washington. The Company offers a wide range of banking products and services, including transaction and savings deposits, commercial, consumer, agriculture, and real estate loans, mortgage origination services, and retail brokerage services. The Company serves individuals, small to medium-sized businesses, community organizations and public entities.

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Subsidiaries

The Company includes the parent holding company (Parent) and the following nineteen subsidiaries which consist of eleven bank subsidiaries (collectively referred to hereafter as the Banks) and eight other subsidiaries.

Bank Subsidiaries

Montana

Glacier Bank (Glacier) founded in 1955
First Security Bank of Missoula (First Security) founded in 1973
Western Security Bank (Western) founded in 2001
Big Sky Western Bank (Big Sky) founded in 1990
Valley Bank of Helena (Valley) founded in 1978
First Bank of Montana (First Bank-MT) founded in 1924

Colorado

Bank of the San Juans (San Juans) founded in 1998

Idaho

Mountain West Bank (Mountain West) founded in 1993
Citizens Community Bank (Citizens) founded in 1996

Wyoming

1st Bank (1st Bank) founded in 1989
First National Bank & Trust (First National)
founded in 1912

Other Subsidiaries

GBCI Other Real Estate (GORE)
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)
First Company Statutory Trust 2003 (First Co Trust 03)

In April 2010, the Company formed a wholly-owned subsidiary, GORE, to isolate bank foreclosed properties for legal protection and administrative purposes. During the year, foreclosed properties were sold to GORE from bank subsidiaries at fair market value and such properties remaining are currently held for sale.

The Company formed or acquired First Co Trust 01, First Co Trust 03, San Juans Trust I, Glacier Trust IV, Glacier Trust III, Citizens Trust I, and Glacier Trust II as financing subsidiaries. The trusts were formed for the purpose of issuing trust preferred securities and, in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 810, *Consolidation*, the subsidiaries are not consolidated into the Company s financial statements. The preferred securities entitle the shareholder to receive cumulative cash distributions from payments on subordinated debentures of the Company. For additional information regarding the subordinated debentures, see Note 10 to the Consolidated Financial Statements in Item 8. Financial Statements and Supplementary Data.

The Company provides full service brokerage services (selling products such as stocks, bonds, mutual funds, limited partnerships, annuities and other insurance products) through Raymond James Financial Services at Glacier and Big Sky and Morgan Stanley Smith Barney at First National, both non-affiliated companies. The Company shares in the commissions generated, without devoting significant management and staff time to this portion of the business.

Recent Acquisitions

The Company s strategy has been to profitably grow its business through internal growth and selective acquisitions. The Company continues to look for profitable expansion opportunities in existing markets and new markets in the

Rocky Mountain states. During the last five years, the Company has completed the following acquisitions: On October 2, 2009, First Company and its subsidiary, First National Bank & Trust, was acquired by the Company. On December 1, 2008, Bank of the San Juans Bancorporation and its subsidiary, Bank of the San Juans in Durango, Colorado, was acquired by the Company. On April 30, 2007, North Side State Bank (North Side) in Rock Springs, Wyoming was acquired and became a part of 1st Bank. On October 1, 2006, Citizens Development Company (CDC) and its five bank subsidiaries located across Montana were acquired by the Company. On September 1, 2006, First National Bank of Morgan (Morgan) and its one branch office in Mountain Green, Utah was acquired.

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Federal Deposit Insurance Corporation, Federal Home Loan Bank and Federal Reserve Bank

The Federal Deposit Insurance Corporation (FDIC) insures each bank subsidiary s deposit accounts. All bank subsidiaries, except San Juans, are members of the Federal Home Loan Bank (FHLB) of Seattle. San Juans is a member of the FHLB of Topeka. FHLB of Seattle and Topeka are two of twelve banks that comprise the FHLB System. All bank subsidiaries, with the exception of Mountain West, Citizens and San Juans, are members of the Federal Reserve Bank (FRB).

Bank Locations at December 31, 2010

The following is a list of the Parent and bank subsidiaries main office locations as of December 31, 2010. See Item 2. Properties.

Glacier Bancorp, Inc.	49	Commons Loop, Kalispell, MT 59901	(406) 756-4200
Glacier	202	Main Street, Kalispell, MT 59901	(406) 756-4200
Mountain West	125	Ironwood Drive, Coeur d Alene, Idaho 83814	(208) 765-0284
First Security	1704	Dearborn, Missoula, MT 59801	(406) 728-3115
Western	2812	1st Avenue North, Billings, MT 59101	(406) 371-8258
1st Bank	1001	Main Street, Evanston, WY 82930	(307) 789-3864
Valley	3030	North Montana Avenue, Helena, MT 59601	(406) 495-2400
Big Sky	4150	Valley Commons, Bozeman, MT 59718	(406) 587-2922
First National	245	East First Street, Powell, WY 82435	(307) 754-2201
Citizens	280	South Arthur, Pocatello, ID 83204	(208) 232-5373
First Bank MT	224	West Main, Lewistown, MT 59457	(406) 538-7471
San Juans	144	East Eighth Street, Durango, CO 81301	(970) 247-1818

FINANCIAL INFORMATION ABOUT SEGMENTS

The following abbreviated organizational chart illustrates the various existing parent and subsidiary relationships at December 31, 2010:

For information regarding the Parent, separate from the subsidiaries, see Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations and Note 17 to the Consolidated Financial Statements in Item 8. Financial Statements and Supplementary Data.

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Business Segment Results

The Company defines operating segments and evaluates segment performance internally based on individual bank charters, with the exception of GORE. Centrally provided services to the banks are allocated based on estimated usage of those services. If required, variable interest entities (VIEs) are consolidated into the operating segment which invested in such entities. Intersegment revenues primarily represents interest income on intercompany borrowings, management fees, and data processing fees received by individual banks or the Parent. Intersegment revenues, expenses and assets are eliminated in order to report results in accordance with accounting principles generally accepted in the United States of America.

On February 1, 2009, Morgan merged into 1st Bank resulting in operations being conducted under the 1st Bank charter. On April 30, 2008, Glacier Bank of Whitefish merged into Glacier with operations conducted under the Glacier charter. Prior period activity of the merged banks has been combined and included in the acquiring bank subsidiaries historical results.

		Glacier			Mountain West			First Security	
ars in thousands)	2010	2009	2008	2010	2009	2008	2010	2009	20
ensed Income ments									
terest income	50,260	57,139	52,900	47,786	53,302	45,614	35,676	35,788	34,
nterest income	15,272	15,387	13,926	26,148	27,882	20,353	7,799	8,103	6,
revenues	65,532	72,526	66,826	73,934	81,184	65,967	43,475	43,891	41,
sion for loan	(20,050)	(32,000)	(8,825)	(45,000)	(50,500)	(11,150)	(8,100)	(10,450)	(1,
deposit gibles ization	(192)	(330)	(392)	(172)	(184)	(196)	(425)	(468)	(
non-interest se	(29,113)	(27,325)	(27,074)	(51,203)	(51,525)	(41,922)	(21,842)	(18,897)	(17,
ngs (loss) before e taxes	16,177	12,871	30,535	(22,441)	(21,025)	12,699	13,108	14,076	21,
ne tax nse) benefit	(2,989)	(2,803)	(10,910)	10,262	9,764	(3,628)	(2,798)	(3,372)	(7,
arnings (loss)	13,188	10,068	19,625	(12,179)	(11,261)	9,071	10,310	10,704	14,
ge Balance Data									
assets	1,331,845	1,249,755	1,165,234	1,198,523	1,219,435	1,105,761	934,513	916,115	862,
loans and loans or sale	889,644	967,239	938,824	906,484	976,132	897,841	574,734	580,401	561,
deposits	724,076	605,928	546,569	804,161	709,834	662,505	673,633	567,649	536,
holders equity	162,116	137,188	124,163	175,059	135,932	120,606	127,915	122,153	113,
f Year Balance Data									
assets	1,374,067	1,325,039	1,250,774	1,164,903	1,172,331	1,226,869	1,004,835	890,672	954,
	831,397	903,276	963,107	786,071	919,901	955,486	552,880	548,471	561,

and loans held le, net of ALLL									
deposits	740,391	726,403	609,473	770,058	793,006	680,404	713,098	588,858	545,
holders equity	172,224	139,799	129,890	178,765	146,720	124,881	122,807	120,044	116,
s and Other									
n on average	0.99%	0.81%	1.68%	-1.02%	-0.92%	0.82%	1.10%	1.17%	1
n on average	8.13%	7.34%	15.81%	-6.96%	-8.28%	7.52%	8.06%	8.76%	12
risk-based l ratio	16.61%	12.33%	11.31%	18.81%	13.39%	10.62%	15.35%	14.91%	14
risk-based l ratio	17.89%	13.61%	12.57%	20.09%	14.67%	11.88%	16.62%	16.18%	15
age capital ratio	11.98%	10.09%	9.79%	13.29%	10.98%	8.68%	10.82%	11.32%	11
me equivalent oyees	266	274	283	377	376	393	187	178	
ions	16	17	17	28	29	29	13	13	

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(Dollars in thousands)	Western 2010	Western 2009	Western 2008	1st Bank 2010	1st Bank 2009	1st Bank 2008	Valley 2010	Valley 2009	Valley 2008
Condensed Income Statements									
Net interest income	20,519	21,233	20,713	22,796	24,057	22,695	13,611	14,051	12,719
Non-interest income	9,857	8,631	3,306	4,934	4,628	4,728	6,913	5,717	4,673
Total revenues	30,376	29,864	24,019	27,730	28,685	27,423	20,524	19,768	17,392
Provision for loan losses	(950)	(3,200)	(540)	(2,150)	(10,800)	(2,012)	(500)	(1,200)	(810)
Core deposit intangibles amortization	(519)	(571)	(623)	(591)	(652)	(712)	(42)	(42)	(42)
Other non-interest expense	(17,257)	(16,342)	(16,151)	(17,197)	(14,943)	(14,143)	(9,252)	(9,229)	(8,770)
Earnings (loss) before income taxes	11,650	9,751	6,705	7,792	2,290	10,556	10,730	9,297	7,770
Income tax (expense) benefit	(3,112)	(2,813)	(1,818)	(2,080)	(309)	(3,631)	(3,272)	(2,740)	(2,251)
Net earnings (loss)	8,538	6,938	4,887	5,712	1,981	6,925	7,458	6,557	5,519
Average Balance Sheet Data									
Total assets	662,391	604,020	566,364	653,143	606,649	563,588	351,608	312,273	302,754
Total loans and loans held for sale	315,663	344,456	347,075	280,954	312,372	315,007	189,443	195,007	199,080
Total deposits	527,135	410,490	342,793	448,003	414,059	416,173	257,660	196,506	186,004
Stockholders equity	88,276	87,837	83,915	106,426	97,859	87,948	32,240	34,246	29,487
End of Year Balance Sheet Data									
Total assets	766,367	624,077	609,868	717,120	650,072	566,869	394,220	351,228	298,392
Loans and loans held for sale, net of ALLL	298,370	314,613	354,199	256,038	286,019	320,370	178,352	182,916	195,504
Total deposits	577,147	504,619	357,729	468,966	421,271	418,231	276,567	211,935	185,505
Stockholders equity	86,606	85,259	83,843	107,234	101,789	95,200	31,784	30,585	31,483
Ratios and Other									
Return on average assets	1.29%	1.15%	0.86%	0.87%	0.33%	1.23%	2.12%	2.10%	1.82%
Return on average equity	9.67%	7.90%	5.82%	5.37%	2.02%	7.87%	23.13%	19.15%	18.72%
Tier I risk-based capital ratio	15.30%	14.67%	13.26%	17.60%	14.99%	12.58%	13.82%	13.11%	13.65%
	16.56%	15.93%	14.52%	18.87%	16.26%	13.83%	15.08%	14.37%	14.91%

Total risk-based capital ratio									
Leverage capital ratio	9.21%	10.19%	10.71%	9.42%	9.74%	8.08%	8.05%	8.57%	9.11%
Full time equivalent employees	163	161	161	144	141	148	85	85	83
Locations	8	8	8	12	12	12	6	6	6

	Big Sky			First National			Citizens		
(Dollars in thousands)	2010	2009	2008	2010	2009[1]	2008	2010	2009	2008
Condensed Income Statements									
Net interest income	14,168	15,700	15,595	10,315	3,964		10,591	10,437	7,676
Non-interest income	3,427	3,564	3,608	3,072	4,187		5,003	4,235	2,855
Total revenues	17,595	19,264	19,203	13,387	8,151		15,594	14,672	10,531
Provision for loan losses	(3,475)	(9,200)	(2,200)	(1,453)	(1,683)		(2,000)	(2,800)	(750)
Core deposit intangibles amortization	(23)	(23)	(23)	(577)	(144)		(93)	(111)	(128)
Other non-interest expense	(10,411)	(8,441)	(7,390)	(8,752)	(2,011)		(8,631)	(7,992)	(6,407)
Earnings (loss) before income taxes	3,686	1,600	9,590	2,605	4,313		4,870	3,769	3,246
Income tax (expense) benefit	(945)	(121)	(3,587)	(498)	(230)		(1,700)	(1,332)	(1,092)
Net earnings (loss)	2,741	1,479	6,003	2,107	4,083		3,170	2,437	2,154
Average Balance Sheet Data									
Total assets	366,749	340,827	325,976	305,977	72,641		263,466	234,382	201,258
Total loans and loans held for sale	262,342	287,338	283,512	150,029	39,416		168,498	168,675	143,946
Total deposits	209,786	178,465	180,860	245,583	60,832		192,357	146,780	136,997
Stockholders equity	61,063	45,683	38,220	38,371	7,870		33,627	30,814	28,137
End of Year Balance Sheet Data									
Total assets	362,416	368,571	332,325	351,624	295,953		289,507	241,807	217,697
Loans and loans held for sale, net of ALLL	239,629	260,433	287,394	140,697	151,379		163,470	161,182	159,412
Total deposits	199,599	184,278	179,834	258,454	247,256		207,473	159,763	135,970
Stockholders equity	64,656	51,614	40,384	40,322	31,364		34,215	31,969	29,110
Ratios and Other									
Return on average assets	0.75%	0.43%	1.84%	0.69%	5.62%		1.20%	1.04%	1.07%
	4.49%	3.24%	15.71%	5.49%	51.88%		9.43%	7.91%	7.66%

Return on average equity								
Tier I risk-based capital ratio	21.95%	16.06%	11.89%	18.74%	15.98%	11.85%	11.32%	10.84%
Total risk-based capital ratio	23.23%	17.34%	13.15%	19.98%	16.89%	13.12%	12.59%	12.10%
Leverage capital ratio	17.43%	13.67%	11.62%	11.77%	10.38%	8.86%	9.62%	9.46%
Full time equivalent employees	85	83	83	80	75	71	70	63
Locations	5	5	5	4	3	6	6	5

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	First Bank-MT			San Juans			GORE		
(Dollars in thousands)	2010	2009	2008	2010	2009	2008[2]	2010	2009	2008
Condensed Income Statements									
Net interest income	7,457	7,900	6,676	7,562	8,021	575			
Non-interest income	1,144	929	768	1,727	1,329	85	258		
Total revenues	8,601	8,829	7,444	9,289	9,350	660	258		
Provision for loan losses	(265)	(985)	(390)	(750)	(1,800)	(53)			
Core deposit intangibles amortization	(312)	(358)	(405)	(234)	(233)	(19)			
Other non-interest expense	(3,163)	(3,189)	(3,083)	(5,419)	(5,435)	(397)	(2,315)		
Earnings (loss) before income taxes	4,861	4,297	3,566	2,886	1,882	191	(2,057)		
Income tax (expense) benefit	(1,590)	(1,426)	(1,279)	(1,045)	(551)	(75)	806		
Net earnings (loss)	3,271	2,871	2,287	1,841	1,331	116	(1,251)		
Average Balance Sheet Data									
Total assets	209,189	179,885	152,354	198,415	175,107	12,983	12,561		
Total loans and loans held for sale	114,310	119,840	109,706	146,911	149,665	12,172			
Total deposits	153,132	121,770	109,067	162,745	140,528	11,292			
Stockholders equity	33,742	30,955	28,172	25,887	23,396	1,171	12,683		
End of Year Balance Sheet Data									
Total assets	239,667	217,379	154,645	230,345	184,528	165,784	20,610		
Loans held for sale, net of ALLL	106,290	114,113	114,177	139,014	145,015	142,114			
Total deposits	165,816	143,552	113,531	184,217	148,474	143,056			
Stockholders equity	33,151	32,627	29,329	25,595	25,410	21,207	21,199		
Ratios and Other									
Return on average assets	1.56%	1.60%	1.50%	0.93%	0.76%	0.89%			
Return on average equity	9.69%	9.27%	8.12%	7.11%	5.69%	9.91%			
Tier I risk-based capital ratio	13.93%	12.73%	11.70%	11.76%	11.11%	9.26%			
	15.19%	13.99%	12.95%	13.03%	12.37%	10.51%			

Total risk-based capital ratio						
Leverage capital ratio	9.18%	9.19%	10.17%	8.83%	10.33%	9.66%
Full time equivalent employees	39	40	37	46	41	31
Locations	3	3	3	3	3	3

	Parent			Eliminations			Total Consolidated		
Dollars in thousands)	2010	2009	2008	2010	2009	2008	2010	2009	2008
ondensed Income atements									
et interest income	(5,973)	(6,265)	(6,762)				234,768	245,327	212,613
on-interest income	61,924	52,466	83,891	(59,932)	(50,584)	(84,146)	87,546	86,474	61,034
otal revenues	55,951	46,201	77,129	(59,932)	(50,584)	(84,146)	322,314	331,801	273,647
ovision for loan sses							(84,693)	(124,618)	(28,480
ore deposit angibles nortization							(3,180)	(3,116)	(3,051
her non-interest pense	(14,613)	(13,769)	(13,424)	14,400	13,396	13,031	(184,768)	(165,702)	(142,858
rnings (loss) before come taxes	41,338	32,432	63,705	(45,532)	(37,188)	(71,115)	49,673	38,365	99,258
come tax xpense) benefit	1,374	1,942	1,952	244			(7,343)	(3,991)	(33,601
et earnings (loss)	42,712	34,374	65,657	(45,288)	(37,188)	(71,115)	42,330	34,374	65,657
verage Balance eet Data									
otal assets	949,597	824,527	689,132	(1,130,937)	(1,043,687)	(918,204)	6,307,040	5,691,929	5,029,403
otal loans and loans ld for sale							3,999,012	4,140,541	3,808,421
otal deposits				(39,887)	(59,234)	(28,155)	4,358,384	3,493,607	3,100,505
ockholders equity	817,496	691,922	564,785	(897,405)	(753,933)	(655,472)	817,496	691,922	564,785
nd of Year Balance eet Data									
otal assets	978,875	832,916	814,883	(1,135,269)	(962,778)	(1,038,354)	6,759,287	6,191,795	5,553,970
ans and loans held r sale, net of ALLL				(3,813)			3,688,395	3,987,318	4,053,454
otal deposits				(39,884)	(29,263)	(106,457)	4,521,902	4,100,152	3,262,475
ockholders equity	838,583	685,890	676,940	(918,937)	(797,180)	(702,183)	838,204	685,890	676,940
atios and Other									
eturn on average sets							0.67%	0.60%	1.31
							5.18%	4.97%	11.63

turn on average uity						
er I risk-based pital ratio				18.24%	14.02%	14.30
tal risk-based pital ratio				19.51%	15.29%	15.55
verage capital ratio				12.71%	11.20%	12.38
ll time equivalent nployees	131	119	111	1,674	1,643	1,571
cations	1	1		105	106	101

1 The average balance sheet data is based on daily averages for the entire year, with First National having been acquired October 2, 2009.

2 The average balance sheet data is based on daily averages for the entire year, with San Juans having been acquired December 1, 2008.

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INTERNET ACCESS

Copies of the Company s Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge through the Company s website (www.glacierbancorp.com) as soon as reasonably practicable after the Company has filed the material with, or furnished it to, the Securities and Exchange Commission (SEC). Copies can also be obtained by accessing the SEC s website (www.sec.gov).

MARKET AREA

The Company has 105 locations, of which 9 are loan or administration offices, in 35 counties within 6 states including Montana, Idaho, Wyoming, Colorado, Utah, and Washington. The Company has 52 locations in Montana. In Idaho there are 29 locations. In Wyoming, there are 14 locations. In Utah, there are 4 locations. In Washington, there are 3 locations. In Colorado, there are 3 locations.

The market area s economic base primarily focuses on tourism, construction, mining, manufacturing, service industry, and health care. The tourism industry is highly influenced by two national parks, several ski resorts, large lakes, and rural scenic areas.

COMPETITION

Based on the FDIC summary of deposits survey as of June 30, 2010, the Company has approximately 22 percent of the total FDIC insured deposits in the 13 counties that it services in Montana. In Idaho, the Company has approximately 7 percent of the deposits in the 9 counties that it services. In Wyoming, the Company has 24 percent of the deposits in the 6 counties it services. In Colorado, the Company has 12 percent of the deposits in the 2 counties it serves. In Utah, the Company has 3 percent of the deposits in the 3 counties it services.

There are a large number of depository institutions including savings banks, commercial banks, and credit unions in the markets in which the Company has offices. The Banks, like other depository institutions, are operating in a rapidly changing environment. Non-depository financial service institutions, primarily in the securities and insurance industries, have become competitors for retail savings and investment funds. Mortgage banking firms are actively competing for residential mortgage business. In addition to offering competitive interest rates, the principal methods used by banking institutions to attract deposits include the offering of a variety of services including on-line banking and convenient office locations and business hours. The primary factors in competing for loans are interest rates and rate adjustment provisions, loan maturities, loan fees, and the quality of service to borrowers and brokers.

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DISTRIBUTION OF ASSETS, LIABILITIES AND STOCKHOLDERS EQUITY

Average Balance Sheet

The following three-year 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; and 5) return on average assets and return on average equity.

	Year ended December 31, 2010			Year ended December 31, 2009			Year ended December 31, 2008		
(Dollars in thousands)	Average Balance	Interest & Dividends	Average Yield/ Rate	Average Balance	Interest & Dividends	Average Yield/ Rate	Average Balance	Interest & Dividends	Average Yield/ Rate
Assets									
Residential real estate loans	$ 772,074	$ 45,401	5.88%	$ 829,348	$ 54,498	6.57%	$ 746,135	$ 51,166	6.86%
Commercial loans	2,542,186	143,861	5.66%	2,608,961	151,580	5.81%	2,390,990	165,119	6.91%
Consumer and other loans	684,752	42,130	6.15%	702,232	44,844	6.39%	671,296	47,725	7.11%
Total loans and loans held for sale	3,999,012	231,392	5.79%	4,140,541	250,922	6.06%	3,808,421	264,010	6.93%
Tax-exempt investment securities [1]	479,640	23,351	4.87%	445,063	22,196	4.99%	282,884	13,901	4.91%
Taxable investment securities [2]	1,378,468	33,659	2.44%	707,062	29,376	4.15%	555,955	25,074	4.51%
Total earning assets	5,857,120	288,402	4.92%	5,292,666	302,494	5.72%	4,647,260	302,985	6.52%
Goodwill and intangibles	158,636			158,896			152,822		
Non-earning assets	291,284			240,367			229,321		
Total assets	$ 6,307,040			$ 5,691,929			$ 5,029,403		
Liabilities									
NOW accounts	$ 718,175	$ 2,545	0.35%	$ 572,260	$ 2,275	0.40%	$ 467,374	$ 3,014	0.64%
Savings accounts	345,297	725	0.21%	303,794	947	0.31%	272,673	1,865	0.68%
Money market deposit accounts	848,495	6,975	0.82%	768,939	8,436	1.10%	760,599	17,234	2.27%
Certificate accounts	1,082,428	21,016	1.94%	960,403	24,719	2.57%	853,076	32,634	3.83%
Wholesale deposits [3]	533,476	4,337	0.81%	133,083	2,052	1.54%	7,704	265	3.44%
FHLB advances	691,969	9,523	1.38%	473,038	7,952	1.68%	566,933	15,355	2.71%
Securities sold under agreements to repurchase and other borrowed funds	407,516	8,513	2.09%	995,006	10,786	1.08%	752,958	20,005	2.66%

Total interest bearing liabilities	4,627,356	53,634	1.16%	4,206,523	57,167	1.36%	3,681,317	90,372	2.46%
Non-interest bearing deposits	830,513			755,128			739,079		
Other liabilities	31,675			38,356			44,222		
Total liabilities	5,489,544			5,000,007			4,464,618		
Stockholders Equity									
Common stock	697			615			548		
Paid-in capital	611,577			495,340			393,158		
Retained earnings	196,785			193,973			171,385		
Accumulated other comprehensive income (loss)	8,437			1,994			(306)		
Total stockholders equity	817,496			691,922			564,785		
Total liabilities and stockholders equity	$ 6,307,040			$ 5,691,929			$ 5,029,403		
Net Interest Income		$ 234,768			$ 245,327			$ 212,613	
Net Interest Spread			3.76%			4.36%			4.06%
Net Interest Margin			4.01%			4.64%			4.58%
Net Interest Margin (tax-equivalent)			4.21%			4.82%			4.70%

1 Excludes tax effect of $10,338,000, $9,827,000 and $6,155,000 on tax-exempt investment security income for the years ended December 31, 2010, 2009 and 2008 respectively.

2 Excludes tax effect of $1,503,000, $0, and $0 on investment security tax credits for the years ended December 31, 2010, 2009 and 2008 respectively.

3 Wholesale deposits include brokered deposits classified as NOW, money market, and Certificate accounts.

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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.

	Years ended December 31, 2010 vs. 2009 Increase (Decrease) Due to:		
(Dollars in thousands)	Volume	Rate	Net
Interest income			
Residential real estate loans	$ (3,764)	$ (5,333)	$ (9,097)
Commercial loans	(3,880)	(3,839)	(7,719)
Consumer and other loans	(1,116)	(1,598)	(2,714)
Investment securities	31,601	(26,163)	5,438
Total interest income	22,841	(36,933)	(14,092)
Interest expense			
NOW accounts	580	(310)	270
Savings accounts	129	(351)	(222)
Money market deposit accounts	873	(2,333)	(1,460)
Certificate accounts	3,141	(6,844)	(3,703)
Wholesale deposits	6,173	(3,889)	2,284
FHLB advances	3,680	(2,109)	1,571
Repurchase agreements and other borrowed funds	(6,368)	4,095	(2,273)
Total interest expense	8,208	(11,741)	(3,533)
Net interest income	$ 14,633	$ (25,192)	$ (10,559)

Net interest income decreased $11 million in 2010 over 2009. The decrease in net interest income was primarily due to lower yield and lower volume of loans which was partially offset by an increased volume of investments and net decrease in borrowing expense. For additional information, see Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations.

INVESTMENT ACTIVITIES

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 Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations and Note 3 to the Consolidated Financial Statements in Item 8. Financial Statements and Supplementary Data.

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LENDING ACTIVITY

General

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.). Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations and Note 4 to the Consolidated Financial Statements in Item 8. Financial Statements and Supplementary Data provide more information about the loan portfolio.

Loan Portfolio Composition

The following table summarizes the Company s loan portfolio:

	December 31, 2010		December 31, 2009		December 31, 2008		December 31, 2007		December 31, 20	
ars in thousands)	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Perc
ential real estate	632,877	17.52%	743,147	18.95%	783,399	19.59%	685,731	19.50%	754,708	24
nercial loans										
estate	1,796,503	49.73%	1,894,690	48.33%	1,930,849	48.29%	1,611,178	45.81%	1,159,384	37
commercial	654,588	18.12%	724,579	18.48%	644,980	16.13%	636,125	18.09%	691,033	22
	2,451,091	67.85%	2,619,269	66.81%	2,575,829	64.42%	2,247,303	63.90%	1,850,417	59
umer and other										
e equity	483,137	13.38%	501,866	12.80%	507,839	12.70%	432,002	12.28%	356,246	11
consumer	182,184	5.04%	199,633	5.09%	208,150	5.21%	206,376	5.87%	218,277	6
	665,321	18.42%	701,499	17.89%	715,989	17.91%	638,378	18.15%	574,523	18
s receivable	3,749,289	103.79%	4,063,915	103.65%	4,075,217	101.92%	3,571,412	101.55%	3,179,648	101
vance for loan ease losses	(137,107)	-3.79%	(142,927)	-3.65%	(76,739)	-1.92%	(54,413)	-1.55%	(49,259)	-1
s receivable, net	$ 3,612,182	100.00%	$ 3,920,988	100.00%	$ 3,998,478	100.00%	$ 3,516,999	100.00%	$ 3,130,389	100

Loan Portfolio Maturities or Repricing Term

The stated maturities or first repricing term (if applicable) for the loan portfolio at December 31, 2010 was as follows:

(Dollars in thousands)	Residential Real Estate	Commercial	Consumer and Other	Totals
Variable rate maturing or repricing in				
One year or less	$ 197,087	863,403	294,929	1,355,419
One to five years	138,108	753,674	36,465	928,247
Thereafter	16,049	146,303	3,117	165,469
Fixed rate maturing or repricing in				
One year or less	165,166	246,507	118,742	530,415

One to five years	93,928	305,224	188,300	587,452
Thereafter	22,539	135,980	23,768	182,287
Totals	$ 632,877	2,451,091	665,321	3,749,289

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Residential Real Estate Lending

The Company s lending activities consist of the origination of both construction and permanent loans on residential real estate. The Company actively solicits residential real estate loan applications from real estate brokers, contractors, existing customers, customer referrals, and on-line applications. The Company s lending policies generally limit the maximum loan-to-value ratio on residential mortgage loans to 80 percent of the lesser of the appraised value or purchase price or above 80 percent of the loan if insured by a private mortgage insurance company. The Company also provides interim construction financing for single-family dwellings. These loans are supported by a term take-out commitment.

Consumer Land or Lot Loans

The Company originates land and lot acquisition loans to borrowers who intend to construct their primary residence on the respective land or lot. These loans are generally for a term of three to five years and are secured by the developed land or lot with the loan to value limited to the lesser of 75 percent of cost or appraised value.

Unimproved Land and Land Development Loans

Where real estate market conditions warrant, the Company makes land acquisition and development loans on properties intended for residential and commercial use. These loans are generally made for a term of 18 months to two years and secured by the developed property with a loan-to-value not to exceed the lesser of 75 percent of cost or 65 percent of the appraised discounted bulk sale value upon completion of the improvements. The projects under development are inspected on a regular basis and advances are made on a percentage of completion basis. The loans are made to borrowers with real estate development experience and appropriate financial strength. Generally, it is required that a certain percentage of the development be pre-sold or that construction and term take-out commitments are in place prior to funding the loan. Loans made on unimproved land are generally made for a term of five to ten years with a loan-to-value not to exceed the lesser of 50 percent of cost or appraised value.

Residential Builder Guidance Lines

The Company provides Builder Guidance Lines that are comprised of pre-sold and spec-home construction and lot acquisition loans. The spec-home construction and lot acquisition loans are limited to a specific number and maximum amount. Generally the individual loans will not exceed a one year maturity. The homes under construction are inspected on a regular basis and advances made on a percentage of completion basis.

Commercial Real Estate Loans

Loans are made to purchase, construct and finance commercial real estate properties. These loans are generally made to borrowers who own and will occupy the property and generally have a loan-to-value up to the lesser of 75 percent of cost or appraised value and require a minimum 1.2 times debt service coverage margin. Loans to finance investment or income properties are made, but require additional equity and generally have a loan-to-value up to the lesser of 70 percent of cost or appraised value and require a higher debt service coverage margin commensurate with the specific property and projected income.

Consumer Lending

The majority of consumer loans are secured by real estate, automobiles, or other assets. The Banks intend to continue making such loans because of their short-term nature, generally between three months and five years. Moreover, interest rates on consumer loans are generally higher than on residential mortgage loans. The Banks also originate second mortgage and home equity loans, especially to existing customers in instances where the first and second mortgage loans are less than 80 percent of the current appraised value of the property.

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Loan Portfolio by Bank Subsidiary and Regulatory Classification

The following tables summarize selected information by bank and regulatory classification of the Company s loan portfolio:

	Loans Receivable and loans held for sale, Gross by Bank			
(Dollars in thousands)	Balance 12/31/10	Balance 12/31/09	$ Change	% Change
Glacier	$ 866,097	942,254	(76,157)	-8%
Mountain West	821,135	957,451	(136,316)	-14%
First Security	571,925	566,713	5,212	1%
Western	305,977	323,375	(17,398)	-5%
1st Bank	266,505	296,913	(30,408)	-10%
Valley	183,003	187,283	(4,280)	-2%
Big Sky	249,593	270,970	(21,377)	-8%
First National	143,224	153,058	(9,834)	-6%
Citizens	168,972	166,049	2,923	2%
First Bank-MT	109,310	117,017	(7,707)	-7%
San Juans	143,574	149,162	(5,588)	-4%
Eliminations	(3,813)		(3,813)	n/m
Total	$ 3,825,502	4,130,245	(304,743)	-7%

	Land, Lot and Other Construction Loans by Bank			
(Dollars in thousands)	Balance 12/31/10	Balance 12/31/09	$ Change	% Change
Glacier	$ 148,319	165,734	(17,415)	-11%
Mountain West	147,991	217,078	(69,087)	-32%
First Security	72,409	71,404	1,005	1%
Western	29,535	32,045	(2,510)	-8%
1st Bank	29,714	36,888	(7,174)	-19%
Valley	12,816	14,704	(1,888)	-13%
Big Sky	53,648	71,365	(17,717)	-25%
First National	12,341	10,247	2,094	20%
Citizens	12,187	13,263	(1,076)	-8%
First Bank-MT	830	1,010	(180)	-18%
San Juans	30,187	39,621	(9,434)	-24%
Total	$ 549,977	673,359	(123,382)	-18%

	Land, Lot and Other Construction Loans by Bank, by Type at 12/31/10					
(Dollars in thousands)	Land Development	Consumer Land or Lot	Unimproved Land	Developed Lots for Operative Builders	Commercial Developed Lot	Other Construction
Glacier	$ 62,719	27,686	40,032	8,901	6,686	2,295

Mountain West	32,250	61,338	12,225	18,488	8,609	15,081
First Security	26,258	6,666	19,327	4,510	497	15,151
Western	14,815	5,234	3,929	589	1,815	3,153
1st Bank	7,486	9,920	3,494	281	2,046	6,487
Valley	2,142	4,925	1,063	55	3,381	1,250
Big Sky	19,714	16,115	8,807	651	2,354	6,007
First National	1,879	3,906	1,634	407	2,138	2,377
Citizens	2,690	2,155	2,438	50	682	4,172
First Bank-MT		83	747			
San Juans	3,431	15,881	2,163		7,628	