GLACIER BANCORP, INC.
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September 27, 2010

Mr. Russell Golden
Financial Accounting Standards Board
401 Merrit 7
P.O. Box 5116
Norwalk, CT 06856-5116

VIA EMAIL: director@fasb.org

File Reference Number 1810-100: *Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities*

Re: Fair Value Accounting of Financial Instruments

Dear Mr. Golden,

Glacier Bancorp, Inc. ("Glacier") appreciates the opportunity to comment on the Exposure Draft ("ED") of the proposed Accounting Standards Update for Topic 825 and 815, *Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities.* With total assets of $6.3 billion, Glacier is a regional multi-bank holding company providing commercial banking services in 60 communities in Montana, Idaho, Utah, Washington, Wyoming and Colorado. Glacier is headquartered in Kalispell, Montana, and conducts its operations principally through eleven community bank subsidiaries.

While we support the Financial Accounting Standards Board's ("FASB") endeavors to improve financial reporting and transparency for financial statement users, we believe that the ED as proposed will have quite the opposite effect. We are adamantly opposed to the ED and more specifically the provisions relating to fair value accounting of financial instruments including held to maturity loans and deposits.

Glacier's assets are primarily comprised of loans the overwhelming majority of which are made to local commercial and small business customers within its market areas. These loans are originated with the intent to hold to maturity and there is no active market for such loans. As a result of the nature of these loans and lack of active markets, the ED would necessitate a "Level 3" fair value approach, a highly subjective process tied to assumptions including a "liquidity discount" and other unobservable inputs. Small changes in assumptions, especially for unobservable liquidity discounts, contribute to significant variations and volatility in the reported fair values for loans. In addition, the process of estimating "Level 3" fair value does not take into account the value of the other products and services that make held to maturity loans more valuable to banks than the loan fair values reported to an outside party. Considering that many of the assumptions in the valuation process would be based on estimates by bank management and third parties that would vary from loan to loan, the proposed fair value approach would most certainly cause a lack of comparability and reliability within the banking industry. The inconsistency within the banking industry is contrary to FASB's intent of improved comparability, reliability and transparent financial statements for financial statement users.

As is apparent in the continuing global economic downturn, which centered upon the financial markets and the banking industry in particular, the financial markets can quickly and drastically change. If the ED were to be implemented with loans and deposits marked at fair value, the resulting volatility of the banking industry's earnings and capital would cause a fundamental departure away from the intent and business model of traditional community banks, which is to originate and hold to maturity the originated loan and deposit portfolios. The banking industry will most likely make lending decisions based on measures to avoid volatility in accounting valuations (e.g., by taking a narrow short-term focus) instead of longer term lending decisions based on the collectability of contractual cash flows combined with impairment analysis. In other words, the ED's proposed fair value accounting model will force a change in the banking business model. This procyclical change will exacerbate financial cycles, dampen lending volumes, and potentially require banks to increase interest rates and fee income on loans to offset the risks of financial reporting volatility and the administrative burden of implementing the ED.

We have also spoken with banking industry analysts and investors, none of whom have requested further reporting relating to fair value of financial instruments including loans and deposits. Moreover, the analysts and investors concur with our belief the fair value accounting as proposed in the ED will add significant operational expense to the banking industry with little, if any, foreseeable benefit but more likely harmful consequences.

In addition, it has been publicly acknowledged and reconfirmed by both FASB and the International Accounting Standards Board ("IASB") that the boards are committed to convergence of accounting standards with the primary goals to both improve U.S. generally accepted accounting principles ("GAAP") and International Financial Reporting Standards ("IFRS") and eliminate the differences between them. However, the ED creates significant differences from IFRS pronouncements and thus conflicts with the goal of converging GAAP and IFRS.

As a holding company of eleven community banks, we adamantly believe that the ED should not be implemented. We believe the ED will yield reduced comparability, reliability, and transparent financial statements for the banking industry, all achieved with significantly higher operational costs but little, if any, benefit to users of the affected financial statements. Moreover, the impact of increased volatility in bank industry earnings and capital will serve to fundamentally alter the banking business model that will have a harmful and procyclical impact upon the U.S. economy.

We urge FASB to work with the IASB in ensuring proposed changes in fair value accounting are compliant with the intent of convergence between GAAP and IFRS and the reduction or elimination of differences.

Sincerely,

Glacier Bancorp, Inc.

Ron J. Copher
Chief Financial Officer

Angela Dose
Principal Accounting Officer