

ZIONS BANCORPORATION, NATIONAL ASSOCIATION /UT/
 Form 10-K
 February 26, 2019

UNITED STATES
 SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

FORM 10-K

ý ANNUAL REPORT PURSUANT TO SECTION 13 OR
 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
 For the fiscal year ended December 31, 2018

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, NATIONAL ASSOCIATION

(Exact name of Registrant as specified in its charter)

UNITED STATES OF AMERICA 87-0227400

(Internal Revenue

(State or other jurisdiction of Service Employer

incorporation or organization) Identification

Number)

One South Main 84133

Salt Lake City, Utah

(Address of principal executive offices) (Zip Code)

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

844-7637

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value \$0.001	The NASDAQ Stock Market LLC
Warrants to Purchase Common Stock (expiring May 22, 2020)	The NASDAQ Stock Market LLC
Depository Shares each representing a 1/40 th ownership interest in a share of Series A Floating-Rate Non-Cumulative Perpetual Preferred Stock	New York Stock Exchange
Depository Shares each representing a 1/40 th ownership interest in a share of Series G Fixed/Floating-Rate Non-Cumulative Perpetual Preferred Stock	New York Stock Exchange
Depository Shares each representing a 1/40 th ownership interest in a share of Series H 5.75% Non-Cumulative Perpetual Preferred Stock	New York Stock Exchange
6.95% Fixed-to-Floating Rate Subordinated Notes due September 15,	New York Stock Exchange

2028

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer Accelerated
filer
Emerging growth company
Non-accelerated filer Smaller
reporting company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Aggregate Market Value of Common

Stock Held by Non-affiliates at June 30, 2018 \$10,131,230,197

Number of Common Shares Outstanding (\$0.001 par value) at February 8, 2019 186,159,654 shares

Documents Incorporated by Reference: Portions of the Banks'
Proxy Statement – Incorporated into Part III

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PART I

FORWARD-LOOKING INFORMATION

This annual report includes forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Statements in this Annual Report on Form 10-K that are based on other than historical information, or that express the Bank's expectations regarding future events or determinations, are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations or forecasts of future events and include, among others:

statements with respect to the beliefs, plans, objectives, goals, targets, commitments, designs, guidelines, expectations, anticipations, and future financial condition, results of operations and performance of Zions Bancorporation, National Association and its subsidiaries (collectively "Zions Bancorporation, N.A.," "the Bank," "we," "our," "us"); and

statements preceded by, followed by, or that include the words "may," "could," "should," "would," "believe," "anticipate," "estimate," "expect," "intend," "target," "commit," "design," "plan," "projects," and the negative thereof and similar words and expressions.

Zions Bancorporation, National Association is the successor to Zions Bancorporation by merger of Zions Bancorporation into ZB, N.A. on September 30, 2018. References to "Zions Bancorporation, N.A.," "the Bank," "we," "our," and "us" are intended to refer to Zions Bancorporation and its subsidiaries for periods prior to the merger and to Zions Bancorporation, National Association, and its subsidiaries for periods on and after the merger.

These forward-looking statements are not guarantees of future performance, nor should they be relied upon as representing management's views as of any subsequent date. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, including without limitation, future financial and operating results. Actual results may differ materially from those presented, either expressed or implied, including, but not limited to, those presented in Management's Discussion and Analysis ("MD&A"). Important risk factors that may cause such material differences include, but are not limited to:

the Bank's ability to successfully execute its business plans, manage its risks, and achieve its objectives, including its operating leverage;

the impact of acquisitions, dispositions, and corporate restructurings;

increases in the levels of losses, customer bankruptcies, bank failures, claims, and assessments;

the ability of the Bank to retain and recruit executives and other personnel necessary for their businesses and competitiveness;

changes in local, national and international political and economic conditions, including without limitation the political and economic effects of the fiscal imbalance in the United States ("U.S.") and other countries, potential or actual downgrades in ratings of sovereign debt issued by the United States and other countries, and other major developments, including wars, military actions, and terrorist attacks;

changes in financial and commodity market prices and conditions, either internationally, nationally or locally in areas in which the Bank conducts its operations, including without limitation rates of business formation and growth, commercial and residential real estate development, real estate prices, agricultural-related commodity prices, and oil and gas-related commodity prices;

changes in markets for equity, fixed income, commercial paper and other securities, commodities, including availability, market liquidity levels, and pricing;

changes in interest rates, the quality and composition of the loan and securities portfolios, demand for loan products, deposit flows and competition;

the rate of change of the Bank's interest-sensitive assets and liabilities relative to changes in benchmark interest rates;

changes in fiscal, monetary, regulatory, trade and tax policies and laws, and regulatory assessments and fees, including policies of the U.S. Department of Treasury, the Office of the Comptroller of the Currency ("OCC"),

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the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation (“FDIC”), the Securities and Exchange Commission (“SEC”), and the Consumer Financial Protection Bureau (“CFPB”);

- changes in consumer spending and savings habits;
- inflation and deflation;
- increased competitive challenges and expanding product and pricing pressures among financial institutions;
- legislation or regulatory changes which adversely affect the Bank’s operations or business;
- the Bank’s ability to comply with applicable laws and regulations;
- costs of deposit insurance and changes with respect to FDIC insurance coverage levels;
- any impairment of our goodwill or other intangibles, or any adjustment of valuation allowances on our deferred tax assets (“DTAs”) due to adverse changes in the economic environment, declining operations of the reporting unit, or a change to the corporate statutory tax rate or other similar changes if and as implemented by local and national governments, or other factors;
- the impact of rules and regulations on our required regulatory capital and liquidity levels, governmental assessments on us, the scope of business activities in which we may engage, the manner in which we engage in such activities, and the fees we may charge for certain products and services;
- uncertainties related to the application of the National Bank Act of 1863, 12 U.S.C. 38 (the “National Bank Act”) and OCC regulations to the Bank’s corporate affairs as more fully described under “Risk Factors”;
- changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board (“FASB”) or regulatory agencies;
- risks and uncertainties related to the ability to obtain shareholder and regulatory approvals when required, or the possibility that such approvals may be delayed;
- new legal claims against the Bank, including litigation, arbitration and proceedings brought by governmental or self-regulatory agencies, or changes in existing legal matters;
- economies of scale attendant to the development of digital and other technologies by much larger bank and non-bank competitors, and the possible entry of technology “platform” companies into the financial services business;
- the Bank’s ability to develop and maintain secure and reliable information technology systems, including as necessary to guard against fraud, cybersecurity and privacy risks; and
- the Bank’s implementation of new technologies.

Except to the extent required by law, the Bank specifically disclaims any obligation to update any factors or to publicly announce the result of revisions to any of the forward-looking statements included herein to reflect future events or developments.

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

ACL	Allowance for Credit Losses	BOLI	Bank-Owned Life Insurance
AFS	Available-for-Sale	bps	basis points
ALCO	Asset/Liability Committee	CB&T	California Bank & Trust, a division of Zions Bancorporation, National Association
ALLL	Allowance for Loan and Lease Losses	CCAR	Comprehensive Capital Analysis and Review
Amegy	Amegy Bank, a division of Zions Bancorporation, National Association	CCPA	California Consumer Privacy Act of 2018
AOCI	Accumulated Other Comprehensive Income	CET1	Common Equity Tier 1 (Basel III)
ASC	Accounting Standards Codification	CFPB	Consumer Financial Protection Bureau
ASU	Accounting Standards Update	CLTV	Combined Loan-to-Value Ratio
ATM	Automated Teller Machine	CMC	Capital Management Committee
COSO	Committee of Sponsoring Organizations of the Treadway Commission	NBAZ	National Bank of Arizona, a division of Zions Bancorporation, National Association

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CRA	Community Reinvestment Act	NIM	Net Interest Margin
Crapo Bill	The Economic Growth, Regulatory Relief, and Consumer Protection Act	NRE	National Real Estate
CRE	Commercial Real Estate	NSB	Nevada State Bank, a division of Zions Bancorporation, National Association
CSA	Credit Support Annex	NSFR	Net Stable Funding Ratio
CSV	Cash Surrender Value	OCC	Office of the Comptroller of the Currency
DFAST	Dodd-Frank Act Stress Test	OCI	Other Comprehensive Income
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act	OREO	Other Real Estate Owned
DTA	Deferred Tax Asset	OTTI	Other-Than-Temporary Impairment
EaR	Earnings at Risk	PAGA	Private Attorney General Act
EITF	Emerging Issues Task Force	PCAOB	Public Company Accounting Oversight Board
ERM	Enterprise Risk Management	PCI	Purchased Credit-Impaired
ERMC	Enterprise Risk Management Committee	PEI	Private Equity Investment
EVE	Economic Value of Equity at Risk	PPNR	Pre-provision Net Revenue
Exchange Act	Securities Exchange Act of 1934	ROC	Risk Oversight Committee
FAMC	Federal Agricultural Mortgage Corporation, or "Farmer Mac"	ROTCE	Return on Average Tangible Common Equity
FASB	Financial Accounting Standards Board	RSU	Restricted Stock Unit
FDIC	Federal Deposit Insurance Corporation	RULC	Reserve for Unfunded Lending Commitments
FDICIA	Federal Deposit Insurance Corporation Improvement Act	S&P	Standard and Poor's
FHLB	Federal Home Loan Bank	SAB 118	Staff Accounting Bulletin No. 118
FINRA	Financial Industry Regulatory Authority	SBA	Small Business Administration
FRB	Federal Reserve Board	SBIC	Small Business Investment Company
FSOC	Financial Stability Oversight Council	SEC	Securities and Exchange Commission
FTP	Funds Transfer Pricing	SIFI	Systemically Important Financial Institution
GAAP	Generally Accepted Accounting Principles	SOFR	Secured Overnight Financing Rate
GDPR	General Data Protection Regulation	TARP	Troubled Asset Relief Program
HECL	Home Equity Credit Line	TCBO	The Commerce Bank of Oregon, a division of Zions Bancorporation, National Association
HTM	Held-to-Maturity	TCBW	The Commerce Bank of Washington, a division of Zions Bancorporation, National Association
IMG	International Manufacturing Group	TDR	Troubled Debt Restructuring

ISDA	International Swaps and Derivatives Association	The Act	Tax Cuts and Jobs Act of 2017
KBW	Keefe, Bruyette & Woods, Inc.	Tier 1	Common Equity Tier 1 (Basel III) and Additional Tier 1 Capital
KRX	Regional Bank Index	Topic 606	ASC Topic 606, "Revenue from Contracts with Customers"
LCR	Liquidity Coverage Ratio	U.S.	United States
LIBOR	London Interbank Offered Rate	USA Patriot Act	Uniting and Strengthening of America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001
MD&A	Management's Discussion and Analysis	Vectra	Vectra Bank Colorado, a division of Zions Bancorporation, National Association
Municipalities	State and Local Governments	VIE	Variable Interest Entity
NASDAQ	National Association of Securities Dealers Automated Quotations	Zions Bancorporation, N.A.	Zions Bancorporation, National Association
NAV	Net Asset Value	Zions Bank	Zions Bank, a division of Zions Bancorporation, National Association

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ZIONS BANCORPORATION, NATIONAL ASSOCIATION AND SUBSIDIARIES

ITEM 1. BUSINESS

DESCRIPTION OF BUSINESS

Zions Bancorporation, National Association and its subsidiaries (collectively “Zions Bancorporation, N.A.,” “the Bank,” “we,” “our,” “us”) is a national commercial bank headquartered in Salt Lake City, Utah. The Bank owns and operates 433 branches at year-end 2018. The Bank provides a full range of banking and related services, primarily in Arizona, California, Colorado, Idaho, Nevada, New Mexico, Oregon, Texas, Utah, Washington, and Wyoming. The Bank conducts its operations through seven separately managed and branded segments, which we sometimes refer to as “affiliates” or by reference to their respective brands. Full-time equivalent employees totaled 10,201 at December 31, 2018. For further information about the Bank’s industry segments, see “Business Segment Results” on page 43 in MD&A and Note 21 of the Notes to Consolidated Financial Statements. For information about the Bank’s foreign operations, see “Foreign Exposure and Operations” on page 50 in MD&A. The “Executive Summary” on page 31 in MD&A provides further information about the Bank.

PRODUCTS AND SERVICES

The Bank focuses on providing community banking services by continuously strengthening its core business lines of (1) small- and medium-sized business and corporate banking; (2) commercial and residential development, construction and term lending; (3) retail banking; (4) treasury cash management and related products and services; (5) residential mortgage lending and servicing; (6) trust and wealth management; (7) limited capital markets activities, including municipal finance advisory and underwriting; and (8) investment activities. It operates primarily through seven geographic regions, each with its own local branding, chief executive officer and management team.

In addition to providing a wide variety of commercial products and services, the Bank provides a range of personal banking services to individuals, including home mortgages, bankcard, other installment loans, home equity lines of credit, checking accounts, savings accounts, certificates of deposit of various types and maturities, trust services, safe deposit facilities, and Internet and mobile banking. The Bank provides services to key market segments through its Private Client Services and Executive Banking Groups. It offers self-directed brokerage services through Zions Direct and also offers comprehensive and personalized wealth management and investment services.

The Bank has built specialized lines of business in capital markets and public finance and is a leader in small business administration (“SBA”) lending. The Bank is one of the nation’s largest providers of SBA 7(a) and SBA 504 financing to small businesses. It owns an equity interest in FAMC and is its top originator of secondary market agricultural real estate mortgage loans. The Bank provides finance advisory and corporate trust services for municipalities. The Bank also provides bond transfer, stock transfer, and escrow services nationally in its corporate trust business.

COMPETITION

The Bank operates in a highly competitive environment. The Bank’s most direct competition for loans and deposits comes from other commercial banks, credit unions, and thrifts, including institutions that do not have a physical presence in our market footprint but solicit via the Internet and other means. In addition, the Bank competes with finance companies, mutual funds, insurance companies, brokerage firms, securities dealers, investment banking companies, financial technology and other non-traditional lending and banking companies, and a variety of other types of companies. These companies may have fewer regulatory constraints and some have lower cost structures or tax burdens.

The primary factors in competing for business include the quality of service delivered, our local community knowledge, convenience of office locations, online banking functionality and other delivery methods, range of products offered, pricing and the overall relationship w