GLACIER BANCORP, INC.
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October 22, 2012

The Honorable Thomas J. Curry, Comptroller
Office of the Comptroller of the Currency
regs.comments@occ.treas.gov
Docket ID OCC -2012-0008, -0009 & -0010

The Honorable Ben S. Bernanke, Chairman
Board of Governors of the Federal Reserve System
regs.comments@federalreserve.gov
Docket No. 1442

The Honorable Martin J. Gruenberg, Acting Chairman
Federal Deposit Insurance Corporation
comments@FDIC.gov
RIN 3064-AD95, -AD96 & -AD97

Re: Regulatory Capital, Implementation of Basel III, Minimum Regulatory Capital Ratios, Capital Adequacy, Transition Provisions, and Prompt Corrective Action

Standardized Approach for Risk-Weighted Assets; Market Discipline and Disclosure Requirements

Gentlemen:

Thank you for the opportunity to provide comment on the Basel III proposals that were recently approved by the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation.

Glacier Bancorp, Inc. (the "Company") is a $7.5 billion regional bank holding company providing commercial banking services in 60 communities in Montana, Idaho, Utah, Washington, Wyoming and Colorado. Headquartered in Kalispell, Montana, the Company is the parent company for Glacier Bank, Kalispell (Montana charter) and 10 other bank divisions: First Security Bank of Missoula; Valley Bank of Helena; Big Sky Western Bank, Bozeman; Western Security Bank, Billings; and First Bank of Montana, Lewistown; all operating in Montana; as well as Mountain West Bank, Coeur d'Alene operating in Idaho, Utah and Washington; Citizens Community Bank, Pocatello, operating in Idaho; 1st Bank, Evanston, operating in Wyoming and Utah; First Bank of Wyoming, Powell, operating in Wyoming; and Bank of the San Juans, Durango operating in Colorado.

website: www.glacierbancorp.com email: investor@glacierbancorp.com

The Company offers a wide range of banking products and services, including transaction and savings deposits, real estate, commercial, agriculture, and consumer loans, mortgage origination services, and retail brokerage services. The Company serves individuals, small to medium-sized businesses, community organizations and public entities.

Prior to May 1, 2012, each of the Company's bank divisions operated as a separately chartered commercial bank. Consolidation of the eleven commercial banks into a much larger, single bank was a strategic reorganization undertaken to reduce the increasingly complex, burdensome and costly regulation imposed on each of the commercial banks, and to allow the banks to continue to serve their markets on a more cost efficient basis without sacrificing service or product quality.

After receiving preliminary approval in 2008 from the U.S. Treasury Department , the Company elected to not participate in TARP in light of its capital position and ability to access the private equity markets. The Company's stock trades on the NASDAQ Global Select Market under the symbol: GBCI.

We have explored the proposals and their implications for the Company and the broader industry. Listed below are the most significant items for which we provide comment:

1. Phase -out of Trust Preferred Securities as Capital Instruments
2. Inclusion of Unrealized Gains or Losses on Available-for-Sale (AFS) securities in CET1
3. Cash Flow Hedge Adjustment
4. Credit Enhancing Representations (Removal of 120 day Safe Harbor)

1. Phase -out of Trust Preferred Securities as Capital Instruments

As proposed, the Basel III capital rules do not grandfather Trust Preferred Securities for banking organizations with total assets between $500 million and $15 billion. Such proposal in direct conflict with the Collins amendment incorporated into the Dodd-Frank Act. Instead, the Basel III proposed capital rules requires a scheduled phase-out, i.e., transition of these capital instruments from Tier 1 capital inclusion to Tier 2 capital inclusion for bank holding companies having between $500 million and $15 billion in total consolidated assets as of December 31, 2009. The phase out transition permits the inclusion of 90% of the carrying value of the Trust Preferred Securities as Tier 1 capital in 2013 with annual 10% decreases in the includible amount for Tier 1 purposes through 2021. After 2021, the Trust Preferred Securities will still meet the criteria for continued inclusion in Tier 2 capital.

As of June 30, 2012, the Company had Tier 1 risk-based capital of 18.80%, Total risk-based capital of 20.07% and a Tier 1 leverage ratio of 11.68%. Included in each of these capital and leverage ratios is $125.3 million of Trust Preferred Securities each of which was issued as a Tier 1 capital instrument.. By not including the Trust Preferred Securities as Tier 1 capital, the Company's Tier 1 and Total risk-based capital ratios would each decrease by 2.78 percentage points, and the Company's Tier 1 leverage ratio would decrease by 1.72 percentage points.

The reduction in regulatory capital will serve to reduce the lending capacity of the Company, which does a disservice to the communities served by the Company. The Basel III proposed capital rules will make it even more difficult for banking organization to attract capital from investors as banking organizations reduce dividends and share repurchase programs in an effort to make up for the capital depletion. Investors in banking organizations, whether publicly or privately owned, invest for growth, not to make up for capital depletion.

We believe the Basel III proposed capital rules should be revised to be consistent with the Collins amendment, thereby grandfathering Trust Preferred Securities as Tier 1 capital instruments for banking organization less than $15 billion.

2. Inclusion of Unrealized Gains or Losses on AFS-designated securities in CET1

Under the Basel III proposed capital rules, unrealized gains and losses on securities designated as Available-for Sale ("AFS") would flow through, i.e., be included in common equity Tier 1 ("CET1") capital. This proposal is in stark contrast to the current risk-based regulatory capital rules which excludes the Adjusted Other Comprehensive Income ("AOCI") attributable to unrealized gain and losses on the AFS portfolio from the calculation of Tier 1 capital.

At June 30, 2012, the Company's investment portfolio included primarily short, weighted-average-life U.S. agency-issued CMOs along with obligations of state and local governments ("municipal securities") and corporate debt obligations. The municipal securities portfolio is maintained with a laddered maturity structure that ranges from 25 years to less than 1 year. The municipal bond portfolio includes "bank-qualified" bonds issued by communities served by the Company's bank divisions. The Company maintains only an AFS-designated investment securities portfolio for purposes of liquidity and interest rate risk management. Due largely to the reduction in interest rates over the past several years, the Company's unrealized gain associated with its investment securities portfolio at June 30, 2012 has increased significantly to $87 million (before considering the tax effect).

The implication of including unrealized gains and losses on AFS securities in regulatory capital calculations is to make regulatory capital levels (i.e., Tier 1 and CET1) more sensitive to interest rate fluctuations. As interest rates rise in an economic recovery, the Company's Tier 1 and CET1 capital levels will decrease under the Basel III proposed capital rules. To mitigate such circumstance, the Company would maintain higher capital levels than otherwise in relation to is AFS investment portfolio. Alternatively, the Company could maintain a "Held-to-maturity" ("HTM") investment portfolio but in so doing would be taking on increased liquidity and interest rate risk as the ability to sell securities are significantly limited by the HTM designation, thereby impeding rebalancing of the HTM portfolio across varying interest rate scenarios. With respect to the AFS investment portfolio, the Company alternatively would likely shorten the maturity of its AFS securities, the impact of which may be detrimental to communities whose municipal obligations are of a longer maturity, and will cause interest income from the AFS portfolio to fall as yields on shorter maturity invetment securities are typically less than those on longer maturity investment securities.

Given the harmful implications outlined above, the Company believe the Basel III proposed capital rules should be revised to exclude AFS unrealized gains and losses that reside in AOCI from regulatory capital.

3. Cash Flow Hedge Adjustment for CET1 Capital

Under the Basel III proposed capital rules, unrealized gains and losses on cash flow hedges that relate to hedging items that are not recognized at fair value on the balance sheet (including projected cash flows) would be excluded from regulatory capital, net of applicable tax effects.

At June 30, 2012, the Company had interest rate swap agreements on a forecasted notional amount of $260 million. 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 proposed capital treatment would be detrimental to the Company's ability to efficiently manage its interest rate risk and would harm the Company's earnings.. Should the rule as proposed be implemented, the Company would pursue other on-balance sheet strategies including 1) adding longer maturity borrowings with attendant higher interest expense, or 2) shortening the investment portfolio duration. Each alternative will reduce the Company's net interest income stream and potentially increase the interest rate risk profile of the Company.

We believe that the proposed adjustment must be evaluated in concert with the inclusion of unrealized gains or losses on AFS-designated securities in CET1. Said differently, the AFS securities and cash flow hedge adjustments to regulatory capital should be provided the same treatment, i.e., either both are included or excluded.

4. Requirement to Hold Capital for Credit Enhancing Representation

Under the Basel III proposed capital rules, a banking organization that provides a credit enhancing representation or warrant on assets (e.g. mortgages) it sold or otherwise transferred to third parties, including in cases of early default clauses or premium-refund clauses, would treat such representations and warranties as an off-balance sheet guarantee subject to a 100 percent credit conversion factor applied to the transferred assets while the credit enhancing representations and warranties are in place. Under the current risk-based regulatory capital rules, capital charges do not apply to mortgages once they are sold to third parties, even though the seller provided representations and warranties to take back mortgages that experience prepayment defaults within 120 days of sale of the mortgage loans.

The Company's lending activities primarily consist of the origination of 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 is active in the secondary mortgage market, primarily through the origination of conventional, FHA and VA residential mortgages. Fixed rate, long-term mortgage loans are generally sold in the secondary mortgage market to reduce the Company's risk of holding long-term, fixed rate loans during periods of rising interest rates. In connection with conventional loan sales, the Company typically sells the majority of mortgage loans originated with servicing released.

The Company experience with mortgage banking activities is that there is little evidence that temporary representations and warranties on residential mortgages sold into the secondary market have resulted in significant losses. We believe the Basel III proposed capital rules should retain the 120 day safe harbor as such exists in the current risk-based capital rules.

Respectfully submitted,

Glacier Bancorp, Inc.

Ron J. Copher

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EVP and Chief Financial Officer