

ZIONS BANCORPORATION /UT/  
Form 10-Q  
August 08, 2012  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q

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

For the quarterly period ended June 30, 2012

OR

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 001-12307

ZIONS BANCORPORATION

(Exact name of registrant as specified in its charter)

UTAH 87-0227400  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

ONE SOUTH MAIN, 15<sup>TH</sup> FLOOR 84133  
SALT LAKE CITY, UTAH (Zip Code)  
(Address of principal executive offices)

Registrant's telephone number, including area code: (801) 524-4787

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 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.

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, without par value, outstanding at July 31, 2012 184,148,177 shares



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PART I. FINANCIAL INFORMATION  
ITEM 1. FINANCIAL STATEMENTS (Unaudited)  
ZIONS BANCORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

(In thousands, except share amounts)	June 30, 2012 (Unaudited)	December 31, 2011
<b>ASSETS</b>		
Cash and due from banks	\$1,124,673	\$1,224,350
Money market investments:		
Interest-bearing deposits	7,887,175	7,020,895
Federal funds sold and security resell agreements	83,529	102,159
Investment securities:		
Held-to-maturity, at adjusted cost (approximate fair value \$715,710 and \$729,974)	773,016	807,804
Available-for-sale, at fair value	3,167,590	3,230,795
Trading account, at fair value	20,539	40,273
	3,961,145	4,078,872
Loans held for sale	139,245	201,590
Loans, net of unearned income and fees:		
Loans and leases	36,231,104	36,393,782
FDIC-supported loans	642,246	750,870
	36,873,350	37,144,652
Less allowance for loan losses	971,716	1,049,958
Loans, net of allowance	35,901,634	36,094,694
Other noninterest-bearing investments	867,882	865,231
Premises and equipment, net	714,913	719,276
Goodwill	1,015,129	1,015,129
Core deposit and other intangibles	59,277	67,830
Other real estate owned	144,816	153,178
Other assets	1,507,594	1,605,905
	\$53,407,012	\$53,149,109
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Deposits:		
Noninterest-bearing demand	\$16,498,248	\$16,110,857
Interest-bearing:		
Savings and NOW	7,505,841	7,159,101
Money market	14,439,389	14,616,740
Time	3,211,942	3,413,550
Foreign	1,504,827	1,575,361
	43,160,247	42,875,609
Securities sold, not yet purchased	104,882	44,486
Federal funds purchased and security repurchase agreements	759,591	608,098
Other short-term borrowings	7,621	70,273
Long-term debt	2,274,571	1,954,462
Reserve for unfunded lending commitments	103,586	102,422
Other liabilities	507,151	510,531
Total liabilities	46,917,649	46,165,881
Shareholders' equity:		
Preferred stock, without par value, authorized 4,400,000 shares	1,800,473	2,377,560

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Common stock, without par value; authorized 350,000,000 shares; issued and outstanding 184,117,522 and 184,135,388 shares	4,157,525	4,163,242
Retained earnings	1,110,120	1,036,590
Accumulated other comprehensive income (loss)	(576,147	) (592,084 )
Controlling interest shareholders' equity	6,491,971	6,985,308
Noncontrolling interests	(2,608	) (2,080 )
Total shareholders' equity	6,489,363	6,983,228
	\$53,407,012	\$53,149,109

See accompanying notes to consolidated financial statements.

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ZIONS BANCORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME  
(Unaudited)

(In thousands, except per share amounts)	Three Months Ended		Six Months Ended	
	June 30, 2012	2011	June 30, 2012	2011
Interest income:				
Interest and fees on loans	\$478,569	\$523,741	\$965,184	\$1,041,898
Interest on money market investments	5,099	3,199	9,727	6,042
Interest on securities:				
Held-to-maturity	9,325	9,009	18,284	17,673
Available-for-sale	25,090	22,179	48,248	44,455
Trading account	148	538	486	990
Total interest income	518,231	558,666	1,041,929	1,111,058
Interest expense:				
Interest on deposits	20,823	34,257	44,236	70,741
Interest on short-term borrowings	256	1,783	1,035	3,963
Interest on long-term debt	65,165	106,454	122,372	196,326
Total interest expense	86,244	142,494	167,643	271,030
Net interest income	431,987	416,172	874,286	840,028
Provision for loan losses	10,853	1,330	26,517	61,330
Net interest income after provision for loan losses	421,134	414,842	847,769	778,698
Noninterest income:				
Service charges and fees on deposit accounts	43,426	42,878	86,958	87,408
Other service charges, commissions and fees	38,554	43,958	72,780	85,643
Trust and wealth management income	8,057	7,179	14,431	13,933
Capital markets and foreign exchange	7,342	8,358	13,076	15,572
Dividends and other investment income	21,542	17,239	31,022	25,267
Loan sales and servicing income	10,287	9,836	18,639	15,849
Fair value and nonhedge derivative income (loss)	(6,784)	) 4,195	(11,184)	) 5,415
Equity securities gains (losses), net	107	(1,636)	) 9,252	(739)
Fixed income securities gains (losses), net	5,519	(2,396)	) 6,239	(2,455)
Impairment losses on investment securities:				
Impairment losses on investment securities	(24,026)	) (6,339)	) (42,299)	) (9,444)
Noncredit-related losses on securities not expected to be sold (recognized in other comprehensive income)	16,718	1,181	24,782	1,181
Net impairment losses on investment securities	(7,308)	) (5,158)	) (17,517)	) (8,263)
Other	2,280	3,896	6,325	24,862
Total noninterest income	123,022	128,349	230,021	262,492
Noninterest expense:				
Salaries and employee benefits	220,765	222,138	445,399	437,148
Occupancy, net	28,169	27,588	56,120	55,598
Furniture and equipment	27,302	26,153	54,094	51,815
Other real estate expense	6,440	17,903	14,250	42,070
Credit-related expense	12,415	17,124	25,900	32,037
Provision for unfunded lending commitments	4,868	(1,904)	) 1,164	(11,444)
Legal and professional services	12,947	8,432	24,043	15,121
Advertising	6,618	5,962	12,425	12,873

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FDIC premiums	10,444	15,232	21,363	39,333
Amortization of core deposit and other intangibles	4,262	4,855	8,553	10,556
Other	67,426	72,773	130,717	139,524
Total noninterest expense	401,656	416,256	794,028	824,631
Income before income taxes	142,500	126,935	283,762	216,559
Income taxes	51,036	54,325	102,895	91,358
Net income	91,464	72,610	180,867	125,201
Net loss applicable to noncontrolling interests	(273 )	(265 )	(546 )	(491 )
Net income applicable to controlling interest	91,737	72,875	181,413	125,692
Preferred stock dividends	(36,522 )	(43,837 )	(100,709 )	(81,887 )
Net earnings applicable to common shareholders	\$55,215	\$29,038	\$80,704	\$43,805
Weighted average common shares outstanding during the period:				
Basic shares	182,985	182,472	182,892	182,092
Diluted shares	183,137	182,728	183,050	182,365
Net earnings per common share:				
Basic	\$0.30	\$0.16	\$0.44	\$0.24
Diluted	0.30	0.16	0.44	0.24
See accompanying notes to consolidated financial statements.				

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ZIONS BANCORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(Unaudited)

(In thousands)	Three Months Ended		Six Months Ended	
	June 30, 2012	2011	June 30, 2012	2011
Net income	\$91,464	\$72,610	\$180,867	\$125,201
Other comprehensive income (loss), net of tax:				
Net realized and unrealized holding gains (losses) on investments	6,431	(4,272)	) 29,045	(36,060)
Reclassification for net losses on investments included in earnings	821	4,636	6,619	6,590
Noncredit-related impairment losses on securities not expected to be sold	(10,323)	) (729)	) (15,303)	) (729)
Accretion of securities with noncredit-related impairment losses not expected to be sold	367	73	532	99
Net unrealized losses on derivative instruments	(1,876)	) (5,036)	) (4,956)	) (13,095)
Other comprehensive income (loss)	(4,580)	) (5,328)	) 15,937	(43,195)
Comprehensive income	86,884	67,282	196,804	82,006
Comprehensive loss applicable to noncontrolling interests	(273)	) (265)	) (546)	) (491)
Comprehensive income applicable to controlling interest	\$87,157	\$67,547	\$197,350	\$82,497
See accompanying notes to consolidated financial statements.				



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ZIONS BANCORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
(Unaudited)

(In thousands, except share and per share amounts)	Preferred stock	Common stock		Retained earnings	Accumulated other comprehensive income (loss)	Noncontrolling interests	Total shareholders' equity
		Shares	Amount				
Balance at December 31, 2011	\$2,377,560	184,135,388	\$4,163,242	\$1,036,590	\$(592,084)	\$(2,080)	\$6,983,228
Net income (loss) for the period				181,413		(546 )	180,867
Other comprehensive income					15,937		15,937
Issuance of preferred stock 143,750			(2,408 )				141,342
Preferred stock redemption (842,500 )			3,830	(3,830 )			(842,500 )
Subordinated debt converted to preferred stock	93,568		(13,602 )				79,966
Net activity under employee plans and related tax benefits		(17,866 )	6,463				6,463
Dividends on preferred stock	28,095			(100,709 )			(72,614 )
Dividends on common stock, \$0.02 per share				(3,704 )			(3,704 )
Change in deferred compensation				360			360
Other changes in noncontrolling interests						18	18
Balance at June 30, 2012	\$1,800,473	184,117,522	\$4,157,525	\$1,110,120	\$(576,147)	\$(2,608)	\$6,489,363
Balance at December 31, 2010	\$2,056,672	182,784,086	\$4,163,619	\$889,284	\$(461,296)	\$(1,065)	\$6,647,214
Net income (loss) for the period				125,692		(491 )	125,201
Other comprehensive loss					(43,195 )		(43,195 )
Subordinated debt converted to preferred stock	262,062		(37,744 )				224,318
Issuance of common stock		1,067,540	25,048				25,048
Net activity under employee plans and related tax benefits		459,664	7,446				7,446
Dividends on preferred stock	10,636			(81,887 )			(71,251 )
				(3,653 )			(3,653 )

Dividends on common stock, \$0.02 per share								
Change in deferred compensation				1,909				1,909
Other changes in noncontrolling interests							54	54
Balance at June 30, 2011	\$2,329,370	184,311,290	\$4,158,369	\$931,345	\$(504,491)	\$(1,502)		\$6,913,091
See accompanying notes to consolidated financial statements.								

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ZIONS BANCORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

(In thousands)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period	\$91,464	\$72,610	\$180,867	\$125,201
Adjustments to reconcile net income to net cash provided by operating activities:				
Net impairment losses on investment securities	7,308	5,158	17,517	8,263
Provision for credit losses	15,721	(574)	27,681	49,886
Depreciation and amortization	62,166	105,790	119,309	195,596
Deferred income tax expense (benefit)	(630)	33,913	19,055	87,703
Net increase (decrease) in trading securities	(1,506)	5,397	19,734	(2,485)
Net decrease in loans held for sale	50,464	41,041	71,377	69,512
Net write-downs of and losses from sales of other real estate owned	5,509	14,363	13,341	34,113
Change in other liabilities	(11,731)	29,928	(30,530)	(6,896)
Change in other assets	38,398	41,334	88,823	59,488
Other, net	3,544	(2,734)	(18,372)	(4,934)
Net cash provided by operating activities	260,707	346,226	508,802	615,447
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Net increase in money market investments	(288,671)	(291,604)	(847,650)	(341,811)
Proceeds from maturities and paydowns of investment securities held-to-maturity	34,106	12,923	54,685	42,031
Purchases of investment securities held-to-maturity	(24,461)	(21,316)	(33,738)	(26,809)
Proceeds from sales, maturities, and paydowns of investment securities available-for-sale	235,192	277,419	676,174	579,669
Purchases of investment securities available-for-sale	(187,627)	(238,577)	(593,930)	(518,463)
Proceeds from sales of loans and leases	13,478	16,182	39,787	17,264
Net loan and lease collections (originations)	(397,181)	(492,134)	18,230	(536,945)
Net decrease in other noninterest-bearing investments	6,445	5,522	12,174	10,318
Net purchases of premises and equipment	(17,655)	(19,295)	(32,817)	(39,480)
Proceeds from sales of other real estate owned	58,485	95,036	97,884	186,877
Net cash paid for sale of branch	—	—	(22,568)	—
Net cash used in investing activities	(567,889)	(655,844)	(631,769)	(627,349)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net increase in deposits	61,160	598,817	313,997	256,275
Net change in short-term funds borrowed	318,039	(190,675)	149,208	(110,583)
Proceeds from issuance of long-term debt	266,636	30,250	599,386	30,250
Repayments of long-term debt	(255,038)	(175)	(255,179)	(331)
Cash paid for preferred stock redemption	(142,500)	—	(842,500)	—
Proceeds from issuance of common stock and preferred stock	141,661	195	142,003	25,407
Dividends paid on common and preferred stock	(35,522)	(40,303)	(76,318)	(74,904)

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Other, net	(4,767	) (2,603	) (7,307	) (3,310	)
Net cash provided by financing activities	349,669	395,506	23,290	122,804	
Net increase (decrease) in cash and due from banks	42,487	85,888	(99,677	) 110,902	
Cash and due from banks at beginning of period	1,082,186	949,140	1,224,350	924,126	
Cash and due from banks at end of period	\$1,124,673	\$1,035,028	\$1,124,673	\$1,035,028	
Cash paid for interest	\$44,539	\$51,039	\$107,328	\$142,320	
Net cash paid (refund received) for income taxes	9,771	536	(11,897	) 428	
See accompanying notes to consolidated financial statements.					

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ZIONS BANCORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

June 30, 2012

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of Zions Bancorporation (“the Parent”) and its majority-owned subsidiaries (collectively “the Company,” “Zions,” “we,” “our,” “us”) have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. References to GAAP as promulgated by the Financial Accounting Standards Board (“FASB”) are made according to sections of the Accounting Standards Codification (“ASC”) and to Accounting Standards Updates (“ASU”). Certain prior period amounts have been reclassified to conform to the current period presentation.

Operating results for the three and six months ended June 30, 2012 and 2011 are not necessarily indicative of the results that may be expected in future periods. The consolidated balance sheet at December 31, 2011 is from the audited financial statements at that date, but does not include all of the information and footnotes required by GAAP for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company’s 2011 Annual Report on Form 10-K.

The Company provides a full range of banking and related services through banking subsidiaries in ten Western and Southwestern states as follows: Zions First National Bank (“Zions Bank”), in Utah and Idaho; California Bank & Trust (“CB&T”); Amegy Corporation (“Amegy”) and its subsidiary, Amegy Bank, in Texas; National Bank of Arizona (“NBA”); Nevada State Bank (“NSB”); Vectra Bank Colorado (“Vectra”), in Colorado and New Mexico; The Commerce Bank of Washington (“TCBW”); and The Commerce Bank of Oregon (“TCBO”). The Parent also owns and operates certain nonbank subsidiaries that engage in wealth management and other financial related services.

2. CERTAIN RECENT ACCOUNTING PRONOUNCEMENTS

In December 2011, the FASB issued ASU 2011-11, Disclosures about Offsetting Assets and Liabilities. This new guidance under ASC 210, Balance Sheet, provides convergence to International Financial Reporting Standards (“IFRS”) to provide common disclosure requirements for the offsetting of financial instruments. Existing GAAP guidance allowing balance sheet offsetting, including industry-specific guidance, remains unchanged. The new guidance is effective on a retrospective basis, including all prior periods presented, for interim and annual periods beginning on or after January 1, 2013. Management is currently evaluating the impact this new guidance may have on the disclosures in the Company’s financial statements.

In June 2011, the FASB issued ASU 2011-05, Presentation of Comprehensive Income. This new accounting guidance under ASC 220, Comprehensive Income, provides convergence to IFRS and no longer allows presentation of the components of other comprehensive income (“OCI”) in the statement of changes in shareholders’ equity. We adopted this new guidance effective January 1, 2012 as required and elected to present the components of OCI in a separate statement consecutive to the statement of income. There was otherwise no effect on the accompanying financial statements.

In December 2011, the FASB issued ASU 2011-12, Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05. This ASU under ASC 220 defers the requirements of ASU 2011-05 to display reclassification adjustments for each component of OCI in both the statement of income and the statement of comprehensive income and to present the components of OCI in interim financial statements. During 2012, the FASB has indicated it will reconsider the reclassification requirements and the timing of their implementation. Management is currently

evaluating the impact this ASU will have on the disclosures in the Company's financial statements. In April 2011, the FASB issued ASU 2011-03, Reconsideration of Effective Control for Repurchase Agreements. The primary feature of this new accounting guidance under ASC 860, Transfers and Servicing, relates to the criteria that determine whether a sale or a secured borrowing occurred based on the transferor's maintenance of effective control over the transferred financial assets. The new guidance focuses on the transferor's contractual rights and obligations with respect to the transferred financial assets and not on the transferor's ability to perform under those rights and obligations. Accordingly, the collateral maintenance

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## ZIONS BANCORPORATION AND SUBSIDIARIES

requirement is eliminated by ASU 2011-3 from the assessment of effective control. We adopted this new guidance effective January 1, 2012 as required. There was no material effect on the accompanying financial statements. Additional recent accounting pronouncements are discussed where applicable in the Notes to Consolidated Financial Statements.

## 3. SUPPLEMENTAL CASH FLOW INFORMATION

Noncash activities are summarized as follows:

(In thousands)	Three Months Ended		Six Months Ended	
	June 30, 2012	2011	June 30, 2012	2011
Loans transferred to other real estate owned	\$51,724	\$85,129	\$104,299	\$174,658
Beneficial conversion feature transferred from common stock to preferred stock as a result of subordinated debt conversions	8,537	23,139	13,602	37,744
Subordinated debt converted to preferred stock	50,192	138,469	79,966	224,318

## 4. INVESTMENT SECURITIES

Investment securities are summarized as follows:

(In thousands)	June 30, 2012				Not recognized in OCI		
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Carrying value	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Held-to-maturity							
Municipal securities	\$543,367	\$—	\$—	\$543,367	\$14,780	\$435	\$557,712
Asset-backed securities:							
Trust preferred securities – banks and insurance	262,511	—	53,472	209,039	282	63,637	145,684
Other	23,383	—	2,873	20,510	246	8,542	12,214
Other debt securities	100	—	—	100	—	—	100
	\$829,361	\$—	\$56,345	\$773,016	\$15,308	\$72,614	\$715,710
Available-for-sale							
U.S. Treasury securities	\$4,379	\$259	\$—	\$4,638			\$4,638
U.S. Government agencies and corporations:							
Agency securities	138,364	5,298	138	143,524			143,524
Agency guaranteed mortgage-backed securities	476,200	20,463	50	496,613			496,613
Small Business Administration loan-backed securities	1,179,718	18,481	1,960	1,196,239			1,196,239
Municipal securities	118,189	3,273	2,385	119,077			119,077
Asset-backed securities:							
	1,757,601	13,052	844,019	926,634			926,634

Trust preferred securities – banks and insurance					
Trust preferred securities – real estate investment trusts	40,361	—	25,930	14,431	14,431
Auction rate securities	7,149	94	77	7,166	7,166
Other	54,795	932	9,435	46,292	46,292
	3,776,756	61,852	883,994	2,954,614	2,954,614
Mutual funds and other	212,792	202	18	212,976	212,976
	\$3,989,548	\$62,054	\$884,012	\$3,167,590	\$3,167,590



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## ZIONS BANCORPORATION AND SUBSIDIARIES

(In thousands)	December 31, 2011				Not recognized in OCI		
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Carrying value	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Held-to-maturity							
Municipal securities	\$564,468	\$—	\$—	\$564,468	\$8,807	\$1,083	\$572,192
Asset-backed securities:							
Trust preferred securities – banks and insurance	262,853	—	40,546	222,307	207	78,191	144,323
Other	24,310	—	3,381	20,929	303	7,868	13,364
Other debt securities	100	—	—	100	—	5	95
	\$851,731	\$—	\$43,927	\$807,804	\$9,317	\$87,147	\$729,974
Available-for-sale							
U.S. Treasury securities	\$4,330	\$304	\$—	\$4,634			\$4,634
U.S. Government agencies and corporations:							
Agency securities	153,179	5,423	122	158,480			158,480
Agency guaranteed mortgage-backed securities	535,228	18,211	102	553,337			553,337
Small Business Administration loan-backed securities	1,153,039	12,119	4,496	1,160,662			1,160,662
Municipal securities	120,677	3,191	1,700	122,168			122,168
Asset-backed securities:							
Trust preferred securities – banks and insurance	1,794,427	15,792	880,509	929,710			929,710
Trust preferred securities – real estate investment trusts	40,259	—	21,614	18,645			18,645
Auction rate securities	71,338	164	1,482	70,020			70,020
Other	64,646	1,028	15,302	50,372			50,372
	3,937,123	56,232	925,327	3,068,028			3,068,028
Mutual funds and other	162,606	167	6	162,767			162,767
	\$4,099,729	\$56,399	\$925,333	\$3,230,795			\$3,230,795

<sup>1</sup>The gross unrealized losses recognized in OCI resulted from a previous transfer of available-for-sale (“AFS”) securities to held-to-maturity (“HTM”).

The amortized cost and estimated fair value of investment debt securities are shown subsequently as of June 30, 2012 by expected maturity distribution for structured asset-backed collateralized debt obligations (“ABS CDOs”) and by contractual maturity distribution for other debt securities. Actual maturities may differ from expected or contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties:

Held-to-maturity

Available-for-sale

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(In thousands)	Amortized cost	Estimated fair value	Amortized cost	Estimated fair value
Due in one year or less	\$54,912	\$55,321	\$450,929	\$420,393
Due after one year through five years	207,047	201,654	1,108,393	1,006,558
Due after five years through ten years	172,813	154,922	690,377	602,812
Due after ten years	394,589	303,813	1,527,057	924,851
	\$829,361	\$715,710	\$3,776,756	\$2,954,614

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## ZIONS BANCORPORATION AND SUBSIDIARIES

The following is a summary of the amount of gross unrealized losses for debt securities and the estimated fair value by length of time the securities have been in an unrealized loss position:

(In thousands)	June 30, 2012					
	Less than 12 months		12 months or more		Total	
	Gross unrealized losses	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses	Estimated fair value
Held-to-maturity						
Municipal securities	\$225	\$11,399	\$210	\$14,646	\$435	\$26,045
Asset-backed securities:						
Trust preferred securities – banks and insurance	—	—	117,109	145,346	117,109	145,346
Other	—	—	11,415	11,232	11,415	11,232
	\$225	\$11,399	\$128,734	\$171,224	\$128,959	\$182,623
Available-for-sale						
U.S. Government agencies and corporations:						
Agency securities	\$54	\$21,836	\$84	\$7,168	\$138	\$29,004
Agency guaranteed mortgage-backed securities	48	11,668	2	241	50	11,909
Small Business Administration loan-backed securities	235	56,975	1,725	165,355	1,960	222,330
Municipal securities	169	5,420	2,216	11,478	2,385	16,898
Asset-backed securities:						
Trust preferred securities – banks and insurance	1,162	37,728	842,857	706,134	844,019	743,862
Trust preferred securities – real estate investment trusts	—	—	25,930	14,431	25,930	14,431
Auction rate securities	27	2,038	50	1,057	77	3,095
Other	—	—	9,435	15,701	9,435	15,701
	1,695	135,665	882,299	921,565	883,994	1,057,230
Mutual funds and other	18	20,053	—	—	18	20,053
	\$1,713	\$155,718	\$882,299	\$921,565	\$884,012	\$1,077,283

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## ZIONS BANCORPORATION AND SUBSIDIARIES

(In thousands)	December 31, 2011		12 months or more		Total Gross unrealized losses	Estimated fair value
	Less than 12 months Gross unrealized losses	Estimated fair value	Gross unrealized losses	Estimated fair value		
Held-to-maturity						
Municipal securities	\$415	\$10,855	\$668	\$22,188	\$1,083	\$33,043
Asset-backed securities:						
Trust preferred securities – banks and insurance	—	—	118,737	144,053	118,737	144,053
Other	—	—	11,249	13,364	11,249	13,364
Other debt securities	5	95	—	—	5	95
	\$420	\$10,950	\$130,654	\$179,605	\$131,074	\$190,555
Available-for-sale						
U.S. Government agencies and corporations:						
Agency securities	\$60	\$13,308	\$62	\$3,880	\$122	\$17,188
Agency guaranteed mortgage-backed securities	102	52,267	—	—	102	52,267
Small Business Administration loan-backed securities	1,783	260,865	2,713	191,339	4,496	452,204
Municipal securities	1,305	15,011	395	4,023	1,700	19,034
Asset-backed securities:						
Trust preferred securities – banks and insurance	—	—	880,509	695,365	880,509	695,365
Trust preferred securities – real estate investment trusts	—	—	21,614	18,645	21,614	18,645
Auction rate securities	158	27,998	1,324	34,115	1,482	62,113
Other	—	—	15,302	18,585	15,302	18,585
	3,408	369,449	921,919	965,952	925,327	1,335,401
Mutual funds and other	6	167	—	—	6	167
	\$3,414	\$369,616	\$921,919	\$965,952	\$925,333	\$1,335,568

At June 30, 2012 and December 31, 2011, respectively, 89 and 72 HTM and 365 and 525 AFS investment securities were in an unrealized loss position.

**Other-Than-Temporary Impairment**

We conduct a formal review of investment securities on a quarterly basis for the presence of other-than-temporary impairment (“OTTI”). We assess whether OTTI is present when the fair value of a debt security is less than its amortized cost basis at the balance sheet date. Under these circumstances, OTTI is considered to have occurred if (1) we intend to sell the security; (2) it is “more likely than not” we will be required to sell the security before recovery of its amortized cost basis; or (3) the present value of expected cash flows is not sufficient to recover the entire amortized cost basis.

Credit-related OTTI is recognized in earnings while noncredit-related OTTI on securities not expected to be sold is recognized in OCI. Noncredit-related OTTI is based on other factors, including illiquidity. Presentation of OTTI is made in the statement of income on a gross basis with an offset for the amount of OTTI recognized in OCI. For securities classified as HTM, the amount of noncredit-related OTTI recognized in OCI is accreted to the

credit-adjusted expected cash flow amounts of the securities over future periods.

Our 2011 Annual Report on Form 10-K describes in more detail our OTTI evaluation process. The following summarizes the conclusions from our OTTI evaluation for those security types that have significant gross unrealized losses at June 30, 2012:

OTTI – Municipal Securities

The HTM securities are purchased directly from municipalities and are generally not rated by a credit rating agency. The AFS securities are rated as investment grade by various credit rating agencies. Both the HTM and AFS securities are at fixed and variable rates with maturities from one to 25 years. Fair value changes of these securities are largely driven by interest rates. We perform credit quality reviews on these securities at each reporting period. Because the decline in fair value is not attributable to credit quality, no OTTI for these securities was recorded for the three months ended June 30, 2012.

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## ZIONS BANCORPORATION AND SUBSIDIARIES

## OTTI – Asset-Backed Securities

Trust preferred securities – banks and insurance: These CDO securities are interests in variable rate pools of trust preferred securities related to banks and insurance companies (“collateral issuers”). They are rated by one or more Nationally Recognized Statistical Rating Organizations (“NRSROs”), which are rating agencies registered with the Securities and Exchange Commission (“SEC”). They were purchased generally at par. The primary drivers that have given rise to the unrealized losses on CDOs with bank and insurance collateral are listed below:

Market yield requirements for bank CDO securities remain very high. The credit crisis resulted in significant utilization of both the unique five-year deferral option each collateral issuer maintains during the life of the CDO and the ability of junior CDO bonds to defer the payment of current interest. The resulting increase in the rate of return demanded by the market for trust preferred CDOs remains dramatically higher than the effective interest rates. All structured product fair values, including bank CDOs, deteriorated significantly during the credit crisis,

1) generally reaching a low in mid-2009. Prices for some structured products, other than bank CDOs, have since rebounded as the crucial unknowns related to value became resolved and as trading increased in these securities. Unlike these other structured products, CDO tranches backed by bank trust preferred securities continue to have unresolved questions surrounding collateral behavior, specifically including, but not limited to, the future number, size and timing of bank failures, and of allowed deferrals and subsequent resumption of payment of contractual interest.

Structural features of the collateral make these CDO tranches difficult for market participants to model. The first feature unique to bank CDOs is the interest deferral feature previously discussed. During the credit crisis starting in 2008, certain banks within our CDO pools have exercised this prerogative. The extent to which these deferrals 2) either transition to default or alternatively come current prior to the five-year deadline is extremely difficult for market participants to assess. Our CDO pools include banks which first exercised this deferral option in the second quarter of 2008. At June 30, 2012, 53 banks in our CDO pools had come current after a period of deferral, while 215 were deferring, but remained within the allowed deferral period.

A second structural feature that is difficult to model is the payment in kind (“PIK”) feature which provides that upon reaching certain levels of collateral default or deferral, certain junior CDO tranches will not receive current interest but will instead have the interest amount that is unpaid be capitalized or deferred. The cash flow that would otherwise be paid to the junior CDO securities and the income notes is instead used to pay down the principal balance of the most senior CDO securities. If the current market yield required by market participants equaled the effective interest rate of a security, a market participant should be indifferent between receiving current interest and capitalizing and compounding interest for later payment. However, given the difference between current market rates and effective interest rates of the securities, market participants are not indifferent. The delay in payment caused by PIKing results in lower security fair values even if PIKing is projected to be fully cured. This feature is difficult to model and assess. It increases the risk premium the market applies to these securities.

Ratings are generally below-investment-grade for even some of the most senior tranches. Rating agency opinions 3) can vary significantly on a CDO tranche. The presence of a below-investment-grade rating by even a single rating agency will severely limit the pool of buyers, which causes greater illiquidity and therefore most likely a higher implicit discount rate/lower price with regard to that CDO tranche.

4) There is a lack of consistent disclosure by each CDO’s trustee of the identity of collateral issuers; in addition, complex structures make projecting tranche return profiles difficult for non-specialists in the product.

5) At purchase, the expectation of cash flow variability was limited. As a result of the credit crisis, we have seen extreme variability of collateral performance both compared to expectations and between different pools.

Our ongoing review of these securities determined that OTTI should be recorded for the three months ended June 30, 2012.

Trust preferred securities – real estate investment trusts (“REITs”): These CDO securities are variable rate pools of trust preferred securities primarily related to REITs, and are rated by one or more NRSROs. They were purchased generally at par. Unrealized losses were caused mainly by severe deterioration in mortgage REITs and homebuilder credit in addition to the same factors previously discussed for banks and insurance CDOs. Based on our review, no OTTI for these securities was recorded for the three months ended June 30, 2012.

Other asset-backed securities: Most of these CDO securities were purchased in 2009 from Lockhart Funding LLC at their carrying values and then adjusted to fair value. Certain of these CDOs consist of ABS CDOs (also known as diversified structured finance CDOs). Unrealized losses since acquisition were caused mainly by deterioration in collateral quality and widening of credit spreads for asset backed securities. Based on our review, no OTTI for these securities was recorded for the three months ended June 30, 2012.

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## ZIONS BANCORPORATION AND SUBSIDIARIES

## OTTI – U.S. Government Agencies and Corporations

Small Business Administration (“SBA”) Loan-Backed Securities: These securities were generally purchased at premiums with maturities from five to 25 years and have principal cash flows guaranteed by the SBA. Because the decline in fair value is not attributable to credit quality, no OTTI for these securities was recorded for the three months ended June 30, 2012.

The following is a tabular rollforward of the total amount of credit-related OTTI, including amounts recognized in earnings:

(In thousands)	Three Months Ended			Six Months Ended		
	June 30, 2012			June 30, 2012		
	HTM	AFS	Total	HTM	AFS	Total
Balance of credit-related OTTI at beginning of period	\$ (6,126 )	\$ (308,216 )	\$ (314,342 )	\$ (6,126 )	\$ (314,860 )	\$ (320,986 )
Additions recognized in earnings during the period:						
Credit-related OTTI not previously recognized <sup>1</sup>	(341 )	—	(341 )	(341 )	—	(341 )
Credit-related OTTI previously recognized when there is no intent to sell and no requirement to sell before recovery of amortized cost basis <sup>2</sup>	—	(6,967 )	(6,967 )	—	(17,176 )	(17,176 )
Subtotal of amounts recognized in earnings	(341 )	(6,967 )	(7,308 )	(341 )	(17,176 )	(17,517 )
Reductions for securities sold during the period		—	—		16,853	16,853
Balance of credit-related OTTI at end of period	\$ (6,467 )	\$ (315,183 )	\$ (321,650 )	\$ (6,467 )	\$ (315,183 )	\$ (321,650 )

(In thousands)	Three Months Ended			Six Months Ended		
	June 30, 2011			June 30, 2011		
	HTM	AFS	Total	HTM	AFS	Total
Balance of credit-related OTTI at beginning of period	\$ (5,357 )	\$ (312,353 )	\$ (317,710 )	\$ (5,357 )	\$ (335,682 )	\$ (341,039 )
Additions recognized in earnings during the period:						
Credit-related OTTI previously recognized when there is no intent to sell and no requirement to sell before recovery of amortized cost basis <sup>2</sup>	—	(5,158 )	(5,158 )	—	(8,263 )	(8,263 )
Subtotal of amounts recognized in earnings	—	(5,158 )	(5,158 )	—	(8,263 )	(8,263 )
Reductions for securities sold during the period		27,302	27,302		53,736	53,736
Balance of credit-related OTTI at end of period	\$ (5,357 )	\$ (290,209 )	\$ (295,566 )	\$ (5,357 )	\$ (290,209 )	\$ (295,566 )

<sup>1</sup> Relates to securities not previously impaired.



<sup>2</sup> Relates to additional impairment on securities previously impaired.

To determine the credit component of OTTI for all security types, we utilize projected cash flows as the best estimate of fair value. These cash flows are credit adjusted using, among other things, assumptions for default probability assigned to each portion of performing collateral. The credit adjusted cash flows are discounted at a security specific coupon rate to identify any OTTI, and then at a market rate for valuation purposes.

For those securities with credit-related OTTI recognized in the statement of income, the amounts of pretax noncredit-related OTTI recognized in OCI were as follows:

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
HTM	\$16,718	\$—	\$16,718	\$—
AFS	—	1,181	8,064	1,181
	\$16,718	\$1,181	\$24,782	\$1,181

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## ZIONS BANCORPORATION AND SUBSIDIARIES

During the three and six months ended June 30, nontaxable interest income on securities was \$4.7 million and \$9.5 million in 2012, and \$5.4 million and \$11.2 million in 2011, respectively.

The following summarizes gains and losses, including OTTI, that were recognized in the statement of income:

(In thousands)	Three Months Ended				Six Months Ended			
	June 30, 2012		June 30, 2011		June 30, 2012		June 30, 2011	
	Gross gains	Gross losses	Gross gains	Gross losses	Gross gains	Gross losses	Gross gains	Gross losses
Investment securities:								
Held-to-maturity	\$49	\$341	\$71	\$—	\$98	\$341	\$117	\$—
Available-for-sale	5,470	6,967	4,063	11,688	11,929	22,964	7,582	18,417
Other noninterest-bearing investments:								
Nonmarketable equity securities	10,518	10,411	—	1,636	19,721	10,469	1,068	1,807
	16,037	17,719	4,134	13,324	31,748	33,774	8,767	20,224
Net losses		\$(1,682)		\$(9,190)		\$(2,026)		\$(11,457)
Statement of income information:								
Net impairment losses on investment securities		\$(7,308)		\$(5,158)		\$(17,517)		\$(8,263)
Equity securities gains (losses), net		107		(1,636)		9,252		(739)
Fixed income securities gains (losses), net		5,519		(2,396)		6,239		(2,455)
Net losses		\$(1,682)		\$(9,190)		\$(2,026)		\$(11,457)

Gains and losses on the sale of securities are recognized using the specific identification method and recorded in noninterest income.

Securities with a carrying value of \$1.3 billion at June 30, 2012 and \$1.5 billion at December 31, 2011 were pledged to secure public and trust deposits, advances, and for other purposes as required by law. Securities are also pledged as collateral for security repurchase agreements.

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## ZIONS BANCORPORATION AND SUBSIDIARIES

## 5. LOANS AND ALLOWANCE FOR CREDIT LOSSES

## Loans and Loans Held for Sale

Loans are summarized as follows according to major portfolio segment and specific loan class:

(In thousands)	June 30, 2012	December 31, 2011
Loans held for sale	\$ 139,245	\$ 201,590
Commercial:		
Commercial and industrial	\$ 10,382,676	\$ 10,334,858
Leasing	406,502	379,709
Owner occupied	7,810,636	8,158,556
Municipal	476,668	441,241
Total commercial	19,076,482	19,314,364
Commercial real estate:		
Construction and land development	2,099,064	2,264,909
Term	8,011,281	7,883,434
Total commercial real estate	10,110,345	10,148,343
Consumer:		
Home equity credit line	2,180,857	2,187,428
1-4 family residential	4,018,858	3,921,216
Construction and other consumer real estate	327,867	305,873
Bankcard and other revolving plans	284,112	291,018
Other	232,583	225,540
Total consumer	7,044,277	6,931,075
FDIC-supported loans	642,246	750,870
Total loans	\$ 36,873,350	\$ 37,144,652

FDIC-supported loans were acquired during 2009 and are indemnified by the Federal Deposit Insurance Corporation ("FDIC") under loss sharing agreements. The FDIC-supported loan balances presented in the accompanying schedules include purchased credit-impaired loans accounted for at their carrying values rather than their outstanding balances. See subsequent discussion under Purchased Loans.

Loan balances are presented net of unearned income and fees, which amounted to \$133.1 million at both June 30, 2012 and December 31, 2011.

Owner occupied and commercial real estate loans include unamortized premiums of approximately \$64.8 million at June 30, 2012 and \$73.4 million at December 31, 2011.

Municipal loans generally include loans to municipalities with the debt service being repaid from general funds or pledged revenues of the municipal entity, or to private commercial entities or 501(c)(3) not-for-profit entities utilizing a pass-through municipal entity to achieve favorable tax treatment.

Loans with a carrying value of approximately \$21.0 billion at June 30, 2012 and \$21.1 billion at December 31, 2011 have been made available for pledging at the Federal Reserve and various Federal Home Loan Banks as collateral for current and potential borrowings.

We sold loans totaling \$449 million and \$875 million for the three and six months ended June 30, 2012, and \$392 million and \$850 million for the three and six months ended June 30, 2011, respectively, that were previously classified as loans held for sale. Amounts added to loans held for sale during these periods were \$401 million and \$808 million for the three and six months ended June 30, 2012 and \$353 million and \$788 million for the three and six months ended June 30, 2011, respectively. Income from loans sold, excluding servicing, was \$7.9 million and \$14.0

million for the three and six months ended June 30, 2012 and \$7.0 million and \$10.1 million for the three and six months ended June 30, 2011.

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ZIONS BANCORPORATION AND SUBSIDIARIES

Allowance for Credit Losses

The allowance for credit losses (“ACL”) consists of the allowance for loan and lease losses (“ALLL,” also referred to as the allowance for loan losses) and the reserve for unfunded lending commitments (“RULC”).

Allowance for Loan and Lease Losses

The ALLL represents our estimate of probable and estimable losses inherent in the loan and lease portfolio as of the balance sheet date. Losses are charged to the ALLL when recognized. Generally, commercial loans are charged off or charged down at the point at which they are determined to be uncollectible in whole or in part, or when 180 days past due unless the loan is well secured and in the process of collection. Consumer loans are either charged off or charged down to net realizable value no later than the month in which they become 180 days past due. Closed-end loans that are not secured by residential real estate are either charged off or charged down to net realizable value no later than the month in which they become 120 days past due. We establish the amount of the ALLL by analyzing the portfolio at least quarterly, and we adjust the provisions for loan losses so the ALLL is at an appropriate level at the balance sheet date.

We determine our ALLL as the best estimate within a range of estimated losses. The methodologies we use to estimate the ALLL depend upon the impairment status and portfolio segment of the loan. The methodology for impaired loans is discussed subsequently. For the commercial and commercial real estate segments, we use a comprehensive loan grading system to assign probability of default and loss given default grades to each loan. The credit quality indicators discussed subsequently are based on this grading system. Probability of default and loss given default grades are based on both financial and statistical models and loan officers’ judgment. We create groupings of these grades for each subsidiary bank and loan class and calculate historic loss rates using a loss migration analysis that attributes historic realized losses to historic loan grades over the most recent 60 months.

For the consumer loan segment, we use roll rate models to forecast probable inherent losses. Roll rate models measure the rate at which consumer loans migrate from one delinquency category to the next worse delinquency category, and eventually to loss. We estimate roll rates for consumer loans using recent delinquency and loss experience. These roll rates are then applied to current delinquency levels to estimate probable inherent losses.

For FDIC-supported loans purchased with evidence of credit deterioration, we determine the ALLL according to separate accounting guidance. The accounting for these loans, including the allowance calculation, is described in the Purchased Loans section following.

After applying historic loss experience, as described above, we review the quantitatively derived level of ALLL for each segment using qualitative criteria. We track various risk factors that influence our judgment regarding the level of the ALLL across the portfolio segments. Primary qualitative and environmental factors that may not be reflected in our quantitative models include:

- ▲Asset quality trends
- ▲Risk management and loan administration practices
- ▲Risk identification practices
- ▲Effect of changes in the nature and volume of the portfolio
- ▲Existence and effect of any portfolio concentrations
- ▲National economic and business conditions
- ▲Regional and local economic and business conditions
- ▲Data availability and applicability

We review changes in these factors to ensure that changes in the level of the ALLL are directionally consistent with changes in these factors. The magnitude of the impact of these factors on our qualitative assessment of the ALLL changes from quarter to quarter according to the extent these factors are already reflected in historic loss rates and according to the extent these factors diverge from one another. We also consider the uncertainty inherent in the estimation process when evaluating the ALLL.



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## ZIONS BANCORPORATION AND SUBSIDIARIES

## Reserve for Unfunded Lending Commitments

We also estimate a reserve for potential losses associated with off-balance sheet commitments and standby letters of credit. We determine the RULC using the same procedures and methodologies that we use for the ALLL. The loss factors used in the RULC are the same as the loss factors used in the ALLL, and the qualitative adjustments used in the RULC are the same as the qualitative adjustments used in the ALLL. We adjust the Company's unfunded lending commitments that are not unconditionally cancelable to an outstanding amount equivalent using credit conversion factors and we apply the loss factors to the outstanding equivalents.

Changes in the allowance for credit losses are summarized as follows:

(In thousands)	Three Months Ended June 30, 2012				
	Commercial	Commercial real estate	Consumer	FDIC- supported <sup>1</sup>	Total
Allowance for loan losses:					
Balance at beginning of period	\$631,169	\$248,744	\$109,101	\$21,045	\$1,010,059
Additions:					
Provision for loan losses	5,733	(6,271 )	12,455	(1,064 )	10,853
Adjustment for FDIC-supported loans				(5,856 )	(5,856 )
Deductions:					
Gross loan and lease charge-offs	(31,576 )	(22,823 )	(17,322 )	(1,964 )	(73,685 )
Recoveries	11,033	12,399	(1,843 )	8,756	30,345
Net loan and lease charge-offs	(20,543 )	(10,424 )	(19,165 )	6,792	(43,340 )
Balance at end of period	\$616,359	\$232,049	\$102,391	\$20,917	\$971,716
Reserve for unfunded lending commitments:					
Balance at beginning of period	\$72,002	\$25,799	\$917	\$—	\$98,718
Provision charged (credited) to earnings	(1,449 )	5,864	453	—	4,868
Balance at end of period	\$70,553	\$31,663	\$1,370	\$—	\$103,586
Total allowance for credit losses at end of period:					
Allowance for loan losses	\$616,359	\$232,049	\$102,391	\$20,917	\$971,716
Reserve for unfunded lending commitments	70,553	31,663	1,370	—	103,586
Total allowance for credit losses	\$686,912	\$263,712	\$103,761	\$20,917	\$1,075,302

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## ZIONS BANCORPORATION AND SUBSIDIARIES

(In thousands)	Six Months Ended June 30, 2012				
	Commercial	Commercial real estate	Consumer	FDIC- supported <sup>1</sup>	Total
Allowance for loan losses:					
Balance at beginning of period	\$627,825	\$275,546	\$123,115	\$23,472	\$1,049,958
Additions:					
Provision for loan losses	32,898	(18,410 )	12,407	(378 )	26,517
Adjustment for FDIC-supported loans				(6,913 )	(6,913 )
Deductions:					
Gross loan and lease charge-offs	(65,053 )	(49,834 )	(34,331 )	(4,481 )	(153,699 )
Recoveries	20,689	24,747	1,200	9,217	55,853
Net loan and lease charge-offs	(44,364 )	(25,087 )	(33,131 )	4,736	(97,846 )
Balance at end of period	\$616,359	\$232,049	\$102,391	\$20,917	\$971,716
Reserve for unfunded lending commitments:					
Balance at beginning of period	\$77,232	\$23,572	\$1,618	\$—	\$102,422
Provision charged (credited) to earnings	(6,679 )	8,091	(248 )	—	1,164
Balance at end of period	\$70,553	\$31,663	\$1,370	\$—	\$103,586
Total allowance for credit losses at end of period:					
Allowance for loan losses	\$616,359	\$232,049	\$102,391	\$20,917	\$971,716
Reserve for unfunded lending commitments	70,553	31,663	1,370	—	103,586
Total allowance for credit losses	\$686,912	\$263,712	\$103,761	\$20,917	\$1,075,302
(In thousands)	Three Months Ended June 30, 2011				
	Commercial	Commercial real estate	Consumer	FDIC- supported <sup>1</sup>	Total
Allowance for loan losses:					
Balance at beginning of period	\$694,090	\$480,514	\$148,110	\$27,086	\$1,349,800
Additions:					
Provision for loan losses	9,825	(33,567 )	21,990	3,082	1,330
Adjustment for FDIC-supported loans				(162 )	(162 )
Deductions:					
Gross loan and lease charge-offs	(49,673 )	(64,811 )	(23,611 )	(4,349 )	(142,444 )
Recoveries	13,404	10,716	3,284	1,805	29,209
Net loan and lease charge-offs	(36,269 )	(54,095 )	(20,327 )	(2,544 )	(113,235 )
Balance at end of period	\$667,646	\$392,852	\$149,773	\$27,462	\$1,237,733
Reserve for unfunded lending commitments:					
Balance at beginning of period	\$74,429	\$26,300	\$1,439	\$—	\$102,168
Provision charged (credited) to earnings	653	(2,448 )	(109 )	—	(1,904 )
Balance at end of period	\$75,082	\$23,852	\$1,330	\$—	\$100,264



Total allowance for credit losses at end of period:

Allowance for loan losses	\$667,646	\$392,852	\$149,773	\$27,462	\$1,237,733
Reserve for unfunded lending commitments	75,082	23,852	1,330	—	100,264
Total allowance for credit losses	\$742,728	\$416,704	\$151,103	\$27,462	\$1,337,997

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## ZIONS BANCORPORATION AND SUBSIDIARIES

(In thousands)	Six Months Ended June 30, 2011				
	Commercial	Commercial real estate	Consumer	FDIC- supported <sup>1</sup>	Total
Allowance for loan losses:					
Balance at beginning of period	\$761,107	\$487,235	\$154,326	\$37,673	\$1,440,341
Additions:					
Provision for loan losses	(9,900 )	28,295	37,946	4,989	61,330
Adjustment for FDIC-supported loans				(4,676 )	(4,676 )
Deductions:					
Gross loan and lease charge-offs	(109,056 )	(138,191 )	(49,932 )	(13,233 )	(310,412 )
Recoveries	25,495	15,513	7,433	2,709	51,150
Net loan and lease charge-offs	(83,561 )	(122,678 )	(42,499 )	(10,524 )	(259,262 )
Balance at end of period	\$667,646	\$392,852	\$149,773	\$27,462	\$1,237,733
Reserve for unfunded lending commitments:					
Balance at beginning of period	\$83,352	\$26,373	\$1,983	\$—	\$111,708
Provision charged (credited) to earnings	(8,270 )	(2,521 )	(653 )	—	(11,444 )
Balance at end of period	\$75,082	\$23,852	\$1,330	\$—	\$100,264
Total allowance for credit losses at end of period:					
Allowance for loan losses	\$667,646	\$392,852	\$149,773	\$27,462	\$1,237,733
Reserve for unfunded lending commitments	75,082	23,852	1,330	—	100,264
Total allowance for credit losses	\$742,728	\$416,704	\$151,103	\$27,462	\$1,337,997

<sup>1</sup> The Purchased Loans section following contains further discussion related to FDIC-supported loans.

The ALLL and outstanding loan balances according to the Company's impairment method are summarized as follows:

(In thousands)	June 30, 2012				
	Commercial	Commercial real estate	Consumer	FDIC- supported	Total
Allowance for loan losses:					
Individually evaluated for impairment	\$34,434	\$24,141	\$12,042	\$542	\$71,159
Collectively evaluated for impairment	581,925	207,908	90,349	15,424	895,606
Purchased loans with evidence of credit deterioration	—	—	—	4,951	4,951
Total	\$616,359	\$232,049	\$102,391	\$20,917	\$971,716
Outstanding loan balances:					
Individually evaluated for impairment	\$368,751	\$505,902	\$105,769	\$1,819	\$982,241
Collectively evaluated for impairment	18,707,731	9,604,443	6,938,508	543,631	35,794,313
Purchased loans with evidence of credit deterioration	—	—	—	96,796	96,796
Total	\$19,076,482	\$10,110,345	\$7,044,277	\$642,246	\$36,873,350



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## ZIONS BANCORPORATION AND SUBSIDIARIES

(In thousands)	December 31, 2011				Total
	Commercial	Commercial real estate	Consumer	FDIC-supported	
Allowance for loan losses:					
Individually evaluated for impairment	\$ 11,456	\$ 20,971	\$ 8,995	\$ 623	\$ 42,045
Collectively evaluated for impairment	616,369	254,575	114,120	16,830	1,001,894
Purchased loans with evidence of credit deterioration	—	—	—	6,019	6,019
Total	\$ 627,825	\$ 275,546	\$ 123,115	\$ 23,472	\$ 1,049,958
Outstanding loan balances:					
Individually evaluated for impairment	\$ 349,662	\$ 668,022	\$ 113,798	\$ 2,701	\$ 1,134,183
Collectively evaluated for impairment	18,964,702	9,480,321	6,817,277	637,962	35,900,262
Purchased loans with evidence of credit deterioration	—	—	—	110,207	110,207
Total	\$ 19,314,364	\$ 10,148,343	\$ 6,931,075	\$ 750,870	\$ 37,144,652

## Nonaccrual and Past Due Loans

Loans are generally placed on nonaccrual status when payment in full of principal and interest is not expected, or the loan is 90 days or more past due as to principal or interest, unless the loan is both well secured and in the process of collection. Factors we consider in determining whether a loan is placed on nonaccrual include delinquency status, collateral value, borrower or guarantor financial statement information, bankruptcy status, and other information which would indicate that the full and timely collection of interest and principal is uncertain.

A nonaccrual loan may be returned to accrual status when all delinquent interest and principal become current in accordance with the terms of the loan agreement; the loan, if secured, is well secured; the borrower has paid according to the contractual terms for a minimum of six months; and analysis of the borrower indicates a reasonable assurance of the ability and willingness to maintain payments. Payments received on nonaccrual loans are applied as a reduction to the principal outstanding.

Closed-end loans with payments scheduled monthly are reported as past due when the borrower is in arrears for two or more monthly payments. Similarly, open-end credit such as charge-card plans and other revolving credit plans are reported as past due when the minimum payment has not been made for two or more billing cycles. Other multi-payment obligations (i.e., quarterly, semiannual, etc.), single payment, and demand notes are reported as past due when either principal or interest is due and unpaid for a period of 30 days or more.

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## ZIONS BANCORPORATION AND SUBSIDIARIES

Nonaccrual loans are summarized as follows:

(In thousands)	June 30, 2012	December 31, 2011
Loans held for sale	\$30	\$18,216
Commercial:		
Commercial and industrial	\$133,241	\$126,468
Leasing	1,259	1,546
Owner occupied	239,549	239,203
Total commercial	374,049	367,217
Commercial real estate:		
Construction and land development	115,411	219,837
Term	182,412	156,165
Total commercial real estate	297,823	376,002
Consumer:		
Home equity credit line	13,741	18,376
1-4 family residential	74,935	90,857
Construction and other consumer real estate	7,731	12,096
Bankcard and other revolving plans	1,256	346
Other	1,945	2,498
Total consumer loans	99,608	124,173
FDIC-supported loans	21,980	24,267
Total	\$793,460	\$891,659

Past due loans (accruing and nonaccruing) are summarized as follows:

(In thousands)	June 30, 2012					Total loans	Accruing loans 90+ days past due	Nonaccrual loans that are current <sup>1</sup>
	Current	30-89 days past due	90+ days past due	Total past due	Total past due			
Loans held for sale	\$139,215	\$30	\$—	\$30	\$30	\$139,245	\$—	\$—
Commercial:								
Commercial and industrial	\$10,242,577	\$53,792	\$86,307	\$140,099	\$140,099	\$10,382,676	\$7,440	\$44,566
Leasing	404,387	825	1,290	2,115	2,115	406,502	34	—
Owner occupied	7,632,058	53,507	125,071	178,578	178,578	7,810,636	4,674	97,109
Municipal	476,668	—	—	—	—	476,668	—	—
Total commercial	18,755,690	108,124	212,668	320,792	320,792	19,076,482	12,148	141,675
Commercial real estate:								
Construction and land development	2,008,441	32,853	57,770	90,623	90,623	2,099,064	2,335	50,991
Term	7,885,492	36,470	89,319	125,789	125,789	8,011,281	1,221	80,753
Total commercial real estate	9,893,933	69,323	147,089	216,412	216,412	10,110,345	3,556	131,744
Consumer:								
Home equity credit line	2,169,606	6,188	5,063	11,251	11,251	2,180,857	—	6,001
1-4 family residential	3,960,786	13,405	44,667	58,072	58,072	4,018,858	459	27,160
	310,855	2,101	14,911	17,012	17,012	327,867	12,096	4,339

Construction and other consumer real estate							
Bankcard and other revolving plans	279,221	3,144	1,747	4,891	284,112	1,197	580
Other	229,536	1,639	1,408	3,047	232,583	4	465
Total consumer loans	6,950,004	26,477	67,796	94,273	7,044,277	13,756	38,545
FDIC-supported loans	541,689	17,430	83,127	100,557	642,246	70,453	7,395
Total	\$36,141,316	\$221,354	\$510,680	\$732,034	\$36,873,350	\$99,913	\$319,359

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## ZIONS BANCORPORATION AND SUBSIDIARIES

(In thousands)	December 31, 2011				Total loans	Accruing loans 90+ days past due	Nonaccrual loans that are current <sup>1</sup>
	Current	30-89 days past due	90+ days past due	Total past due			
Loans held for sale	\$ 183,344	\$—	\$ 18,246	\$ 18,246	\$ 201,590	\$ 30	\$—
<b>Commercial:</b>							
Commercial and industrial	\$ 10,198,434	\$ 62,153	\$ 74,271	\$ 136,424	\$ 10,334,858	\$ 4,966	\$ 47,939
Leasing	377,914	1,634	161	1,795	379,709	—	1,319
Owner occupied	7,953,280	93,763	111,513	205,276	8,158,556	3,230	85,495
Municipal	441,241	—	—	—	441,241	—	—
Total commercial	18,970,869	157,550	185,945	343,495	19,314,364	8,196	134,753
<b>Commercial real estate:</b>							
Construction and land development	2,137,544	21,562	105,803	127,365	2,264,909	2,471	107,991
Term	7,770,268	51,592	61,574	113,166	7,883,434	4,170	88,451
Total commercial real estate	9,907,812	73,154	167,377	240,531	10,148,343	6,641	196,442
<b>Consumer:</b>							
Home equity credit line	2,169,190	8,669	9,569	18,238	2,187,428	—	5,542
1-4 family residential	3,846,012	18,985	56,219	75,204	3,921,216	2,833	32,067
Construction and other consumer real estate	294,371	5,008	6,494	11,502	305,873	136	4,773
Bankcard and other revolving plans	287,541	1,984	1,493	3,477	291,018	1,309	122
Other	221,575	1,995	1,970	3,965	225,540	—	372
Total consumer loans	6,818,689	36,641	75,745	112,386	6,931,075	4,278	42,876
FDIC-supported loans	634,113	27,791	88,966	116,757	750,870	74,611	6,812
Total	\$ 36,331,483	\$ 295,136	\$ 518,033	\$ 813,169	\$ 37,144,652	\$ 93,726	\$ 380,883

<sup>1</sup> Represents nonaccrual loans that are not past due more than 30 days; however, full payment of principal and interest is still not expected.

**Credit Quality Indicators**

In addition to the past due and nonaccrual criteria, we also analyze loans using a loan grading system. We generally assign internal grades to loans with commitments less than \$500,000 based on the performance of those loans.

Performance-based grades follow our definitions of Pass, Special Mention, Substandard, and Doubtful, which are consistent with published definitions of regulatory risk classifications.

Definitions of Pass, Special Mention, Substandard, and Doubtful are summarized as follows:

Pass: A Pass asset is higher quality and does not fit any of the other categories described below. The likelihood of loss is considered remote.

Special Mention: A Special Mention asset has potential weaknesses that may be temporary or, if left uncorrected, may result in a loss. While concerns exist, the bank is currently protected and loss is considered unlikely and not imminent.

Substandard: A Substandard asset is inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Assets so classified have well defined weaknesses and are characterized by the distinct possibility that the bank may sustain some loss if deficiencies are not corrected.

Doubtful: A Doubtful asset has all the weaknesses inherent in a Substandard asset with the added characteristics that the weaknesses make collection or liquidation in full highly questionable.



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## ZIONS BANCORPORATION AND SUBSIDIARIES

We generally assign internal grades to commercial and commercial real estate loans with commitments equal to or greater than \$500,000 based on financial/statistical models and loan officer judgment. For these larger loans, we assign one of fourteen probability of default grades (in order of declining credit quality) and one of twelve loss-given-default grades. The first ten of the fourteen probability of default grades indicate a Pass grade. The remaining four grades are: Special Mention, Substandard, Doubtful, and Loss. Loss indicates that the outstanding balance has been charged-off. We evaluate our credit quality information such as risk grades at least quarterly, or as soon as we identify information that might warrant an upgrade or downgrade. Risk grades are then updated as necessary.

For consumer loans, we generally assign internal risk grades similar to those described previously based on payment performance. These are generally assigned with either a Pass or Substandard grade and are reviewed as we identify information that might warrant an upgrade or downgrade.

Outstanding loan balances (accruing and nonaccruing) categorized by these credit quality indicators are summarized as follows:

(In thousands)	June 30, 2012					
	Pass	Special Mention	Sub- standard	Doubtful	Total loans	Total allowance
Loans held for sale	\$ 138,633	\$—	\$612	\$—	\$ 139,245	\$—
Commercial:						
Commercial and industrial	\$9,750,389	\$275,392	\$343,102	\$13,793	\$10,382,676	
Leasing	395,595	3,232	7,675	—	406,502	
Owner occupied	7,104,691	154,787	544,520	6,638	7,810,636	
Municipal	465,266	11,402	—	—	476,668	
Total commercial	17,715,941	444,813	895,297	20,431	19,076,482	\$616,359
Commercial real estate:						
Construction and land development	1,655,632	162,031	280,118	1,283	2,099,064	
Term	7,328,172	200,661	475,965	6,483	8,011,281	
Total commercial real estate	8,983,804	362,692	756,083	7,766	10,110,345	232,049
Consumer:						
Home equity credit line	2,134,373	103	46,333	48	2,180,857	
1-4 family residential	3,889,904	2,613	126,126	215	4,018,858	
Construction and other consumer real estate	303,565	12,127	10,644	1,531	327,867	
Bankcard and other revolving plans	272,140	3,553	8,419	—	284,112	
Other	227,976	—	4,607	—	232,583	
Total consumer loans	6,827,958	18,396	196,129	1,794	7,044,277	102,391
FDIC-supported loans	409,492	25,297	207,457	—	642,246	20,917
Total	\$33,937,195	\$851,198	\$2,054,966	\$29,991	\$36,873,350	\$971,716

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## ZIONS BANCORPORATION AND SUBSIDIARIES

(In thousands)	December 31, 2011					Total loans	Total allowance
	Pass	Special Mention	Sub- standard	Doubtful			
Loans held for sale	\$ 182,626	\$—	\$ 18,964	\$—	\$ 201,590	\$—	
Commercial:							
Commercial and industrial	\$ 9,612,143	\$ 271,845	\$ 442,139	\$ 8,731	\$ 10,334,858		
Leasing	362,711	5,878	11,120	—	379,709		
Owner occupied	7,481,207	184,821	486,584	5,944	8,158,556		
Municipal	425,807	15,434	—	—	441,241		
Total commercial	17,881,868	477,978	939,843	14,675	19,314,364	\$ 627,825	
Commercial real estate:							
Construction and land development	1,647,741	187,323	426,152	3,693	2,264,909		
Term	7,243,678	196,377	437,390	5,989	7,883,434		
Total commercial real estate	8,891,419	383,700	863,542	9,682	10,148,343	275,546	
Consumer:							
Home equity credit line	2,136,190	106	51,089	43	2,187,428		
1-4 family residential	3,788,958	5,736	126,277	245	3,921,216		
Construction and other consumer real estate	274,712	12,206	16,967	1,988	305,873		
Bankcard and other revolving plans	278,767	3,832	8,419	—	291,018		
Other	221,114	163	4,256	7	225,540		
Total consumer loans	6,699,741	22,043	207,008	2,283	6,931,075	123,115	
FDIC-supported loans	499,956	35,877	215,031	6	750,870	23,472	
Total	\$ 33,972,984	\$ 919,598	\$ 2,225,424	\$ 26,646	\$ 37,144,652	\$ 1,049,958	

## Impaired Loans

Loans are considered impaired when, based on current information and events, it is probable that we will be unable to collect all amounts due in accordance with the contractual terms of the loan agreement, including scheduled interest payments. If a nonaccrual loan has a balance greater than \$1 million or if a loan is a troubled debt restructuring (“TDR”), including TDRs that subsequently default, we evaluate the loan for impairment and estimate a specific reserve for the loan for all portfolio segments under applicable accounting guidance. Smaller nonaccrual loans are pooled for ALLL estimation purposes.

When a loan is impaired, we estimate a specific reserve for the loan based on the projected present value of the loan’s future cash flows discounted at the loan’s effective interest rate, the observable market price of the loan, or the fair value of the loan’s underlying collateral less the cost to sell. The process of estimating future cash flows also incorporates the same determining factors discussed previously under nonaccrual loans. When we base the impairment amount on the fair value of the loan’s underlying collateral, we generally charge off the portion of the balance that is impaired, such that these loans do not have a specific reserve in the ALLL. Payments received on impaired loans that are accruing are recognized in interest income, according to the contractual loan agreement. Payments received on impaired loans that are on nonaccrual are not recognized in interest income, but are applied as a reduction to the principal outstanding. Payments are recognized when cash is received.

Information on impaired loans individually evaluated is summarized as follows, including the average recorded investment and interest income recognized for the three and six months ended June 30, 2012 and 2011:

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## ZIONS BANCORPORATION AND SUBSIDIARIES

(In thousands)	June 30, 2012				
	Unpaid principal balance	Recorded investment with allowance		Total recorded investment	Related allowance
Commercial:					
Commercial and industrial	\$218,406	\$35,361	\$128,168	\$163,529	\$23,015
Owner occupied	234,421	102,753	102,469	205,222	11,419
Total commercial	452,827	138,114	230,637	368,751	34,434
Commercial real estate:					
Construction and land development	277,856	97,965	125,876	223,841	7,932
Term	341,484	106,839	175,222	282,061	16,209
Total commercial real estate	619,340	204,804	301,098	505,902	24,141
Consumer:					
Home equity credit line	1,526	729	28	757	1
1-4 family residential	110,449	40,053	55,382	95,435	11,151
Construction and other consumer real estate	9,331	3,124	3,967	7,091	766
Bankcard and other revolving plans	294	—	294	294	124
Other	2,638	2,192	—	2,192	—
Total consumer loans	124,238	46,098	59,671	105,769	12,042
FDIC-supported loans	210,936	39,450	59,165	98,615	5,493
Total	\$1,407,341	\$428,466	\$650,571	\$1,079,037	\$76,110
December 31, 2011					
(In thousands)	Unpaid principal balance	Recorded investment with allowance		Total recorded investment	Related allowance
Commercial:					
Commercial and industrial	\$212,263	\$69,492	\$66,438	\$135,930	\$6,373
Owner occupied	258,173	135,555	78,177	213,732	5,083
Total commercial	470,436	205,047	144,615	349,662	11,456
Commercial real estate:					
Construction and land development	405,499	178,113	136,634	314,747	8,925
Term	414,998	187,345	165,930	353,275	12,046
Total commercial real estate	820,497	365,458	302,564	668,022	20,971
Consumer:					
Home equity credit line	1,955	384	1,469	1,853	411
1-4 family residential	116,498	58,392	39,960	98,352	7,555
Construction and other consumer real estate	13,340	4,537	6,188	10,725	1,026
Bankcard and other revolving plans	—	—	—	—	—
Other	2,889	2,840	28	2,868	3
Total consumer loans	134,682	66,153	47,645	113,798	8,995
FDIC-supported loans	353,195	47,736	65,188	112,924	6,642
Total	\$1,778,810	\$684,394	\$560,012	\$1,244,406	\$48,064



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## ZIONS BANCORPORATION AND SUBSIDIARIES

(In thousands)	Three Months Ended June 30, 2012		Six Months Ended June 30, 2012		
	Average recorded investment	Interest income recognized	Average recorded investment	Interest income recognized	
Commercial:					
Commercial and industrial	\$163,397	\$820	\$158,783	\$1,509	
Owner occupied	196,213	644	179,503	1,176	
Total commercial	359,610	1,464	338,286	2,685	
Commercial real estate:					
Construction and land development	218,087	1,385	207,418	2,940	
Term	268,798	1,416	255,229	2,789	
Total commercial real estate	486,885	2,801	462,647	5,729	
Consumer:					
Home equity credit line	906	2	998	4	
1-4 family residential	93,188	437	86,799	758	
Construction and other consumer real estate	7,079	43	6,763	88	
Bankcard and other revolving plans	98	—	49	—	
Other	1,550	—	2,105	—	
Total consumer loans	102,821	482	96,714	850	
FDIC-supported loans	102,503	11,288	<sup>1</sup> 106,570	20,148	<sup>1</sup>
Total	\$1,051,819	\$16,035	\$1,004,217	\$29,412	
(In thousands)	Three Months Ended June 30, 2011		Six Months Ended June 30, 2011		
	Average recorded investment	Interest income recognized	Average recorded investment	Interest income recognized	
Commercial:					
Commercial and industrial	\$191,826	\$496	\$201,990	\$1,140	
Leasing	129	—	66	—	
Owner occupied	300,560	777	312,113	1,432	
Municipal	5,898	—	2,949	—	
Total commercial	498,413	1,273	517,118	2,572	
Commercial real estate:					
Construction and land development	489,695	1,212	536,495	2,574	
Term	393,803	1,717	407,506	4,299	
Total commercial real estate	883,498	2,929	944,001	6,873	
Consumer:					
Home equity credit line	708	—	1,332	1	
1-4 family residential	105,397	310	107,666	624	
Construction and other consumer real estate	10,778	8	13,382	22	
Bankcard and other revolving plans	10	—	31	—	
Other	3,932	—	3,829	—	
Total consumer loans	120,825	318	126,240	647	
FDIC-supported loans	148,272	14,217	<sup>1</sup> 161,557	28,503	<sup>1</sup>

Total	\$1,651,008	\$18,737	\$1,748,916	\$38,595
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<sup>1</sup> The balance of interest income recognized results primarily from accretion of interest income on impaired FDIC-supported loans.

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ZIONS BANCORPORATION AND SUBSIDIARIES

Modified and Restructured Loans

Loans may be modified in the normal course of business for competitive reasons or to strengthen the Company's position. Loan modifications and restructurings may also occur when the borrower experiences financial difficulty and needs temporary or permanent relief from the original contractual terms of the loan. These modifications are structured on a loan-by-loan basis, and depending on the circumstances, may include extended payment terms, a modified interest rate, forgiveness of principal, or other concessions. Loans that have been modified to accommodate a borrower who is experiencing financial difficulties, and for which the Company has granted a concession that it would not otherwise consider, are considered TDRs.

We consider many factors in determining whether to agree to a loan modification involving concessions, and seek a solution that will both minimize potential loss to the Company and attempt to help the borrower. We evaluate borrowers' current and forecasted future cash flows, their ability and willingness to make current contractual or proposed modified payments, the value of the underlying collateral (if applicable), the possibility of obtaining additional security or guarantees, and the potential costs related to a repossession or foreclosure and the subsequent sale of the collateral.

TDRs are classified as either accrual or nonaccrual loans. A loan on nonaccrual and restructured as a TDR will remain on nonaccrual status until the borrower has proven the ability to perform under the modified structure for a minimum of six months, and there is evidence that such payments can and are likely to continue as agreed. Performance prior to the restructuring, or significant events that coincide with the restructuring, are included in assessing whether the borrower can meet the new terms and may result in the loan being returned to accrual at the time of restructuring or after a shorter performance period. If the borrower's ability to meet the revised payment schedule is uncertain, the loan remains classified as a nonaccrual loan. A TDR loan that specifies an interest rate that at the time of the restructuring is greater than or equal to the rate the bank is willing to accept for a new loan with comparable risk may not be reported as a TDR or an impaired loan in the calendar years subsequent to the restructuring if it is in compliance with its modified terms.

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## ZIONS BANCORPORATION AND SUBSIDIARIES

Selected information on TDRs that includes the recorded investment on an accruing and nonaccruing basis by loan class and modification type is summarized in the following table. This information reflects all TDRs at June 30, 2012 and December 31, 2011:

(In thousands)	June 30, 2012						
	Recorded investment resulting from the following modification types:						
	Interest rate below market	Maturity or term extension	Principal forgiveness	Payment deferral	Other <sup>1</sup>	Multiple modification types <sup>2</sup>	Total
<b>Accruing</b>							
<b>Commercial:</b>							
Commercial and industrial	\$280	\$5,382	\$—	\$3,846	\$27,194	\$19,608	\$56,310
Owner occupied	1,316	15,230	—	5,704	4,542	13,401	40,193
Total commercial	1,596	20,612	—	9,550	31,736	33,009	96,503
<b>Commercial real estate:</b>							
Construction and land development	1,745	26,539	7	59	37,078	47,928	113,356
Term	1,950	1,882	2,990	2,208	27,541	88,515	125,086
Total commercial real estate	3,695	28,421	2,997	2,267	64,619	136,443	238,442
<b>Consumer:</b>							
Home equity credit line	194	—	—	—	—	90	284
1-4 family residential	6,174	6,936	1,059	—	3,526	37,867	55,562
Construction and other consumer real estate	156	472	—	—	652	1,289	2,569
Total consumer loans	6,524	7,408	1,059	—	4,178	39,246	58,415
Total accruing	11,815	56,441	4,056	11,817	100,533	208,698	393,360
<b>Nonaccruing</b>							
<b>Commercial:</b>							
Commercial and industrial	339	5,700	2,643	526	15,600	12,847	37,655
Owner occupied	5,142	1,141	684	8,888	9,994	14,708	40,557
Total commercial	5,481	6,841	3,327	9,414	25,594	27,555	78,212
<b>Commercial real estate:</b>							
Construction and land development	16,382	2,487	—	—	8,194	43,426	70,489
Term	4,414	37	—	2,484	11,586	38,780	57,301
Total commercial real estate	20,796	2,524	—	2,484	19,780	82,206	127,790
<b>Consumer:</b>							
Home equity credit line	—	—	—	—	—	128	128
1-4 family residential	1,145	48	311	—	848	15,469	17,821
Construction and other consumer real estate	12	1,931	—	—	—	1,380	3,323
Bankcard and other revolving plans	—	294	—	—	—	—	294
Total consumer loans	1,157	2,273	311	—	848	16,977	21,566



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Total nonaccruing	27,434	11,638	3,638	11,898	46,222	126,738	227,568
Total	\$39,249	\$68,079	\$7,694	\$23,715	\$146,755	\$335,436	\$620,928

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## ZIONS BANCORPORATION AND SUBSIDIARIES

(In thousands)	December 31, 2011						
	Recorded investment resulting from the following modification types:						
	Interest rate below market	Maturity or term extension	Principal forgiveness	Payment deferral	Other <sup>1</sup>	Multiple modification types <sup>2</sup>	Total
<b>Accruing</b>							
<b>Commercial:</b>							
Commercial and industrial	\$302	\$7,727	\$—	\$1,955	\$27,370	\$4,517	\$41,871
Owner occupied	1,875	15,224	37	1,008	5,504	20,449	44,097
Total commercial	2,177	22,951	37	2,963	32,874	24,966	85,968
<b>Commercial real estate:</b>							
Construction and land development	644	33,284	565	—	28,911	34,862	98,266
Term	2,738	33,885	3,027	23,640	54,031	95,868	213,189
Total commercial real estate	3,382	67,169	3,592	23,640	82,942	130,730	311,455
<b>Consumer:</b>							
Home equity credit line	—	—	—	—	32	—	32
1-4 family residential	3,270	1,663	525	—	6,103	34,839	46,400
Construction and other consumer real estate	166	1,444	—	—	635	1,981	4,226
Other	—	28	—	—	—	—	28
Total consumer loans	3,436	3,135	525	—	6,770	36,820	50,686
Total accruing	8,995	93,255	4,154	26,603	122,586	192,516	448,109
<b>Nonaccruing</b>							
<b>Commercial:</b>							
Commercial and industrial	3,526	6,094	—	1,429	8,384	10,202	29,635
Owner occupied	4,464	1,101	715	6,575	17,070	10,300	40,225
Total commercial	7,990	7,195	715	8,004	25,454	20,502	69,860
<b>Commercial real estate:</b>							
Construction and land development	15,088	3,348	19	2,060	7,441	94,502	122,458
Term	3,445	50	—	4,250	4,724	65,316	77,785
Total commercial real estate	18,533	3,398	19	6,310	12,165	159,818	200,243
<b>Consumer:</b>							
Home equity credit line	195	—	—	—	253	69	517
1-4 family residential	1,386	85	939	718	1,391	18,476	22,995
Construction and other consumer real estate	18	1,837	—	—	—	355	2,210
Total consumer loans	1,599	1,922	939	718	1,644	18,900	25,722
Total nonaccruing	28,122	12,515	1,673	15,032	39,263	199,220	295,825
<b>Total</b>	<b>\$37,117</b>	<b>\$105,770</b>	<b>\$5,827</b>	<b>\$41,635</b>	<b>\$161,849</b>	<b>\$391,736</b>	<b>\$743,934</b>

<sup>1</sup> Includes TDRs that resulted from other modification types including, but not limited to, a legal judgment awarded on different terms, a bankruptcy plan confirmed on different terms, a settlement that includes the delivery of collateral in exchange for debt reduction, etc.

<sup>2</sup> Includes TDRs that resulted from a combination of any of the previous modification types.

Unused commitments to extend credit on TDRs amounted to approximately \$14 million at June 30, 2012 and \$9 million at December 31, 2011.

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## ZIONS BANCORPORATION AND SUBSIDIARIES

The total recorded investment of all TDRs in which interest rates were modified below market was \$185.3 million at June 30, 2012 and \$269.9 million at December 31, 2011. These loans are included in the previous table in the columns for interest rate below market and multiple modification types.

The net financial impact on interest income due to interest rate modifications below market for accruing TDRs is summarized in the following schedule:

(In thousands)	Three Months Ended June 30, 2012	Six Months Ended June 30, 2012	Year Ended December 31, 2011
Commercial:			
Commercial and industrial	\$(8 )	\$(23 )	\$(46 )
Owner occupied	(329 )	(705 )	(1,650 )
Total commercial	(337 )	(728 )	(1,696 )
Commercial real estate:			
Construction and land development	(236 )	(469 )	(244 )
Term	(1,473 )	(3,026 )	(7,096 )
Total commercial real estate	(1,709 )	(3,495 )	(7,340 )
Consumer:			
Home equity credit line	(19 )	(34 )	—
1-4 family residential	(3,992 )	(7,841 )	(10,188 )
Construction and other consumer real estate	(107 )	(215 )	(406 )
Total consumer loans	(4,118 )	(8,090 )	