ZIONS BANCORPORATION /UT/
Form 10-K
March 01, 2011
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2010

OR

¨ **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 incorporation or organization)	**(Internal Revenue Service Employer Identification Number)**
One South Main, 15th Floor	
Salt Lake City, Utah	**84133**
(Address of principal executive offices)	**(Zip Code)**

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

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

Title of Each Class	Name of Each Exchange on Which Registered
Guarantee related to 8.00% Capital Securities of Zions Capital Trust B	New York Stock Exchange
Convertible 6% Subordinated Notes due September 15, 2015	New York Stock Exchange
Depositary Shares each representing a 1/40th ownership interest in a share of Series A Floating-Rate Non-Cumulative Perpetual Preferred Stock	New York Stock Exchange
Depositary Shares each representing a 1/40th ownership interest in a share of Series C 9.5% Non-Cumulative Perpetual Preferred Stock	New York Stock Exchange
Depositary Shares each representing a 1/40th ownership interest in a share of Series E Fixed-Rate Resettable Non-Cumulative Perpetual Preferred Stock	New York Stock Exchange
Common Stock, without par value	The NASDAQ Stock Market LLC

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 x 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 x

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 x 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 x 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, 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 x 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 x

Aggregate Market Value of Common Stock Held by Non-affiliates at June 30, 2010	$ 3,595,533,800
Number of Common Shares Outstanding at February 16, 2011	183,017,092 shares

Documents Incorporated by Reference:

Portions of the Company s Proxy Statement Incorporated into Part III

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PART I

FORWARD-LOOKING INFORMATION

Statements in this Annual Report on Form 10-K that are based on other than historical data 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, guidelines, expectations, anticipations, and future financial condition, results of operations and performance of Zions Bancorporation (the parent) and its subsidiaries (collectively the Company, Zions, we, our, us);

- statements preceded by, followed by or that include the words may, could, should, would, believe, anticipate, estimate, ex intend, plan, projects, or similar expressions.

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 involve significant risks and uncertainties and actual results may differ materially from those presented, either expressed or implied, including, but not limited to, those presented in the Management s Discussion and Analysis. Factors that might cause such differences include, but are not limited to:

- the Company s ability to successfully execute its business plans, manage its risks, and achieve its objectives;

- changes in political and economic conditions, including without limitation the political and economic effects of the current economic crisis, delay of recovery from the current economic crisis, and other major developments, including wars, military actions, and terrorist attacks;

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

- fluctuations in markets for equity, fixed-income, commercial paper and other securities, 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;

- acquisitions and integration of acquired businesses;

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

- 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 Board of Governors of the Federal Reserve Board System, and the FDIC;

the Company s participation or lack of participation in, or exit from, governmental programs implemented under the EESA and the ARRA, including without limitation the TARP and the CPP and the impact of such programs and related regulations on the Company and on international, national, and local economic and financial markets and conditions;

the impact of the EESA and the ARRA and related rules and regulations, and changes in those rules and regulations, on the business operations and competitiveness of the Company and other participating American financial institutions, including the impact of the executive compensation limits of these acts, which may impact the ability of the Company and other American financial institutions to retain and recruit executives and other personnel necessary for their businesses and competitiveness;

the impact of the financial reform bill, known as the Dodd-Frank Wall Street Reform and Consumer Protection Act, and rules and regulations thereunder, most of which have not yet been promulgated;

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- new capital and liquidity requirements, which U.S. regulatory agencies are expected to establish in response to new international standards known as Basel III;
- continuing consolidation in the financial services industry;
- new litigation or changes in existing litigation;
- success in gaining regulatory approvals, when required;
- changes in consumer spending and savings habits;
- increased competitive challenges and expanding product and pricing pressures among financial institutions;
- demand for financial services in the Company s market areas;
- inflation and deflation;
- technological changes and the Company s implementation of new technologies;
- the Company s ability to develop and maintain secure and reliable information technology systems;
- legislation or regulatory changes which adversely affect the Company s operations or business;
- the Company s ability to comply with applicable laws and regulations;
- changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or regulatory agencies; and
- increased costs of deposit insurance and changes with respect to FDIC insurance coverage levels.

Except to the extent required by law, the Company 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.

AVAILABILITY OF INFORMATION

We also make available free of charge on our website, *www.zionsbancorporation.com*, annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as well as proxy statements, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the U.S. Securities and Exchange Commission.

GLOSSARY OF ACRONYMS

ABS	Asset-Backed Security
ACL	Allowance for Credit Losses
AFS	Available-for-Sale
ALCO	Asset/Liability Committee
ALLL	Allowance for Loan and Lease Losses
Amegy	Amegy Corporation
AOCI	Accumulated Other Comprehensive Income
ARM	Adjustable Rate Mortgage
ARRA	American Recovery and Reinvestment Act
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
ATM	Automated Teller Machine
BCBS	Basel Committee on Banking Supervision
BHC	Bank Holding Company Act of 1956
BSA	Bank Secrecy Act
CB&T	California Bank & Trust
CD	Certificate of Deposit
CDARS	Certificate of Deposit Account Registry System

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CDO	Collateralized Debt Obligation
CDR	Constant Default Rate
CET1	Common Equity Tier 1
CFPB	Consumer Financial Protection Bureau
CI	Commercial and Industrial
CMC	Capital Management Committee
Contango	Contango Capital Advisor s, Inc.
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CPP	Capital Purchase Program
CRA	Community Reinvestment Act
CRE	Commercial Real Estate
DB	Deutsche Bank AG
DBRS	Dominion Bond Rating Service
DIF	Deposit Insurance Fund
DTA	Deferred Tax Asset
DTL	Deferred Tax Liability
EESA	Emergency Economic Stabilization Act
EFTA	Electronic Fund Transfer Act
ESOARS	Employee Stock Option Appreciation Rights Securities
FAMC	Federal Agricultural Mortgage Corporation
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FHLB	Federal Home Loan Bank
FHLMC	Federal Home Loan Mortgage Corporation
FINRA	Financial Industry Regulatory Authority
FNMA	Federal National Mortgage Association
FRB	Federal Reserve Board
FSOC	Financial Stability Oversight Council
FTE	Full-Time Equivalent
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GLB	Gramm-Leach-Bliley Act of 1999
GNMA	Government National Mortgage Association
HTM	Held-to-Maturity
ISDA	International Swap Dealer Association
LCR	Liquidity Coverage Ratio
LIBOR	London Inter-Bank Offering Rate
MD&A	Management s Discussion and Analysis
NASDAQ	NASDAQ Stock Market, LLC
NBA	National Bank of Arizona
NRSRO	Nationally Recognized Statistical Rating Organization
NSB	Nevada State Bank
NSFR	Net Stable Funding Ratio

OCC	Office of the Comptroller of the Currency
OCI	Other Comprehensive Income
OREO	Other Real Estate Owned
OTC	Over-the-Counter
OTTI	Other-Than-Temporary-Impairment
Parent	Zions Bancorporation
PCAOB	Public Company Accounting Oversight Board
PD	Probability of Default
PIK	Payment in Kind
QSPE	Qualifying Special-Purpose Entity
REIT	Real Estate Investment Trust
RULC	Reserve for Unfunded Lending Commitments
S&P	Standard and Poor s
SBA	Small Business Administration
SBIC	Small Business Investment Company
SEC	Securities and Exchange Commission
SFAS	Statement of Financial Accounting Standards
TARP	Troubled Asset Relief Program
TCBO	The Commerce Bank of Oregon
TCBW	The Commerce Bank of Washington
TDR	Troubled Debt Restructuring
TRS	Total Return Swap
VIE	Variable Interest Entity
ZCTB	Zions Capital Trust B
ZMSC	Zions Management Services Company

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ITEM 1. BUSINESS
DESCRIPTION OF BUSINESS

Zions Bancorporation (the Parent) is a financial holding company organized under the laws of the State of Utah in 1955, and registered under the Bank Holding Company Act of 1956, as amended (the BHC Act). The Parent and its subsidiaries (collectively the Company) own and operate eight commercial banks with a total of 495 domestic branches at year-end 2010. The Company provides a full range of banking and related services through its banking and other subsidiaries, primarily in Utah, California, Texas, Arizona, Nevada, Colorado, Idaho, Washington, and Oregon. Full-time equivalent employees totaled 10,524 at year-end 2010. For further information about the Company s industry segments, see Business Segment Results on page 46 in MD&A and Note 22 of the Notes to Consolidated Financial Statements. For information about the Company s foreign operations, see Foreign Operations on page 46 in MD&A. The Executive Summary on page 23 in MD&A provides further information about the Company.

PRODUCTS AND SERVICES

The Company 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; 6) trust and wealth management; and 7) investment activities. It operates eight different banks in ten Western and Southwestern states with each bank operating under a different name and each having its own board of directors, chief executive officer, and management team. The banks provide a wide variety of commercial and retail banking and mortgage lending products and services. They also provide a wide range of personal banking services to individuals, including home mortgages, bankcard, other installment loans, home equity lines of credit, checking accounts, savings accounts, time certificates of deposits of various types and maturities, trust services, safe deposit facilities, direct deposit, and 24-hour ATM access. In addition, certain banking subsidiaries provide services to key market segments through their Women s Financial, Private Client Services, and Executive Banking Groups. We also offer wealth management services through a subsidiary, Contango, and online brokerage services through Zions Direct.

In addition to these core businesses, the Company has built specialized lines of business in capital markets and public finance, and is a leader in SBA lending. Through its eight banking subsidiaries, the Company provides SBA 7(a) loans to small businesses throughout the United States and is also one of the largest providers of SBA 504 financing in the nation. The Company owns an equity interest in the Farmer Mac and is one of the nation s top originators of secondary market agricultural real estate mortgage loans through Farmer Mac. The Company is a leader in municipal finance advisory and underwriting services.

COMPETITION

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

The primary factors in competing for business include pricing, convenience of office locations and other delivery methods, range of products offered, and the level of service delivered. The Company must compete effectively along all of these parameters to remain successful.

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SUPERVISION AND REGULATION

The banking and financial services business in which we engage is highly regulated. Such regulation is intended, among other things, to improve the stability of banking and financial companies and to protect the interests of customers, including depositors. These regulations are not, however, generally charged with protecting the interests of our shareholders or creditors. Described below are the material elements of selected laws and regulations applicable to the Company. The descriptions are not intended to be complete and are qualified in their entirety by reference to the full text of the statutes and regulations described. Changes in applicable law or regulations, and in their application by regulatory agencies, cannot be predicted, but they may have a material effect on the business and results of the Company.

The Parent is a bank holding company and a financial holding company as provided by the GLB. The BHC Act, and other federal statutes as modified by the GLB Act and the Dodd-Frank Act, provide the regulatory framework for bank holding companies and financial holding companies which have as their umbrella regulator the Federal Reserve Board. The functional regulation of the separately regulated subsidiaries of a bank holding company is conducted by each subsidiary s primary functional regulator. To qualify for and maintain status as a financial holding company, the Parent and its subsidiary banks must satisfy certain ongoing criteria. The Company currently engages in only limited activities for which financial holding company status is required.

The Parent s subsidiary banks are subject to the provisions of the National Bank Act or other statutes governing national banks and the banking laws of their various states, as well as the rules and regulations of the OCC, the FRB, and the FDIC. They are also under the supervision of, and are continually subject to periodic examination by, the OCC or their respective state banking departments, the FRB, and the FDIC. Many of our nonbank subsidiaries are also subject to regulation by the FRB and other applicable federal and state agencies. Our brokerage and investment advisory subsidiaries are regulated by the SEC, FINRA and/or state securities regulators.

The Dodd-Frank Act

The events of the past few years have led to numerous new laws in the United States and internationally for financial institutions. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act or Dodd-Frank), which was enacted in July 2010, is one of the most far reaching legislative actions affecting the financial services industry in decades and significantly restructures the financial regulatory regime in the United States. Among other major things, it creates a new systemic risk oversight body, the FSOC. The FSOC will oversee and coordinate the efforts of the primary U.S. financial regulatory agencies (including the FRB, the SEC, the Commodity Futures Trading Commission and the FDIC) in establishing regulations to address financial stability concerns. The Dodd-Frank Act directs the FSOC to make recommendations to the FRB as to supervisory requirements and heightened prudential standards applicable to large bank holding companies, such as Zions, including capital, leverage, liquidity and risk-management requirements.

In addition, the Dodd-Frank Act broadly affects the financial services industry by creating a resolution authority, mandating higher capital and liquidity requirements and requiring banks to pay increased fees to regulatory agencies, and through numerous other provisions aimed at strengthening the sound operation of the financial services sector. Among other things affecting capital standards, the Dodd-Frank Act provides that:

- the requirements applicable to large bank holding companies be more stringent than those applicable to other financial companies;
- standards applicable to bank holding companies be no less stringent than those applied to insured depository institutions; and
- bank regulatory agencies implement countercyclical elements in their capital requirements.

These provisions will require us to maintain greater levels of capital and will limit the forms of capital that we will be able to rely upon for regulatory purposes. For example, provisions of the Dodd-Frank Act require us to deduct, over three years beginning July 21, 2011, all trust preferred securities from our Tier 1 capital. Some of the Act s provisions affecting the fees we must pay to regulatory agencies and pricing of our products and services include:

- changes in the assessment base for federal deposit insurance from the amount of insured deposits to consolidated assets less tangible capital, the elimination of the ceiling on the size of the DIF and an increase in the floor of the size of the DIF, which will generally increase the amount of assessments for depository institutions;

- a repeal of federal prohibitions on the payment of interest on business transaction accounts; and

- amendments to the EFTA, giving the FRB the authority to establish rules regarding interchange fees charged for electronic debit transactions by payment card issuers having assets over $10 billion and to enforce a new statutory standard that such fees be reasonable and proportional to the actual cost of a transaction to the issuer.

The Dodd-Frank Act also creates a new CFPB, which will be responsible for promulgating regulations designed to protect consumers financial interests and examining financial institutions for compliance with, and enforcing, those regulations. The Dodd-Frank Act will subject national banks to further regulation by restricting the preemption of state laws by federal laws, which currently enables national banks and their subsidiaries to comply with federal regulatory requirements without complying with various state laws. In addition, the Act gives greater power to state attorneys general to pursue legal actions against banking organizations for violations of federal law.

As discussed further throughout this section, many aspects of Dodd-Frank are subject to further rulemaking and will take effect over several years, making it difficult to anticipate the overall financial impact on the Company or across the industry.

Capital Standards Basel Framework

The FRB has established capital guidelines for financial holding companies. The OCC, the FDIC, and the FRB have also issued regulations establishing capital requirements for banks. These bank regulatory agencies risk-based capital guidelines are based upon the 1988 capital accord (Basel I) of the Basel Committee on Banking Supervision (the BCBS). The BCBS is a committee of central banks and bank supervisors/regulators from the major industrialized countries that develops broad policy guidelines that each country s supervisors can use to determine the supervisory policies they apply.

In 2004, the BCBS proposed a new capital accord (Basel II) to replace Basel I. Basel II provides two approaches for setting capital standards for credit risk an advanced internal ratings-based approach tailored to individual institutions circumstances and a standardized approach that bases risk weightings on external credit assessments to a much greater extent than permitted in existing guidelines. Basel II also sets capital requirements for operational risk and refines the existing capital requirements for market risk exposures.

In December 2007, U.S. banking regulators published the final rule for Basel II implementation, requiring banks with over $250 billion in consolidated total assets or on-balance sheet foreign exposure of $10 billion (core banks) to adopt the advanced approaches of Basel II while allowing other banks to elect to opt in. The Parent is not required to comply with the Basel II. In July 2008, the agencies issued a proposed rule that would give banking organizations that do not use the advanced approaches the option to implement a new risk-based capital framework which would adopt the standardized approach of Basel II for credit risk, the basic indicator approach of Basel II for operational risk and related disclosure requirements. A definitive rule has not been issued.

In December 2010, the BCBS released its final framework for strengthening international capital and liquidity regulation, now officially identified by the BCBS as Basel III . Basel III, when implemented by the

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U.S. banking agencies and fully phased-in, will require bank holding companies and their bank subsidiaries to maintain substantially more capital, with a greater emphasis on common equity. The Basel III final capital framework, among other things:

- introduces as a new capital measure Common Equity Tier 1 , or CET1 , which specifies that Tier 1 capital consists of CET1 and Additional Tier 1 capital instruments meeting specified requirements, defines CET1 narrowly by requiring that most adjustments to regulatory capital measures be made to CET1 and not to the other components of capital, and expands the scope of the adjustments as compared to existing regulations;
- when fully phased in on January 1, 2019, requires banks to maintain:
  - as a newly adopted international standard, a minimum ratio of CET1 to risk-weighted assets of at least 4.5%, plus a 2.5% capital conservation buffer (which is added to the 4.5% CET1 ratio as that buffer is phased in, effectively resulting in a minimum ratio of CET1 to risk-weighted assets of at least 7%);
  - a minimum ratio of Tier 1 capital to risk-weighted assets of at least 6.0%, plus the capital conservation buffer (which is added to the 6.0% Tier 1 capital ratio as that buffer is phased in, effectively resulting in a minimum Tier 1 capital ratio of 8.5% upon full implementation);
  - a minimum ratio of Total (that is, Tier 1 plus Tier 2) capital to risk-weighted assets of at least 8.0%, plus the capital conservation buffer (which is added to the 8.0% total capital ratio as that buffer is phased in, effectively resulting in a minimum total capital ratio of 10.5% upon full implementation); and
  - as a newly adopted international standard, a minimum leverage ratio of 3%, calculated as the ratio of Tier 1 capital to balance sheet exposures plus certain off-balance sheet exposures (as the average for each quarter of the month-end ratios for the quarter); and
- provides for a countercyclical capital buffer , generally to be imposed when national regulators determine that excess aggregate credit growth becomes associated with a buildup of systemic risk, that would be a CET1 add-on to the capital conservation buffer in the range of 0% to 2.5% when fully implemented (potentially resulting in total buffers of between 2.5% and 5%).

The capital conservation buffer is designed to absorb losses during periods of economic stress. Banking institutions with a ratio of CET1 to risk-weighted assets above the minimum but below the conservation buffer (or below the combined capital conservation buffer and countercyclical capital buffer, when the latter is applied) will face constraints on dividends, equity repurchases and compensation based on the amount of the short fall.

The implementation of the Basel III final framework is expected to commence January 1, 2013. On that date, banking institutions will be required to meet the following minimum capital ratios:

- 3.5% CET1 to risk-weighted assets;
- 4.5% Tier 1 capital to risk-weighted assets; and

8.0% Total capital to risk-weighted assets.

The Basel III final framework provides for a number of new deductions from and adjustments to CET1. These include, for example, the requirement that mortgage servicing rights, deferred tax assets dependent upon future taxable income and significant investments in non-consolidated financial entities be deducted from CET1 to the extent that any one such category exceeds 10% of CET1 or all such categories in the aggregate exceed 15% of CET1. Implementation of the deductions and other adjustments to CET1 will begin on January 1, 2014 and will be phased-in over a five-year period (20% per year). The implementation of the capital conservation buffer will begin on January 1, 2016 at 0.625% and will be phased in over a four-year period (increasing by that amount on each subsequent January 1, until it reaches 2.5% on January 1, 2019).

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The U.S. banking agencies have indicated informally that they expect to propose regulations implementing Basel III in mid-2011 with final adoption of implementing regulations in mid-2012. Given that the Basel III rules are subject to change, and the scope and content of capital regulations that the U.S. banking agencies may adopt under Dodd-Frank is uncertain, we cannot be certain of the impact new capital regulations will have on our capital ratios.

Historically, regulation and monitoring of bank and bank holding company liquidity has been addressed as a supervisory matter, both in the U.S. and internationally, without required formulaic measures. The Basel III framework proposes that banks and bank holding companies measure their liquidity against specific liquidity tests that, although similar in some respects to liquidity measures historically applied by banks and regulators for management and supervisory purposes, going forward will be required by regulation. One proposed test, referred to as the LCR, would be designed to ensure that the banking entity maintains an adequate level of unencumbered high-quality liquid assets equal to the entity s expected net cash outflow for a 30-day time horizon (or, if greater, 25% of its expected total cash outflow) under an acute liquidity stress scenario. The other measure, referred to as the NSFR, would be designed to promote more medium- and long-term funding of the assets and activities of banking entities over a one-year time horizon. These requirements will incent banking entities to increase their holdings of U.S. Treasury securities and other sovereign debt as a component of assets and increase the use of long-term debt as a funding source. The LCR would be implemented subject to an observation period beginning in 2011, but would not be introduced as a requirement until January 1, 2015, and the NSFR would not be introduced as a requirement until January 1, 2018. These new standards are subject to further rulemaking and their terms may well change before implementation.

Other Regulation

The Company is subject to a wide range of other requirements and restrictions contained in both the laws of the United States and the states in which its banks and other subsidiaries operate. These regulations include but are not limited to the following:

- Laws and regulations regarding the availability, requirements and restrictions of a number of recently enacted governmental programs in which the Company participates. These programs include, without limitation, the TARP and its associated CPP, as well as certain requirements and limitations imposed by the EESA and ARRA and programs and regulations thereunder, including without limitation, limitations on dividends on common stock in the CPP, and on executive compensation contained in the EESA, ARRA, and the Dodd-Frank Act. One of these programs, the CPP, contains provisions that allow the U.S. Government to unilaterally modify any term or provision of contracts executed under the program.

- Requirements for approval of acquisitions and activities. Prior approval is required, in accordance with the BHC Act of the FRB, for a financial holding company to acquire or hold more than a 5% voting interest in any bank. The BHC Act also requires approval for certain nonbanking acquisitions and restricts the Company s nonbanking activities to those that are permitted for financial holding companies or that have been determined by the FRB to be financial in nature, incidental to financial activities, or complementary to a financial activity.

- Requirements that the Parent serve as a source of strength for its banking subsidiaries. The FRB has a policy that a bank holding company is expected to act as a source of financial and managerial strength to each of its bank subsidiaries and, under appropriate circumstances, to commit resources to support each subsidiary bank. The Dodd-Frank Act codifies this policy as a statutory requirement. In addition, the OCC may order an assessment of the Parent if the capital of one of its national bank subsidiaries were to fall below capital levels required by the regulators.

- Limitations on dividends payable by subsidiaries. A substantial portion of the Parent s cash, which is used to pay dividends on our common and preferred stock and to pay principal and interest on our debt obligations, is derived from dividends paid by the Parent s subsidiary banks. These dividends are subject to various legal and regulatory restrictions. See Note 19 of the Notes to Consolidated Financial Statements.

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Limitations on dividends payable to shareholders. The Parent s ability to pay dividends on both its common and preferred stock may be subject to regulatory restrictions. See discussion under Liquidity Management Actions on page 80.

Cross-guarantee requirements. All of the Parent s subsidiary banks are insured by the FDIC. Each commonly controlled FDIC-insured bank can be held liable for any losses incurred, or reasonably expected to be incurred, by the FDIC due to another commonly controlled FDIC-insured bank being placed into receivership, and for any assistance provided by the FDIC to another commonly controlled FDIC-insured bank that is subject to certain conditions indicating that receivership is likely to occur in the absence of regulatory assistance.

Safety and soundness requirements. Federal and state laws require that our banks be operated in a safe and sound manner. We are subject to additional safety and soundness standards prescribed in the Federal Deposit Insurance Corporate Improvement Act of 1991, including standards related to internal controls, information systems, internal audit, loan documentation, credit underwriting, interest rate exposure, asset growth and compensation, as well as other operational and management standards deemed appropriate by the federal banking agencies.

Limitations on the amount of loans to a borrower and its affiliates.

Limitations on transactions with affiliates. The Dodd-Frank Act significantly expands the coverage and scope of the limitations on affiliate transactions within a banking organization.

Restrictions on the nature and amount of any investments and ability to underwrite certain securities.

Requirements for opening of branches and the acquisition of other financial entities.

Fair lending and truth in lending requirements to provide equal access to credit and to protect consumers in credit transactions.

Broker-dealer regulations. Certain of our subsidiaries are broker-dealers that engage in securities underwriting and other broker-dealer activities. These companies are registered with the SEC and are members of FINRA.

Investment advisory regulations. Certain of our subsidiaries are registered investment advisers under the Investment Advisers Act of 1940, as amended, and as such are supervised by the SEC. They are also subject to various U.S. Federal and state laws and regulations. These laws and regulations generally grant supervisory agencies broad administrative powers, including the power to limit or restrict the carrying on of business for failure to comply with such laws.

Provisions of the GLB Act and other federal and state laws dealing with privacy for nonpublic personal information of individual customers.

CRA requirements. The CRA requires banks to help serve the credit needs in their communities, including credit to low and moderate income individuals. If the Company or its subsidiaries fail to adequately serve their communities, penalties may be imposed including denials of applications to add branches, relocate, add subsidiaries and affiliates, and merge with or purchase other financial institutions.

Anti-money laundering regulations. BSA and other federal laws require financial institutions to assist U.S. Government agencies to detect and prevent money laundering. Specifically, the BSA requires financial institutions to keep records of cash purchases of negotiable instruments, file reports of cash transactions exceeding $10,000 (daily aggregate amount), and to report suspicious activity that might signify money laundering, tax evasion, or other criminal activities. Title III of the Uniting and Strengthening of America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA Patriot Act) substantially broadens the scope of U.S. anti-money laundering laws and regulations by imposing significant new compliance and due diligence obligations, defining new crimes and related penalties, and expanding the extra-territorial jurisdiction of the United

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States. The U.S. Treasury Department has issued a number of implementing regulations, which apply various requirements of the USA Patriot Act to financial institutions. The Company s bank and broker-dealer subsidiaries and private investment companies advised or sponsored by the Company s subsidiaries must comply with these regulations. These regulations also impose obligations on financial institutions to maintain appropriate policies, procedures and controls designed to detect, prevent and report money laundering and terrorist financing.

The Parent is subject to the disclosure and regulatory requirements of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, both as administered by the SEC. As a company listed on the NASDAQ Global Select Market, the Parent is subject to NASDAQ listing standards for quoted companies.

The Company is subject to the Sarbanes-Oxley Act of 2002, which addresses, among other issues, corporate governance, auditing and accounting, executive compensation, and enhanced and timely disclosure of corporate information. Nasdaq has also adopted corporate governance rules, which are intended to allow shareholders and investors to more easily and efficiently monitor the performance of companies and their directors.

The Board of Directors of the Parent has implemented a comprehensive system of corporate governance practices. This system includes Corporate Governance Guidelines, a Code of Business Conduct and Ethics for Employees, a Directors Code of Conduct, and charters for the Audit, Credit Review, Compensation, and Nominating and Corporate Governance Committees. More information on the Company s corporate governance practices is available on the Company s website at *www.zionsbancorporation.com*. (The Company s website is not part of this Annual Report on Form 10-K.)

The Company has adopted policies, procedures and controls to address compliance with the requirements of the banking, securities and other laws and regulations described above or otherwise applicable to the Company. The Company intends to make appropriate revisions to reflect any changes required.

Regulators, Congress, state legislatures and international consultative bodies continue to enact rules, laws, and policies to regulate the financial services industry and public companies and to protect consumers and investors. The nature of these laws and regulations and the effect of such policies on future business and earnings of the Company cannot be predicted.

GOVERNMENT MONETARY POLICIES

The earnings and business of the Company are affected not only by general economic conditions, but also by policies adopted by various governmental authorities. The Company is particularly affected by the monetary policies of the FRB, which affect both short-term and long-term interest rates and the national supply of bank credit. The tools available to the FRB which may be used to implement monetary policy include:

- open-market operations in U.S. Government and other securities;
- adjustment of the discount rates or cost of bank borrowings from the FRB;
- imposing or changing reserve requirements against bank deposits;
- term auction facilities collateralized by bank loans; and
- other programs to purchase assets and inject liquidity directly in various segments of the economy.

These methods are used in varying combinations to influence the overall growth or contraction of bank loans, investments and deposits, and the interest rates charged on loans or paid for deposits.

In view of the changing conditions in the economy and the effect of the FRB s monetary policies, it is difficult to predict future changes in loan demand, deposit levels and interest rates, or their effect on the business and earnings of the Company. FRB monetary policies have had a significant effect on the operating results of commercial banks in the past and are expected to continue to do so in the future.

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ITEM 1A. RISK FACTORS

The following list describes several risk factors which are significant to the Company including but not limited to:

The Company has been and could continue to be negatively affected by adverse economic conditions.

The United States and many other countries recently faced a severe economic crisis, including a major recession. These adverse economic conditions have negatively affected, and are likely to continue for some time to adversely affect, the Company s assets, including its loans and securities portfolios, capital levels, results of operations, and financial condition. In response to the economic crisis, the United States and other governments established a variety of programs and policies designed to mitigate the effects of the crisis. These programs and policies appear to have stabilized the severe financial crisis that occurred in the second half of 2008, but the extent to which these programs and policies will assist in an economic recovery or may lead to adverse consequences, whether anticipated or unanticipated, is still unclear. If these programs and policies are ineffective in bringing about an economic recovery or result in substantial adverse developments, the economic conditions may again become more severe, or adverse economic conditions may continue for a substantial period of time. Any increase in the severity or duration of adverse economic conditions, including a double dip recession or delay in the recovery, would adversely affect the Company.

The limitations on incentive compensation contained in the ARRA, the implementing of its regulations, and other bank regulations may adversely affect our ability to retain our highest performing employees.

Because we have not yet repurchased the U.S. Treasury s CPP investment, we remain subject to the restrictions on incentive compensation contained in the ARRA. On June 10, 2009, the U.S. Treasury released its interim final rules implementing the provisions of the ARRA and limiting the compensation practices at institutions in which the U.S. Treasury is invested. The U.S. Treasury has since revised such rules and released written guidance interpreting and expanding on ARRA and the interim final rules. Financial institutions which have repurchased the U.S. Treasury s CPP investment are relieved of the restrictions imposed by the ARRA and its implementing regulations and related guidance. Due to these restrictions, we may not be able to successfully compete with financial institutions that have repurchased the U.S. Treasury s investment to attract, retain and appropriately incentivize high performing employees. In addition, bank regulatory agencies have published guidance and proposed regulations which limit the manner and amount of compensation that banking organizations provide to employees. These regulations and guidance may adversely affect our ability to retain key personnel. If we were to suffer such adverse effects with respect to our employees, our business, financial condition and results of operations could be adversely affected, perhaps materially.

Our participation in the CPP and other government programs imposes restrictions and obligations on us that limit our ability to increase dividends, repurchase shares of our stock, and access the equity capital markets.

The Company has chosen to participate in a number of new programs sponsored by the U.S. Government during the current financial and economic crisis. These programs, including without limitation, the TARP and its associated CPP, as well as the ARRA and EESA and regulations thereunder, contain important limitations on the Company s conduct of its business, including limitations on dividends, repurchases of common stock, acquisitions, and executive compensation. These limitations may adversely impact the Company s ability to attract nongovernmental capital and to recruit and retain executive management and other personnel and its ability to compete with other American and foreign financial institutions. One of these programs, the CPP, contains provisions that allow the U.S. Government to unilaterally modify any term or provision of contracts executed under the program.

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Recently adopted financial reform legislation will impose significant new limitations on our business activities and subject us to increased regulation and additional costs.

The Dodd-Frank Wall Street Reform and Consumer Protection Act enacted on July 21, 2010 will have material implications for the Company and the entire financial services industry. The Act results in the Company being defined as systemically important, which brings significant additional regulatory oversight and requirements. In addition, among other things, the Act will or potentially could:

- Affect the levels of capital and liquidity with which the Company must operate and how it plans capital and liquidity levels (including a phased-in elimination of the Company s existing trust preferred securities as Tier 1 capital);
- Subject the Company to new and/or higher fees paid to various regulatory entities, including but not limited to deposit insurance fees to the FDIC;
- Impact the Company s ability to invest in certain types of entities or engage in certain activities;
- Impact a number of the Company s business and risk management strategies;
- Regulate the pricing of certain of our products and services and restrict the revenue that the Company generates from certain businesses;
- Subject the Company to new capital planning actions, including stress testing or similar actions and timing expectations for capital-raising;
- Subject the Company to a new Consumer Financial Protection Bureau, with very broad rule-making and enforcement authorities;
- Grant authority to state agencies to enforce state and federal laws against national banks;
- Subject the Company to new and different litigation and regulatory enforcement risks; and
- Limit the amount and manner of compensation paid to executive officers and employees generally.

As the Act requires that many studies be conducted and that hundreds of regulations be written in order to fully implement it, the full impact of this legislation on the Company, its business strategies, and financial performance cannot be known at this time, and may not be known for a number of years. In addition, the current political environment may lead, in the near future, to the adoption of new laws and regulations affecting financial institutions.

U.S. regulatory agencies, in response to the adoption of Basel III, may require us to raise our capital and liquidity to levels that may exceed those that the market may otherwise consider to be optimal.

Basel III was adopted in December 2010 by the BCBS. New capital and liquidity requirements are expected to be established by U.S. regulatory agencies in response to Basel III which are higher than previous levels. Maintaining higher capital and liquidity levels may reduce our profitability and performance measures.

Economic and other circumstances, including pressure to repay CPP preferred stock, may require us to raise capital at times or in amounts that are unfavorable to the Company.

The Company s subsidiary banks must maintain certain risk-based and leverage capital ratios as required by their banking regulators which can change depending upon general economic conditions and their particular condition, risk profile and growth plans. Compliance with capital requirements may limit the Company s ability to expand and has required, and may require, capital investment from the Parent. In 2008, we issued shares of preferred stock and a warrant to purchase shares of the Company s common stock to the U.S. Treasury for $1.4 billion under TARP. There may be increasing market, regulatory or political pressure on the

Company to raise capital to enable it to repay the preferred stock issued to the U.S. Treasury under TARP at a time or in amounts that may be unfavorable to the Company s shareholders. These uncertainties and risks created by the legislative and regulatory uncertainties discussed above may themselves increase the Company s cost of capital and other financing costs.

Negative perceptions associated with our continued participation in the U.S. Treasury s CPP may adversely affect our ability to retain customers, attract investors, and compete for new business opportunities.

Several financial institutions which also participated in the CPP have repurchased their TARP preferred stock. There can be no assurance as to the timing or manner in which the Company may repurchase its Series D Preferred Stock from the U.S. Treasury. Our customers, employees and counterparties in our current and future business relationships could draw negative implications regarding the strength of the Company as a financial institution based on our continued participation in the CPP following the exit of one or more of our competitors or other financial institutions. Any such negative perceptions could impair our ability to effectively compete with other financial institutions for business or to retain high performing employees. If this were to occur, our business, financial condition, and results of operations may be adversely affected.

Credit quality has adversely affected us and may continue to adversely affect us.

Credit risk is one of our most significant risks. The Company s credit quality continued at a weakened level during 2010 in most loan types and markets in which the Company operates. Although most credit quality indicators improved during latter half of 2010, we expect continued credit quality weakness over the next few quarters.

Weakness in the economy and in the real estate market, including specific weakness within the markets where our subsidiary banks do business and within certain of our loan products, has adversely affected us and may continue to adversely affect us.

Our credit exposure is one of our most significant risks. The company s level of problem credits remained high as of December 31, 2010. The deterioration in credit quality that started in the latter half of 2007 has most significantly affected the construction and land development segment of our portfolio. Although virtually all of our markets and lending segments have been adversely affected by the economic recession, the distress has been mostly concentrated in construction and land development loans in the Southwest states (generally, Arizona, California, and Nevada), which markets have been particularly adversely affected by job losses, declines in residential and commercial sale volumes and real estate values, and declines in new construction activity.

Subsequent to the initial deterioration in construction and land development loans, credit quality deterioration occurred in most loan types and geographies in which the Company operated through the first half of 2010 as general economic conditions weakened throughout the country.

If the strength of the U.S. economy in general and the strength of the local economies in which we and our subsidiary banks conduct operations decline further, this could result in, among other things, further deterioration in credit quality and/or continued reduced demand for credit, including a resultant adverse effect on the income from our loan portfolio, an increase in charge-offs and an increase in the allowance for loan and lease losses; if such developments occur, we may be required to raise additional capital.

Failure to effectively manage our interest rate risk could adversely affect us.

Net interest income is the largest component of the Company s revenue. The management of interest rate risk for the Company and all bank subsidiaries is centralized and overseen by an Asset Liability Management Committee appointed by the Company s Board of Directors. We have been successful in our interest rate risk management as evidenced by achieving a relatively stable net interest margin over the last several years when interest rates have been volatile and the rate environment challenging; however, a failure to effectively manage our interest rate risk could adversely affect us. Factors beyond the Company s control can significantly influence the interest rate environment and increase the Company s risk. These factors include competitive pricing pressures for our loans and deposits, adverse shifts in the mix of deposits and other funding sources, and volatile market interest rates subject to general economic conditions and the policies of governmental and regulatory agencies, in particular the FRB.

Our ability to maintain required capital levels and adequate sources of funding and liquidity has been and may continue to be adversely affected by market conditions.

We are required to maintain certain capital levels in accordance with banking regulations and any capital requirements imposed by our regulators. We must also maintain adequate funding sources in the normal course of business to support our operations and fund outstanding liabilities. Our ability to maintain capital levels, sources of funding, and liquidity has been and could continue to be impacted by changes in the capital markets in which we operate and deteriorating economic and market conditions.

Each of our subsidiary banks must remain well-capitalized and meet certain other requirements for us to retain our status as a financial holding company. Failure to comply with those requirements could result in a loss of our financial holding company status if such conditions are not corrected within 180 days or such longer period as may be permitted by the Federal Reserve, although we do not believe that the loss of such status would have an appreciable effect on our operations or financial results. In addition, failure by our bank subsidiaries to meet applicable capital guidelines or to satisfy certain other regulatory requirements can result in certain activity restrictions or a variety of enforcement remedies available to the federal regulatory authorities that include limitations on the ability to pay dividends, the issuance by the regulatory authority of a capital directive to increase capital and the termination of deposit insurance by the FDIC.

Funding availability improved during 2010 as compared to 2009, as the Company took a number of actions during the year to augment its capital and liquidity. More emphasis was placed upon low-cost funding during 2010 than merely funding availability (See Capital Management on page 84 in MD&A and Notes 12 and 13 of the Notes to Consolidated Financial Statements for further information on funding availability). However, because liquidity stresses are often a consequence of the materialization of other risks, they will continue to be a risk factor in 2011 and beyond for the Company, the Parent and its affiliate banks.

The quality and liquidity of our asset-backed investment securities portfolio has adversely affected us and may continue to adversely affect us.

The Company s asset-backed investment securities portfolio includes CDOs collateralized by trust preferred securities issued by banks, insurance companies, and REITs that may have some exposure to construction loan, commercial real estate, and the subprime markets and/or to other categories of distressed assets. In addition, asset-backed securities also include structured asset-backed CDOs (also known as diversified structured finance CDOs) which have exposure to subprime and home equity mortgage securitizations. Factors beyond the Company s control can significantly influence the fair value and impairment status of these securities. These factors include, but are not limited to, defaults, deferrals, and restructurings by debt issuers, rating agency downgrades of securities, lack of market pricing of securities, or the return of market pricing that varies from the Company s current model valuations, and changes in prepayment rates and future interest rates. See Investment Securities Portfolio on page 52 for further details.

We have been unprofitable and may continue to be unprofitable, and such lack of profitability could have particular adverse effects on us, such as restricting our ability to pay dividends or requiring a valuation allowance against our deferred tax asset.

We are a holding company that conducts substantially all of its operations through its banking and other subsidiaries. As a result, our ability to make dividend payments on our common stock will depend primarily upon the receipt of dividends and other distributions from our subsidiaries. We and certain of our subsidiaries have been unprofitable during the last three annual reporting periods. During 2009 and 2010, the noncash accelerated amortization expense caused by subordinated debt holders converting their debt to preferred stock has contributed to our unprofitability. Future conversions of subordinated debt into preferred stock may continue to contribute to unprofitability. The ability of the Company and our subsidiary banks to pay dividends is restricted by regulatory requirements, including profitability and the need to maintain required levels of capital. Continuing lack of profitability exposes us to the risk that regulators could restrict the ability of our subsidiary banks to pay dividends and our ability to declare and pay dividends on our common stock, preferred stock or trust preferred securities. It also increases the risk that the Company may have to establish a valuation allowance against its net DTA. The Parent and some of its subsidiary banks already have some disallowed DTA for regulatory capital purposes.

We and/or the holders of our securities could be adversely affected by unfavorable rating actions from rating agencies.

Our ability to access the capital markets is important to our overall funding profile. This access is affected by the ratings assigned by rating agencies to us, certain of our affiliates, and particular classes of securities that we and our affiliates issue. The interest rates that we pay on our securities are also influenced by, among other things, the credit ratings that we, our affiliates, and/or our securities receive from recognized rating agencies. In the past, rating agencies have downgraded our credit ratings. Further downgrades to us, our affiliates, or our securities could increase our costs or otherwise have a negative effect on our results of operations or financial condition or the market prices of our securities.

We could be adversely affected by accounting, financial reporting, and regulatory and compliance risk.

The Company is exposed to accounting, financial reporting, and regulatory/compliance risk. The Company provides to its customers, and uses for its own capital, funding and risk management needs, a number of complex financial products and services. Estimates, judgments and interpretations of complex and changing accounting and regulatory policies are required in order to provide and account for these products and services. Identification, interpretation and implementation of complex and changing accounting standards as well as compliance with regulatory requirements, therefore pose an ongoing risk.

We could be adversely affected by legal and governmental proceedings.

The Company is subject to risks associated with legal claims, fines, litigation, and regulatory proceedings. The Company s exposure to these proceedings has increased and may further increase as a result of stresses on customers, counterparties and others arising from the current economic environment; new regulations promulgated under recently adopted statutes; and the creation of new examination and enforcement bodies.

We could be adversely affected by failure in our internal controls.

A failure in our internal controls could have a significant negative impact not only on our earnings, but also on the perception that customers, regulators and investors may have of the Company. We continue to devote a significant amount of effort, time and resources to improving our controls and ensuring compliance with complex accounting standards and regulations.

We could be adversely affected as a result of acquisitions.

From time to time the Company makes acquisitions including the acquisition of assets and liabilities of failed banks from the FDIC acting as a receiver. The FDIC-supported transactions are subject to loan loss sharing agreements. Failure to comply with the terms of the agreements could result in the loss of indemnification from the FDIC. The success of any acquisition depends, in part, on our ability to realize the projected cost

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savings from the acquisition and on the continued growth and profitability of the acquisition target. We have been successful with most prior acquisitions, but it is possible that the merger integration process with an acquired company could result in the loss of key employees, disruptions in controls, procedures and policies, or other factors that could affect our ability to realize the projected savings and successfully retain and grow the target s customer base.

The Company s Board of Directors has established an Enterprise Risk Management policy and has appointed an Enterprise Risk Management Committee to oversee and implement the policy. In addition to credit and interest rate risk, the Committee also monitors the following risk areas: market risk, liquidity risk, operational risk, compliance risk, information technology risk, strategic risk, compensation-related risk, and reputation risk.

ITEM 1B. UNRESOLVED STAFF COMMENTS

There are no unresolved written comments that were received from the SEC s staff 180 days or more before the end of the Company s fiscal year relating to our periodic or current reports filed under the Securities Exchange Act of 1934.

ITEM 2. PROPERTIES

At December 31, 2010, the Company operated 495 domestic branches, of which 287 are owned and 208 are leased. The Company also leases its headquarters offices in Salt Lake City, Utah. Other operations facilities are either owned or leased. The annual rentals under long-term leases for leased premises are determined under various formulas and factors, including operating costs, maintenance, and taxes. For additional information regarding leases and rental payments, see Note 18 of the Notes to Consolidated Financial Statements.

ITEM 3. LEGAL PROCEEDINGS

The information contained in Note 18 of the Notes to Consolidated Financial Statements is incorporated by reference herein.

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PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION

The Company s common stock is traded on the Nasdaq Global Select Market under the symbol ZION. The last reported sale price of the common stock on Nasdaq on February 16, 2011 was $24.63 per share.

The following table sets forth, for the periods indicated, the high and low sale prices of the Company s common stock, as quoted on Nasdaq:

	2010		2009	
	High	Low	High	Low
1st Quarter	$ 23.85	$ 12.88	$ 25.52	$ 5.90
2nd Quarter	30.29	21.22	20.97	8.88
3rd Quarter	24.39	17.91	20.36	10.25
4th Quarter	24.58	18.84	19.03	12.50

During 2010 the Company issued $633.3 million of new common stock consisting of 29.6 million shares at an average price of $21.43 per share. Net of commissions and fees, the issuances added $623.5 million to common stock. We also issued 29.3 million common stock warrants during 2010 adding $214.6 million to common stock. Each and all of the warrants can be exercised for a share of common stock at an initial price of $36.63 through May 22, 2020. See Note 14 of the Notes to Consolidated Financial Statements for further information regarding equity transactions during 2010.

As of February 16, 2011, there were 6,068 holders of record of the Company s common stock.

EQUITY CAPITAL AND DIVIDENDS

We have 4,400,000 authorized shares of preferred stock without par value and with a liquidation preference of $1,000 per share. As of December 31, 2010, 59,440, 453,237, 1,400,000, and 142,500 of preferred shares series A, C, D and E, respectively, have been issued and are outstanding. In addition, holders of $0.8 billion of the Company s subordinated debt have the right to convert that debt into either Series A or C preferred stock. In general, preferred shareholders may receive asset distributions before common shareholders; however, preferred shareholders have only limited voting rights generally with respect to certain provisions of the preferred stock, the issuance of senior preferred stock, and the election of directors. Preferred stock dividends reduce earnings available to common shareholders and are paid quarterly in arrears. The redemption amount is computed at the per share liquidation preference plus any declared but unpaid dividends. The series A, C, and E shares are registered with the SEC. The Series D Fixed-Rate Cumulative Perpetual Preferred Stock was issued on November 14, 2008 to the U.S. Department of the Treasury for $1.4 billion in a private placement exempt from registration. See Note 14 of the Notes to Consolidated Financial Statements for further information regarding the Company s preferred stock.

The frequency and amount of common stock dividends paid during the last two years are as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2010	$ 0.01	$ 0.01	$ 0.01	$ 0.01
2009	0.04	0.04	0.01	0.01

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The Company s Board of Directors approved a dividend of $0.01 per common share payable on February 28, 2011 to shareholders of record on February 22, 2011. The Company expects to continue its policy of paying regular cash dividends on a quarterly basis, although there is no assurance as to future dividends because they depend on future earnings, capital requirements, and financial condition.

The Company cannot increase the common stock dividend above $0.32 per share without the consent of the U.S. Treasury until the third anniversary of the date of the investment, or November 14, 2011, unless prior to such third anniversary the senior preferred stock series D is redeemed in whole or the U.S. Treasury has transferred all of the senior preferred stock series D to third parties.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The information contained in Item 12 of this Form 10-K is incorporated by reference herein.

SHARE REPURCHASES

The following table summarizes the Company s share repurchases for the fourth quarter of 2010:

Period	Total number of shares repurchased[1]	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plan
October	242	$ 21.25		$
November	404	19.99		
December	12,188	23.04		
Fourth quarter	12,834	22.91		

[1] Represents common shares acquired from employees in connection with the Company s stock compensation plan. Shares were acquired from employees to pay for their payroll taxes upon the vesting of restricted stock under the withholding shares provision of an employee share-based compensation plan.

The Company has not repurchased any shares under the Common Stock Repurchase Plan since August 16, 2007. It is prohibited from repurchasing any common shares through an authorized share repurchase program by terms of the CPP until the Company s Series D preferred stock has been fully repaid or the U.S. Treasury otherwise ceases to own any such preferred stock.

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PERFORMANCE GRAPH

The following stock performance graph compares the five-year cumulative total return of Zions Bancorporation s common stock with the Standard & Poor s 500 Index and the KBW Bank Index which include Zions Bancorporation. The KBW Bank Index is a market capitalization-weighted bank stock index developed and published by Keefe, Bruyette & Woods, Inc., a nationally recognized brokerage and investment banking firm specializing in bank stocks. The index is composed of 24 geographically diverse stocks representing national money center banks and leading regional financial institutions. The stock performance graph is based upon an initial investment of $100 on December 31, 2005 and assumes reinvestment of dividends.

	2005	2006	2007	2008	2009	2010
Zions Bancorporation	100.0	111.1	64.4	35.4	18.7	35.3
KBW Bank Index	100.0	117.0	91.5	48.0	47.2	58.3
S&P 500	100.0	115.8	122.1	77.0	97.3	112.0

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ITEM 6. SELECTED FINANCIAL DATA
FINANCIAL HIGHLIGHTS

(In millions, except per share amounts)	2010/2009 Change	2010	2009	2008	2007	2006
For the Year						
Net interest income	-9%	$ 1,727.4	$ 1,897.5	$ 1,971.6	$ 1,882.0	$ 1,764.7
Noninterest income	-45%	440.5	804.1	190.7	412.3	551.2
Total revenue	-20%	2,167.9	2,701.6	2,162.3	2,294.3	2,315.9
Provision for loan losses	-58%	852.1	2,016.9	648.3	152.2	72.6
Noninterest expense	+3%	1,718.9	1,671.5	1,475.0	1,404.6	1,330.4
Impairment loss on goodwill	-100%		636.2	353.8		
Income (loss) before income taxes	+75%	(403.1)	(1,623.0)	(314.8)	737.5	912.9
Income taxes (benefit)	+73%	(106.8)	(401.3)	(43.4)	235.8	318.0
Net income (loss)	+76%	(296.3)	(1,221.7)	(271.4)	501.7	594.9
Net income (loss) applicable to noncontrolling interests	+36%	(3.6)	(5.6)	(5.1)	8.0	11.8
Net income (loss) applicable to controlling interest	+76%	(292.7)	(1,216.1)	(266.3)	493.7	583.1
Net earnings (loss) applicable to common shareholders	+67%	(412.5)	(1,234.4)	(290.7)	479.4	579.3
Per Common Share						
Net earnings (loss) diluted	+75%	(2.48)	(9.92)	(2.68)	4.40	5.35
Net earnings (loss) basic	+75%	(2.48)	(9.92)	(2.68)	4.45	5.45
Dividends declared	-60%	0.04	0.10	1.61	1.68	1.47
Book value[1]	-10%	25.12	27.85	42.65	47.17	44.48
Market price end		24.23	12.83	24.51	46.69	82.44
Market price high[2]		30.29	25.52	57.05	88.56	85.25
Market price low		12.88	5.90	17.53	45.70	75.13
At Year-End						
Assets		51,035	51,123	55,093	52,947	46,970
Net loans and leases	-9%	36,747	40,189	41,659	38,880	34,415
Deposits	-2%	40,935	41,841	41,316	36,923	34,982
Long-term debt	-4%	1,943	2,033	2,622	2,591	2,495
Shareholders equity:						
Preferred equity	+37%	2,057	1,503	1,582	240	240
Common equity	+10%	4,591	4,190	4,920	5,053	4,747
Noncontrolling interests	-106%	(1)	17	27	31	43
Performance Ratios						
Return on average assets		(0.57)%	(2.25)%	(0.50)%	1.01%	1.32%
Return on average common equity		(9.26)%	(28.35)%	(5.69)%	9.57%	12.89%
Net interest margin		3.73%	3.94%	4.18%	4.43%	4.63%
Capital Ratios[1]						
Equity to assets		13.02%	11.17%	11.85%	10.06%	10.71%
Tier 1 leverage		12.56%	10.38%	9.99%	7.37%	7.86%
Tier 1 risk-based capital		14.78%	10.53%	10.22%	7.57%	7.98%
Total risk-based capital		17.15%	13.28%	14.32%	11.68%	12.29%
Tangible common equity		6.99%	6.12%	5.89%	5.70%	5.98%
Tangible equity		11.10%	9.16%	8.91%	6.23%	6.61%
Selected Information						
Average common and common-equivalent shares *(in thousands)*		166,054	124,443	108,908	108,408	107,957
Common dividend payout ratio		na	na	na	37.82%	27.10%
Full-time equivalent employees		10,524	10,529	11,011	10,933	10,618
Commercial banking offices		495	491	513	508	470
ATMs		601	602	625	627	578

[1] *At year-end.*

[2] *The actual high price for 2008 was $107.21. However, this trading price was an anomaly resulting from electronic orders at the opening of the market on September 19, 2008 in response to the SEC s announcement (prior to the market opening that day) of its temporary emergency action suspending short selling*

in financial companies. The closing price on September 19, 2008 was $52.83.

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ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
MANAGEMENT S DISCUSSION AND ANALYSIS

EXECUTIVE SUMMARY

Company Overview

Zions Bancorporation (the Parent) and subsidiaries (collectively the Company, Zions, we, our, us) together comprise a $51 billion financi holding company headquartered in Salt Lake City, Utah. The Company is a systemically important financial institution, under the Dodd-Frank Act.

As of December 31, 2010, the Company was the 18th largest domestic bank holding company in terms of deposits and is included in the Standard and Poor s 500 (S&P 500) and NASDAQ Financial 100 indices. It is the largest independent regional bank in the Western U.S.

At December 31, 2010, the Company operated banking businesses through 495 domestic branches in ten Western and Southwestern states.

The Company is a national leader in Small Business Administration (SBA) lending, public finance advisory services, and treasury management services.

The Company provides wealth management and brokerage services.

Revenues and profits are primarily driven by commercial customers.

Core Long-Term Strategy

We strive to maintain a local community bank approach for customer-facing elements of our business. We believe that our target customers, consisting largely of small and mid-sized businesses, appreciate local branding, product customization, and speedy decision-making by local management. By retaining a significant degree of autonomy in product offerings and pricing, we believe our banks have a sustainable competitive advantage over larger national banks where loan and deposit products are often homogeneous. However, we strive to centralize non-customer facing operations, such as risk and capital management, technology and operations. By centralizing many of these functions, we believe we can generally achieve greater economies of scale and stronger risk management, and that our portfolio of community banks has superior access to the capital markets, investment portfolio, treasury management, and liquidity resources, and technological advances than do smaller independent community banks.

Our growth strategy is driven by four key factors:

focus on growth markets;

maintain a sustainable competitive advantage over large national and global banks by keeping decisions that affect customers local;

maintain a sustainable competitive advantage over community banks through superior products, productivity, efficiency and a lower cost of capital; and centralize and standardize policies and management controlling key risks.

Focus on Growth Markets

The Company seeks to grow both organically and through acquisitions in growth markets. The states in our geographic footprint have experienced higher rates of economic growth than other states. Our footprint is well diversified by industry, strong business formation rates, real estate development and general economic expansion. While some states in our footprint have experienced a significant slowing in economic activity during the recent recession, others have experienced above-average growth and stronger resistance to the economic downturn. We believe that the Company can continue to experience above-average revenue growth in the long term, in part because the majority of our footprint is concentrated in states that have above average GDP, population, and job growth, and where the economies are well diversified.

GDP growth in our footprint has exceeded nominal U.S. GDP by an average of 1.0% per year (compounded) over the last ten years; i.e. from 2000-2009, nominal US GDP grew by 4.1%, while nominal GDP in Zions footprint (weighted by assets) grew by 5.1%.

Population growth rates have exceeded U.S. population growth rates by 1.1% per year (compounded) over the last ten years; i.e. nationally, the U.S. population increased by 10.6% during the last decade, while Zions footprint (weighted average) grew by 23.2% during the same period.

Job creation within the Zions footprint greatly exceeded the national rate during the past 10 years. U.S. non-farm payroll jobs declined by 1.7% during the last decade; however, job creation in Zions footprint increased by 5.1%.

Keep Decisions That Affect Customers Local

We believe that over the long term, ensuring that local management teams retain the authority over decisions that affect their customers is a strategy that ultimately generates superior growth in our banking businesses, as supported by stronger organic loan and deposit growth relative to other banks.

We operate eight different community/regional banks, each under a different name, and each with its own charter, chief executive officer and management team.

We believe that this approach allows us to attract and retain exceptional management, and provides service of the highest quality to our targeted customers. The results of this service are evident in the results of the Greenwich Associates annual survey, wherein the Company consistently ranks Excellent for overall satisfaction among small and middle-market businesses.

This structure helps to ensure that decisions related to customers are made at a local level:

branding and marketing strategies;

product offerings and pricing; and

credit decisions (within the limits of established corporate policy).

Maintain a Sustainable Competitive Advantage Over Community Banks

To create a sustainable competitive advantage over other smaller community banks, we focus on achieving superior product selection, productivity, economies of scale, availability of liquidity, and a lower cost of capital. Compared to community banks:

We use the combined scale of all of our banking operations to create a broad product offering at a lower marginal cost.

Our larger capital base allows us to lend to business customers of all sizes, from start-up companies to large Fortune 100 companies.

For certain products for which economies of scale are believed to be important, the Company manufactures the product centrally or is able to obtain services from third-party vendors at lower costs due to volume-driven pricing power.

Our combined size and diversification affords us superior access to the capital markets for debt and equity financing; over the long term, this advantage has historically, and should in the future, result in a lower cost of capital.

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Centralize and Standardize Policies and Management Controlling Key Risks

We seek to standardize policies and practices related to the management of key risks in order to assure a consistent risk profile in an otherwise decentralized management model. Among these key risks and functions are credit, interest rate, liquidity, and market risks.

The Company conducts regular stress testing of the loan portfolio using multiple economic scenarios. Such tests help to identify pockets of risk and enable management to reduce risk.

The Company oversees credit risk using specialists in business, commercial real estate, and consumer lending.

The Company regularly measures interest rate and liquidity risk and uses capital markets instruments to adjust risks to within Board-approved targets.

The Company centrally monitors and oversees operational risk.

MANAGEMENT S OVERVIEW OF 2010 PERFORMANCE

The Company worked aggressively in 2010 to reduce the risk within the loan portfolio, reduce problem credits, and meaningfully improve various capital ratios. The Company reported a net loss applicable to common shareholders for 2010 of $412.5 million or $2.48 per diluted common share compared to a net loss of $1,234.4 million or $9.92 per diluted common share for 2009.

Although we reported a net loss for 2010, we note that the trends that drive profitability have shown considerable signs of improvement, as detailed below.

Significant 2010 Accomplishments

While net interest income fluctuated during the year, core net interest income remained at a relatively stable level. (See chart 1.) Additionally, key noninterest expense items such as salaries and employee benefits, occupancy, and furniture and equipment remained relatively stable.

Criticized loans, the broadest category of loans having an elevated probability of default, declined 35.3% from one year ago, a significant reversal compared to the prior year s increase of 67.4%.

Nonperforming lending-related assets declined 34.0% compared to December 31, 2009. (See chart 2.)

Net impairment losses on investment securities declined 69.6% compared to 2009.

Capital levels increased significantly. (See chart 3.) The Tier 1 common capital ratio increased approximately 33.0% from the prior year to a record high level of 8.95%. Based upon information currently available, management believes the Company already exceeds the new Basel III guidelines published in 2010; such guidelines are not scheduled to be fully phased in until January 2019.

Significantly enhanced risk management, including additional oversight on credit risk and sophistication of stress testing.

Rebalanced and reduced the risk of the loan portfolio. During 2010, construction and land development loans declined 35.8% and now account for less than 10% of the loan portfolio, down from 21.8% at its peak.

These loans have been the primary source of loan losses during this credit cycle, and the concentration reduction represents reduced risk for the total portfolio.

A significant percentage of the remaining construction and land development portfolio consists of loans against recently-completed projects where leases fully cover the debt service burden.

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Improved on-balance sheet liquidity. Cash, money market investments, and certain securities (U.S. Treasury securities, U.S. Government agencies and corporations, and mutual funds) increased to 16.5% of tangible assets compared to 7.8% at December 31, 2009.

* *The reconciliation of net interest income to core net interest income is found in the GAAP to non-GAAP reconciliation on page 88.*

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The reconciliation of controlling interest shareholders equity to Tier 1 common equity is found in the GAAP to non-GAAP reconciliation on page 88. Reserves consist of the allowance for loan losses and the reserve for unfunded lending commitments.

Areas experiencing weakness in 2010

Loan balances, the Company s primary source of revenue, declined 8.6%, compared to a 4.1% decline for the commercial banking industry which was adjusted for changes to off-balance sheet loan accounting. However, approximately 57.4% of the Company s loan portfolio decline is attributable to construction and land development, therefore representing a significant reduction in risk. Additionally, approximately 13.7% of the Company s decline in total loans is attributable to FDIC-supported loans.

Net loan charge-offs of 2.53% of average loans remained significantly above long-term averages.

Revenues from nonsufficient funds and overdrafts were adversely impacted by changes to Regulation E.

FDIC premiums, other real estate expense, and credit-related expenses had a significantly adverse effect on total noninterest expense.

Areas of focus for 2011

Further reduce nonaccrual and classified loans.

Deploy excess liquidity into loans.

Increase penetration within consumer lending, including residential mortgage. Residential mortgage loans (including 1-4 family residential loans and home equity credit lines) account for 15.3% of our loan portfolio, approximately half the concentration of the commercial banking industry.

Leverage the Small Business Jobs Act of 2010, which significantly expanded the SBA lending program limits.

Continue to control noninterest expense and to enhance risk management capabilities through the deployment of new technology systems.

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The key drivers of the Company s performance during 2010 were as follows:

Schedule 1

KEY DRIVERS OF PERFORMANCE

2010 COMPARED TO 2009

Driver	2010	2009	Change better/(worse)
	(In billions)		
Average net loans and leases	$ 38.3	$ 41.5	(8)%
Average noninterest-bearing deposits	13.3	11.1	20%
Average total deposits	41.7	42.8	(3)%
	(In millions)		
Net interest income	$ 1,727.4	$ 1,897.5	(9)%
Provision for loan losses	(852.1)	(2,016.9)	58%
Net impairment and valuation losses on securities	(85.4)	(492.6)	83%
Impairment loss on goodwill		(636.2)	100%
Nonaccrual loans	1,528.7	2,379.4	36%
Net interest margin	3.73%	3.94%	(21)bp
Core net interest margin	4.12%	4.07%	5bp
Ratio of nonperforming assets to net loans and leases and other real estate owned	4.91%	6.79%	188bp
Ratio of total allowance for credit losses to net loans and leases outstanding	4.22%	4.10%	12bp
Tier 1 common to risk-weighted assets	8.95%	6.73%	222bp
	(In millions of shares)		
Net common shares issued	32.4	35.1	(8)%

bp basis point

CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT ESTIMATES

Note 1 of the Notes to Consolidated Financial Statements contains a summary of the Company s significant accounting policies. Further explanations of significant accounting policies are included where applicable in the remaining Notes to Consolidated Financial Statements. Discussed below are certain significant accounting policies that we consider critical to the Company s financial statements. These critical accounting policies were selected because the amounts affected by them are significant to the financial statements. Any changes to these amounts, including changes in estimates, may also be significant to the financial statements. We believe that an understanding of certain of these policies, along with the related estimates we are required to make in recording the financial transactions of the Company, is important to have a complete picture of the Company s financial condition. In addition, in arriving at these estimates, we are required to make complex and subjective judgments, many of which include a high degree of uncertainty. The following discussion of these critical accounting policies includes the significant estimates related to these policies. We have discussed each of these accounting policies and the related estimates with the Audit Committee of the Board of Directors.

We have included where applicable in this document sensitivity schedules and other examples to demonstrate the impact of the changes in estimates made for various financial transactions. The sensitivities in these schedules and examples are hypothetical and should be viewed with caution. Changes in estimates are based on variations in assumptions and are not subject to simple extrapolation, as the relationship of the change in the assumption to the change in the amount of the estimate may not be linear. In addition, the effect of a variation in one assumption is in reality likely to cause changes in other assumptions, which could potentially magnify or counteract the sensitivities.

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Fair Value Estimates

The Company measures or monitors many of its assets and liabilities on a fair value basis. Fair value is the price that could be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. To increase consistency and comparability in fair value measures, ASC 820 establishes a three-level hierarchy to prioritize the valuation inputs among (1) observable inputs that reflect quoted prices in active markets, (2) inputs other than quoted prices with observable market data, and (3) unobservable data such as the Company s own data or single dealer nonbinding pricing quotes.

When observable market prices are not available, fair value is estimated using modeling techniques such as discounted cash flow analyses. These modeling techniques utilize assumptions that market participants would use in pricing the asset or the liability, including assumptions about the risk inherent in a particular valuation technique, the effect of a restriction on the sale or use of an asset, the related life of the asset and applicable growth rate, the risk of nonperformance, and other related assumptions.

The selection and weighting of the various fair value techniques may result in a fair value higher or lower than carrying value. Considerable judgment may be involved in determining the amount that is most representative of fair value.

Fair value is used on a recurring basis for certain assets and liabilities in which fair value is the primary measure of accounting. Fair value is used on a nonrecurring basis to measure certain assets or liabilities for impairment or for disclosure purposes in accordance with ASC 825, *Financial Instruments*.

Impairment analysis generally relates to long-lived assets, goodwill, and core deposit and other intangible assets. An impairment loss is recognized if the carrying amount of the asset is not likely to be recoverable and exceeds its fair value. In determining the fair value, management uses models and applies the techniques and assumptions previously discussed.

Investment securities are valued using several methodologies which depend on the nature of the security, availability of current market information, and other factors. Certain CDOs are valued using an internal model and the assumptions are analyzed for sensitivity. Investment Securities Portfolio on page 52 provides more information regarding this analysis.

Investment securities are reviewed formally on a quarterly basis for the presence of OTTI. The evaluation process takes into account current market conditions, fair value of the security, and many other factors. The decision to deem these securities OTTI is based on a specific analysis of the structure of each security and an evaluation of the underlying collateral. Future reviews for OTTI consider the particular facts and circumstances during the reporting period in review.

Notes 1, 5, 8, 10 and 21 of the Notes to Consolidated Financial Statements and Investment Securities Portfolio on page 52 contain further information regarding the use of fair value estimates.

Allowance for Credit Losses

The allowance for credit losses includes the allowance for loan losses and the reserve for unfunded lending commitments. The allowance for loan losses provides for probable losses that have been identified with specific customer relationships and for probable losses believed to be inherent in the loan portfolio, but which have not been specifically identified. The determination of the appropriate level of the allowance is based on periodic evaluations of the portfolios along with other relevant factors. This process includes a quantitative analysis, as well as a qualitative review of its results. The qualitative review requires a significant amount of judgement, and is described in more detail in Note 6 of the Notes to Consolidated Financial Statements.

The reserve for unfunded lending commitments provides for potential losses associated with off-balance sheet lending commitments and standby letters of credit. The reserve is estimated using the same procedures and methodologies as for the allowance for loan losses.

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There are numerous components that enter into the evaluation of the allowance for loan losses, which includes a quantitative and a qualitative process. Although we believe that our processes for determining an appropriate level for the allowance adequately address the various components that could potentially result in credit losses, the processes and their elements include features that may be susceptible to significant change. Any unfavorable differences between the actual outcome of credit-related events and our estimates and projections could require an additional provision for credit losses. As an example, if a total of $1.5 billion of Pass grade loans were to be immediately classified as Special Mention, Substandard or Doubtful (as defined in Note 6 of the Notes to Consolidated Financial Statements) in the same proportion as the existing criticized and classified loans to the whole portfolio, the quantitatively determined amount of the allowance for loan losses at December 31, 2010 would increase by approximately $78 million. This sensitivity analysis is hypothetical and has been provided only to indicate the potential impact that changes in the level of the criticized and classified loans may have on the allowance estimation process.

Although the qualitative process is subjective, it represents the Company s best estimate of qualitative factors impacting the determination of the allowance for loan losses. Such factors include but are not limited to national and regional economic trends and indicators. We believe that given the procedures we follow in determining the allowance for loan losses for the loan portfolio, the various components used in the current estimation processes are appropriate.

Note 6 of the Notes to Consolidated Financial Statements and Credit Risk Management on page 62 contain further information and more specific descriptions of the processes and methodologies used to estimate the allowance for credit losses.

Accounting for Goodwill

Goodwill is initially recorded at fair value and is subsequently evaluated at least annually for impairment in accordance with ASC 350, *Intangibles Goodwill and Other*. We perform this annual test as of October 1 of each year, or more often if events or circumstances indicate that carrying value may not be recoverable. The goodwill impairment test for a given reporting unit compares its fair value with its carrying value. If the carrying amount exceeds fair value, an additional analysis must be performed to determine the amount, if any, by which goodwill is impaired.

To determine the fair value, we generally calculate value using a combination of up to three separate methods: comparable publicly traded financial service companies in the western and southwestern states (Market Value); comparable acquisitions of financial services companies in the western and southwestern states (Transaction Value); and the discounted present value of management s estimates of future cash or income flows. Critical assumptions that are used as part of these calculations include:

- selection of comparable publicly traded companies, based on location, size, and business composition;
- selection of market comparable acquisition transactions, based on location, size, business composition, and date of the transaction;
- the discount rate applied to future earnings, based on an estimate of the cost of capital;
- the potential future earnings of the reporting unit;
- the relative weight given to the valuations derived by the three methods described; and
- the control premium associated with reporting units.

We apply a control premium in the Market Value approach to determine the reporting units equity values. Control premiums represent the ability of a controlling shareholder to benefit from synergies and other intangible assets that arise from control that might cause the fair value of a reporting unit as a whole to exceed its market capitalization. Based on a review of historical recent bank transactions within the Company s geographic footprint, comparing market values 30 days prior to the announced transaction to the deal value, we have determined that a control premium of 25% was appropriate.

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Since estimates are an integral part of the impairment computations, changes in these estimates could have a significant impact on any calculated impairment amount. Factors that may significantly affect the estimates include, among others, competitive forces, customer behaviors and attrition, loan losses, changes in revenue growth trends, cost structures and technology, changes in discount rates, changes in equity market values and merger and acquisition valuations, and changes in industry conditions. As an example, if the discount rate applied to future earnings were increased by 100 basis points, then the fair values of Amegy, CB&T, and Zions Bank would only exceed their carrying values by 4%, 8%, and 5%, respectively. This sensitivity analysis is hypothetical and has been provided only to indicate the potential impact of a discount rate assumption change.

During the fourth quarter of 2010, we performed our annual goodwill impairment evaluation of the entire organization, effective October 1, 2010. Upon completion of the evaluation process, we concluded that none of our subsidiary banks was impaired. Additionally, we determined that the fair values of Amegy, CB&T, and Zions Bank exceeded their carrying values by 12%, 14% and 17%, respectively.

Notes 1, 2 and 10 of the Notes to Consolidated Financial Statements contain additional information, including recently issued accounting guidance that affects the calculation process.

Accounting for Derivatives

Our interest rate risk management strategy involves the use of hedging to mitigate our exposure to potential adverse effects from changes in interest rates.

The derivative contracts used by the Company are exchange-traded or over-the-counter (OTC). Exchange-traded derivatives consist of forward currency exchange contracts, which are part of the Company s services provided to commercial customers. OTC derivatives consist of interest rate swaps, options and futures contracts, and, through the third quarter of 2010, commodity derivatives for customers.

We record all derivatives at fair value on the balance sheet in accordance with ASC 815, *Derivative and Hedging*. When quoted market prices are not available, the valuation of derivative instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. These future net cash flows, however, are susceptible to change due primarily to fluctuations in interest rates (most significantly), foreign exchange rates, and commodity prices. As a result, the estimated values of these derivatives will change over time as cash is received and paid and as market conditions change. As these changes take place, they may have a positive or negative impact on our estimated valuations.

We incorporate credit valuation adjustments to appropriately reflect both the Company s own nonperformance risk and the respective counterparty s nonperformance risk in the fair value measurements of its OTC derivatives. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, we have considered the impact of netting and any applicable credit enhancements, such as collateral postings, current threshold amounts, mutual puts, and guarantees. Additionally, we actively monitor counterparty credit ratings for significant changes.

Notes 1, 8 and 21 of the Notes to Consolidated Financial Statements and Interest Rate and Market Risk Management on page 74 contain further information on our use of derivatives and the methodologies used to estimate fair value.

Income Taxes

The Company is subject to the income tax laws of the United States, its states and other jurisdictions where the Company conducts business. These laws are complex and subject to different interpretations by the taxpayer and the various taxing authorities. In determining the provision for income taxes, management must make judgments and estimates about the application of these laws and related regulations. In the process of preparing the Company s tax returns, management attempts to make reasonable interpretations of the tax laws. These interpretations are subject to challenge by the tax authorities upon audit or to re-interpretation based on management s ongoing assessment of facts and evolving case law.

The Company had net deferred tax assets (DTAs) of $540 million at December 31, 2010, compared to $498 million at December 31, 2009. The most significant portions of the deductible temporary differences relate to (1) the allowance for loan losses and (2) fair value adjustments or impairment write-downs related to securities. No valuation allowance has been recorded as of December 31, 2010 related to DTAs except for a full valuation reserve related to certain acquired net operating losses from an immaterial nonbank subsidiary. In assessing the need for a valuation allowance, both the positive and negative evidence about the realization of DTAs were evaluated. Despite the negative evidence of the past three years of losses, the ultimate realization of DTAs is based on the Company s ability to (1) carry back net operating losses to prior tax periods, (2) implement tax planning strategies that are prudent and feasible, (3) utilize the reversal of deductible temporary differences that can be offset by taxable temporary differences, and (4) generate future taxable income.

The Company has available carryback potential to offset federal tax of approximately $100 million in the 2008 tax year. During 2010, the Company does anticipate a net operating loss for tax purposes that will largely offset the taxable income for the 2008 tax year.

Tax planning strategies represent a source of positive evidence that must be considered when assessing the need for a valuation allowance. Tax planning strategies must be prudent and feasible (and within the control of a company), something that a company might not ordinarily implement, but would implement to prevent an operating loss or tax credit carryforward from expiring unused, and would result in the realization of DTAs. The Company has evaluated a number of tax planning strategies that, if implemented, could result in the realization of a majority of the net DTA balance that exists at December 31, 2010. These strategies mainly involve the sale of highly appreciated assets (e.g., certain fixed assets, publicly-traded securities and insurance policies). Management would not expect that the execution of any of the actions would involve a significant amount of expense.

The Company has taxable temporary differences, or deferred tax liabilities (DTLs) that will reverse and offset DTAs in the periods prior to the expiration of any benefits. Based on our analysis and experience, the general reversal pattern of DTLs against DTAs would be somewhat similar in character and timing. Because of this generally consistent reversal pattern, we believe it is appropriate to reduce our gross DTAs by our DTLs.

The Company has a strong history of positive earnings and has generated significant levels of net income in 42 out of the previous 46 years. While the recent economic downturn has been severe, the Company has consistently maintained strong levels of core net interest income . The Company is well positioned in the highest growth areas in the country and is fundamentally strong in its capital, liquidity, business practices, and has actually grown its customer base during the current economic downturn. The Company has a long history of profitability and is expected to be profitable again in the near future. The Company is relying on future taxable income to realize some of its DTA and expects to generate this income beginning in 2011.

After evaluating all of the factors previously summarized and considering the weight of the positive evidence compared to the negative evidence, management has concluded it is more likely than not that the Company will realize the existing DTAs and that an additional valuation allowance is not needed.

On a quarterly basis, management assesses the reasonableness of its effective tax rate based upon its current best estimate of net income and the applicable taxes expected for the full year. Deferred tax assets and liabilities are also reassessed on a regular basis. Reserves for contingent tax liabilities are reviewed quarterly for adequacy based upon developments in tax law and the status of examinations or audits. The Company has tax reserves at December 31, 2010 of approximately $5.3 million, net of federal and/or state benefits, for uncertain tax positions primarily for various state tax contingencies in several jurisdictions.

Note 15 of the Notes to Consolidated Financial Statements and Income Taxes on page 46 contain additional information.

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RECENT ACCOUNTING PRONOUNCEMENTS AND DEVELOPMENTS

Note 2 of the Notes to Consolidated Financial Statements discusses the expected impact of accounting pronouncement(s) recently issued but not yet required to be adopted. Where applicable, the other Notes to Consolidated Financial Statements and MD&A discuss new accounting pronouncements adopted during 2010 to the extent they materially affect the Company s financial condition, results of operations, or liquidity.

RESULTS OF OPERATIONS

The Company reported a net loss applicable to common shareholders for 2010 of $412.5 million, or $2.48 per diluted share, compared to a net loss applicable to common shareholders of $1,234.4 million, or $9.92 per diluted share for 2009. The significant reduction in net loss was mainly caused by the following favorable changes:

$1,164.8 million decline in the provision for loan losses;

$636.2 million decrease in impairment loss on goodwill;

$212.1 million decrease in valuation losses on securities purchased;

$195.1 million reduction in net impairment losses on investment securities;

$70.2 million decline in the provision for unfunded lending commitments;

$14.5 million gain on subordinated debt exchange; and

$6.4 million improvement in dividends and other investment income.

The impact of these items was partially offset by the following:

$508.9 million reduction in gain on subordinated debt modification;

$294.5 million decrease in income tax benefit;

$169.2 million decline in acquisition related gains;

$136.7 million increase in accelerated convertible subordinated debt discount amortization recognized in interest expense;

$129.6 million reduction in fair value and nonhedge derivative income;

- $48.8 million growth in other noninterest expense;
- $34.0 million increase in other real estate expense; and
- $26.2 million rise in credit related expense.

The Company reported a net loss applicable to common shareholders for 2009 of $1,234.4 million, or $9.92 per diluted share, compared to a net loss applicable to common shareholders of $290.7 million, or $2.68 per diluted share for 2008. The significant increase in net loss was mainly caused by:

- $1,368.7 million increase in the provision for loan losses;
- $282.4 million increase in impairment loss on goodwill;
- $199.0 million increase in valuation losses on securities purchased;
- $80.7 million increase in FDIC premiums;
- $64.0 million increase in the provision for unfunded lending commitments;
- $60.4 million increase in other real estate expense;
- $35.7 million increase in accelerated convertible subordinated debt discount amortization; and
- $20.9 million rise in credit related expense.

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The impact of these unfavorable changes was partially offset by the following:

- $508.9 million gain on subordinated debt modification;
- $358.0 million increase in income tax benefit;
- $169.2 million in acquisition related gains;
- $161.8 million increase in fair value and nonhedge derivative income; and
- $23.6 million reduction in net impairment losses on investment securities.

During 2009, the Company executed a subordinated debt modification and exchange transaction. The original discount on the convertible subordinated debt was $679 million and the remaining discount at December 31, 2010 was $386 million. It included the following components:

- The fair value discount on the debt; and
- The value of the beneficial conversion feature added the right of the debt holder to convert the debt into preferred stock.

The discount associated with the convertible subordinated debt is amortized to interest expense, a noncash expense, using the interest method over the remaining terms of the subordinated debt. When holders of the convertible subordinated notes convert to preferred stock, the rate of amortization is accelerated by immediately expensing any unamortized discount associated with the converted debt.

Excluding the impact of these noncash expenses and the 2009 gain on subordinated debt modification, the loss before income taxes decreased to $172.8 million in 2010 from $2,069.3 million in 2009, and has improved each quarter since the fourth quarter of 2009.

Schedule 2

IMPACT OF CONVERTIBLE SUBORDINATED DEBT

	Year Ended	Three Months Ended			
(In millions)	December 31, 2010	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010
Income (loss) before income taxes (GAAP)	$ (403.2)	$ (96.5)	$ (78.6)	$ (136.3)	$ (91.8)
Convertible subordinated debt discount amortization	58.0	13.8	14.7	14.7	14.8
Accelerated convertible subordinated debt discount amortization	172.4	73.3	27.4	60.5	11.2
Income (loss) before income taxes and subordinated debt modification and conversions (non-GAAP)	$ (172.8)	$ (9.4)	$ (36.5)	$ (61.1)	$ (65.8)

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	Year Ended	Three Months Ended			
(In millions)	December 31, 2009	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009
Income (loss) before income taxes (GAAP)	$ (1,623.0)	$ (311.3)	$ (257.7)	$ (75.7)	$ (978.3)
Gain on subordinated debt modification	(508.9)	(15.2)		(493.7)	
Convertible subordinated debt discount amortization	26.9	13.7	13.2		
Accelerated convertible subordinated debt discount amortization	35.7	20.0	15.7		
Income (loss) before income taxes and subordinated debt modification and conversions (non-GAAP)	$ (2,069.3)	$ (292.8)	$ (228.8)	$ (569.4)	$ (978.3)

The impact of the conversion of subordinated debt into preferred stock is further detailed in Capital Management on page 84.

Net Interest Income, Margin and Interest Rate Spreads

Net interest income is the difference between interest earned on interest-bearing assets and interest incurred on interest-bearing liabilities. Taxable-equivalent net interest income is the largest component of Zions revenue. For the year 2010, it was 79.9% of our taxable-equivalent revenues, compared to 70.5% in 2009 and 91.3% in 2008. The change in the percentage from the prior year for 2010 and 2009 was primarily due to the 2009 gain on subordinated debt modification of $508.9 million and acquisition related gains of $169.2 million which increased total taxable-equivalent revenues in 2009. For the year 2010, taxable-equivalent net interest income was $1,749.1 million, compared to $1,920.8 million in 2009 and $1,995.4 million in 2008. The fluctuation between 2010 and 2009 reflects the effect of many factors, including a decrease in loans and leases, lower balances of and lower rates earned on securities, and higher noncash periodic and accelerated discount amortization (totaling $230.4 million in 2010) on convertible subordinated debt, partially offset by lower balances of and lower interest rates paid on interest bearing deposits, increased money market investments, as well as better-than-expected performance of loans acquired from the FDIC. Even though nonaccrual loans decreased by 35.8 % between 2009 and 2010, their positive impact only partially offset the adverse impact of continued pay-downs and charge-offs on earning assets. The decrease between 2008 and 2009 was largely the result of increased nonaccrual loans, securities on nonaccrual status, and higher average money market balances that were earning lower interest rates. The incremental tax rate used for calculating all taxable-equivalent adjustments was 35% for all years discussed and presented.

By its nature, net interest income is especially vulnerable to changes in the mix and amounts of interest-earning assets and interest-bearing liabilities. In addition, changes in the interest rates and yields associated with these assets and liabilities can significantly impact net interest income. During 2010, customer deposits declined by a smaller amount than did loan balances. The Company has undertaken efforts to actively reduce the excess liquidity while preserving key customer relationships. See Interest Rate and Market Risk Management on page 74 for further discussion of how we manage the portfolios of interest-earning assets, interest-bearing liabilities, and associated risk.

A gauge that we use to measure the Company s success in managing its net interest income is the level and stability of the net interest margin. The Company also considers the core net interest margin to be relevant to ongoing operating results. The net interest margin was 3.73% for 2010, compared to 3.94% in 2009 and 4.18% in 2008. During 2010, the net interest margin was negatively impacted by 37 basis points by the accelerated discount amortization resulting from the conversion of convertible subordinated debt to preferred stock, and by 12 basis points for the discount amortization related to the convertible subordinated debt. This unfavorable

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impact was partially mitigated by increased interest income resulting from the accretion on acquired loans based on increased projected cash flows, and by the low cost of noninterest-bearing deposit funding.

The decreased net interest margin for 2010 compared to 2009 resulted from the impact of the discount amortization on the modified subordinated debt, including the effect of the conversion of subordinated debt into preferred stock; increased nonaccrual loans and securities; and higher money market investment balances earning lower rates. This was offset in part by a lower cost mix of deposit funding, lower rates paid on interest-bearing deposits, and larger incremental spreads on new loan generation. Average loans and leases decreased $3.3 billion due to loan payoffs and charge-offs, and average money market investments increased $1.7 billion as the Company chose not to invest excess liquidity in longer-duration securities. Average interest-bearing deposits decreased $3.4 billion from 2009, with the decrease being driven primarily by time and money market deposits. Average borrowed funds decreased $1.6 billion compared to 2009, primarily due to reduced amounts of federal funds purchased and security repurchase agreements along with conversions of subordinated debt into preferred stock. Average noninterest-bearing deposits increased $2.3 billion compared to 2009 and were 31.9% of total average deposits for 2010, compared to 25.8% for 2009.

The decreased net interest margin for 2009 compared to 2008 resulted from increased nonaccrual loans and securities; the impact of the discount amortization on the modified subordinated debt, including the effect of the conversion of subordinated debt into Series C preferred stock; and higher money market investment balances earning lower rates. This was offset in part by a lower cost mix of deposit funding, lower rates paid on interest-bearing deposits, and larger incremental spreads on new loan generation. Average loans and leases increased $0.7 billion due to the acquisition of FDIC-supported loans, and average money market investments increased $0.5 billion due to strong growth in certain deposit categories, which the Company chose not to invest in longer-duration securities. Average interest-bearing deposits increased $3.4 billion from 2008, with the increase being driven primarily by money market and savings deposits. Average borrowed funds decreased $5.3 billion compared to 2008, primarily due to decreased borrowing from the FHLB and the Federal Reserve. Average noninterest-bearing deposits increased $1.9 billion compared to 2008 and were 25.8% of total average deposits for 2009, compared to 24.3% for 2008. The net interest margin for 2009 was unfavorably impacted by 6 basis points for the discount amortization on the modified subordinated debt and an additional 7 basis points from the impact of accelerated debt discount amortization resulting from the conversion of subordinated debt into Series C preferred stock.

The Company believes that its core net interest margin is more reflective of its operating performance than the reported net interest margin. The core net interest margin is calculated by excluding the impact of discount amortization on convertible subordinated debt, accelerated discount amortization on convertible subordinated debt, and additional accretion of interest income on loans acquired in FDIC-assisted transactions from the net interest margin. The core net interest margin was 4.12%, 4.07%, and 4.18% for 2010, 2009, and 2008 respectively. See GAAP to non-GAAP Reconciliation on page 88 for a reconciliation between the GAAP net interest margin and the non-GAAP core net interest margin .

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Chart 4 illustrates recent trends of the net interest margin, core net interest margin , and the average federal funds rate.

The spread on average interest-bearing funds for 2010 was 3.12%, compared to 3.52% for 2009 and 3.68% for 2008. The spread on average interest-bearing funds for 2010 was affected by the same factors that had an impact on the net interest margin.

The net interest margin may continue to be adversely affected in future quarters due to the level of nonperforming assets and the periodic amortization of debt discount related to the debt modification transactions. The discount on the convertible subordinated debt was $386 million as of December 31, 2010, or 48.1% of the total $803 million of remaining outstanding convertible subordinated notes and will be amortized as interest expense over the remaining life of the debt using the interest method. The net interest margin may also be negatively impacted in future periods if debt holders exercise their option to convert debt securities into preferred stock. The Company will be required to amortize the remaining discount related to the converted debt at the time of conversion.

The Company expects to continue its efforts over the long run to maintain a slightly asset-sensitive position with regard to interest rate risk. However, because of the current low interest rate environment, the Company has allowed its balance sheet to become more asset-sensitive than has historically been the case. With interest rates at historically low levels, there is also a reduced need to protect against falling interest rates. Our estimates of the Company s actual rate risk position are highly dependent upon a number of assumptions regarding the re-pricing behavior of various deposit and loan types in response to changes in both short-term and long-term interest rates, balance sheet composition, and other modeling assumptions, as well as the actions of competitors and customers in response to those changes. Further detail on interest rate risk is discussed in Interest Rate Risk on page 75.

Schedule 3 summarizes the average balances, the amount of interest earned or incurred and the applicable yields for interest-earning assets and the costs of interest-bearing liabilities that generate taxable-equivalent net interest income. Note that the amount of interest and the average rate paid on long-term debt in 2009 and 2010 reflect the impacts of the amortization and accelerated amortization of the discount on the modified subordinated debt.

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Schedule 3

DISTRIBUTION OF ASSETS, LIABILITIES, AND SHAREHOLDERS EQUITY

AVERAGE BALANCE SHEETS, YIELDS AND RATES

(Amounts in millions)	2010 Average balance	2010 Amount of interest[1]	2010 Average rate	2009 Average balance	2009 Amount of interest[1]	2009 Average rate
ASSETS:						
Money market investments	$ 4,085	$ 11.0	0.27%	$ 2,380	$ 7.9	0.33%
Securities:						
Held-to-maturity	866	44.3	5.12	1,263	66.9	5.29
Available-for-sale	3,416	91.5	2.68	3,313	104.1	3.14
Trading account	61	2.2	3.64	75	2.7	3.65
Total securities	4,343	138.0	3.18	4,651	173.7	3.73
Loans held for sale	187	8.9	4.78	226	11.0	4.88
Loans:						
Net loans and leases excluding FDIC-supported loans[2]	37,040	2,069.3	5.59	40,455	2,281.6	5.64
FDIC-supported loans	1,210	114.4	9.46	1,058	64.4	6.09
Total loans and leases	38,250	2,183.7	5.71	41,513	2,346.0	5.65
Total interest-earning assets	46,865	2,341.6	5.00	48,770	2,538.6	5.21
Cash and due from banks	1,214			1,245		
Allowance for loan losses	(1,555)			(1,104)		
Goodwill	1,015			1,174		
Core deposit and other intangibles	101			125		
Other assets	3,987			3,838		
Total assets	$ 51,627			$ 54,048		
LIABILITIES:						
Interest-bearing deposits:						
Savings and NOW	$ 6,138	20.5	0.33	$ 5,035	21.6	0.43
Money market	15,901	106.0	0.67	17,513	216.4	1.24
Time under $100,000	2,178	28.4	1.30	2,908	69.5	2.39
Time $100,000 and over	2,568	31.4	1.22	4,327	98.5	2.28
Foreign	1,627	9.8	0.60	2,011	18.7	0.93
Total interest-bearing deposits	28,412	196.1	0.69	31,794	424.7	1.34
Borrowed funds:						
Securities sold, not yet purchased	40	1.8	4.50	41	2.2	5.22
Federal funds purchased and security repurchase agreements	920	1.5	0.16	1,923	5.7	0.30
Other short-term borrowings	189	9.3	4.93	305	6.8	2.24
Long-term debt	1,980	383.8	19.38	2,438	178.4	7.32
Total borrowed funds	3,129	396.4	12.67	4,707	193.1	4.10
Total interest-bearing liabilities	31,541	592.5	1.88	36,501	617.8	1.69
Noninterest-bearing deposits	13,318			11,053		

Other liabilities	576			558		
Total liabilities	45,435			48,112		
Shareholders equity:						
Preferred equity	1,732			1,558		
Common equity	4,452			4,354		
Controlling interest shareholders equity	6,184			5,912		
Noncontrolling interests	8			24		
Total shareholders equity	6,192			5,936		
Total liabilities and shareholders equity	$ 51,627			$ 54,048		
Spread on average interest-bearing funds			3.12%			3.52%
Taxable-equivalent net interest income and net yield on interest-earning assets		$ 1,749.1	3.73%		$ 1,920.8	3.94%

[1] *Taxable-equivalent rates used where applicable.*
[2] *Net of unearned income and fees, net of related costs. Loans include nonaccrual and restructured loans.*

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2008			2007			2006		
Average balance	Amount of interest[1]	Average rate	Average balance	Amount of interest[1]	Average rate	Average balance	Amount of interest[1]	Average rate
$ 1,889	$ 47.8	2.53%	$ 834	$ 43.7	5.24%	$ 479	$ 24.7	5.16%
1,516	101.3	6.68	684	47.7	6.97	645	44.1	6.83
3,266	162.1	4.97	4,661	269.2	5.78	4,992	285.5	5.72
43	1.9	4.41	61	3.3	5.40	157	7.7	4.91
4,825	265.3	5.50	5,406	320.2	5.92	5,794	337.3	5.82
182	10.1	5.52	233	14.9	6.37	261	16.5	6.30
40,795	2,674.4	6.56	36,575	2,852.7	7.80	32,134	2,463.9	7.67
40,795	2,674.4	6.56	36,575	2,852.7	7.80	32,134	2,463.9	7.67
47,691	2,997.6	6.29	43,048	3,231.5	7.51	38,668	2,842.4	7.35
1,380			1,477			1,476		
(546)			(391)			(349)		
1,937			2,005			1,887		
137			181			181		
3,163			2,527			2,379		
$ 53,762			$ 48,847			$ 44,242		
$ 4,446	35.6	0.80	$ 4,443	41.4	0.93	$ 4,180	30.8	0.74
13,739	335.0	2.44	11,962	437.9	3.66	11,670	374.5	3.21
2,695	96.2	3.57	2,529	110.7	4.38	2,065	77.4	3.75
4,382	161.9	3.69	4,779	231.2	4.84	3,272	142.6	4.36
3,166	84.2	2.66	2,710	130.5	4.81	2,065	95.5	4.62
28,428	712.9	2.51	26,423	951.7	3.60	23,252	720.8	3.10
33	1.5	4.82	30	1.4	4.56	66	3.0	4.57
2,733	53.3	1.95	3,211	148.5	4.62	2,838	124.7	4.39
4,699	124.0	2.64	1,355	68.8	5.08	699	36.7	5.25
2,577	110.5	4.29	2,496	153.0	6.13	2,639	168.2	6.37
10,042	289.3	2.88	7,092	371.7	5.24	6,242	332.6	5.33
38,470	1,002.2	2.61	33,515	1,323.4	3.95	29,494	1,053.4	3.57
9,145			9,401			9,508		
578			647			697		
48,193			43,563			39,699		
432			240			16		
5,108			5,008			4,493		

5,540			5,248			4,509		
29			36			34		
5,569			5,284			4,543		
$ 53,762			$ 48,847			$ 44,242		
		3.68%			3.56%			3.78%
	$ 1,995.4	4.18%		$ 1,908.1	4.43%		$ 1,789.0	4.63%

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Schedule 4 analyzes the year-to-year changes in net interest income on a fully taxable-equivalent basis for the years indicated. For purposes of calculating the yields in these schedules, the average loan balances also include the principal amounts of nonaccrual and restructured loans. However, interest received on nonaccrual loans is included in income only to the extent that cash payments have been received and not applied to principal reductions. In addition, interest on restructured loans is generally accrued at reduced rates.

Schedule 4

ANALYSIS OF INTEREST CHANGES DUE TO VOLUME AND RATE

	2010 over 2009			2009 over 2008		
	Changes due to		Total	Changes due to		Total
(Amounts in millions)	Volume	Rate[1]	changes	Volume	Rate[1]	changes
INTEREST-EARNING ASSETS						
Money market investments	$ 4.5	$ (1.4)	$ 3.1	$ 1.6	$ (41.5)	$ (39.9)
Securities:						
Held-to-maturity	(20.4)	(2.2)	(22.6)	(13.3)	(21.1)	(34.4)
Available-for-sale	2.7	(15.3)	(12.6)	1.6	(59.6)	(58.0)
Trading account	(0.5)		(0.5)	1.1	(0.3)	0.8
Total securities	(18.2)	(17.5)	(35.7)	(10.6)	(81.0)	(91.6)
Loans held for sale	(1.9)	(0.2)	(2.1)	2.1	(1.2)	0.9
Loans:						
Net loans and leases excluding FDIC-supported loans[2]	(192.1)	(20.2)	(212.3)	(19.2)	(373.6)	(392.8)
FDIC-supported loans	10.3	39.7	50.0	64.4		64.4
Total loans and leases	(181.8)	19.5	(162.3)	45.2	(373.6)	(328.4)
Total interest-earning assets	(197.4)	0.4	(197.0)	38.3	(497.3)	(459.0)
INTEREST-BEARING LIABILITIES						
Interest-bearing deposits:						
Savings and NOW	3.9	(5.0)	(1.1)	2.4	(16.4)	(14.0)
Money market	(11.4)	(99.0)	(110.4)	46.0	(164.6)	(118.6)
Time under $100,000	(9.4)	(31.7)	(41.1)	5.1	(31.8)	(26.7)
Time $100,000 and over	(21.4)	(45.7)	(67.1)	(1.4)	(62.0)	(63.4)
Foreign	(2.3)	(6.6)	(8.9)	(10.7)	(54.8)	(65.5)
Total interest-bearing deposits	(40.6)	(188.0)	(228.6)	41.4	(329.6)	(288.2)
Borrowed funds:						
Securities sold, not yet purchased	(0.1)	(0.3)	(0.4)	0.5	0.2	0.7
Federal funds purchased and security repurchase agreements	(1.6)	(2.6)	(4.2)	(2.5)	(45.1)	(47.6)
Other short-term borrowings	(2.6)	5.1	2.5	(98.0)	(19.2)	(117.2)
Long-term debt	(33.4)	238.8	205.4	(6.8)	74.7	67.9
Total borrowed funds	(37.7)	241.0	203.3	(106.8)	10.6	(96.2)
Total interest-bearing liabilities	(78.3)	53.0	(25.3)	(65.4)	(319.0)	(384.4)

Change in taxable-equivalent net interest income	$	(119.1)	$	(52.6)	$	(171.7)	$	103.7	$	(178.3)	$	(74.6)

[1] Taxable-equivalent income used where applicable.
[2] Net of unearned income and fees. Loans include nonaccrual and restructured loans.
In the analysis of interest changes due to volume and rate, changes due to the volume/rate variance are allocated to volume with the following exceptions: when volume and rate both increase, the variance is allocated proportionately to both volume and rate; when the rate increases and volume decreases, the variance is allocated to the rate.

Provisions for Credit Losses

The provision for loan losses is the amount of expense that, in our judgment, is required to maintain the allowance for loan losses at an adequate level based upon our estimate of losses inherent in the loan portfolio. The provision for unfunded lending commitments is used to maintain the reserve for unfunded lending commitments at an adequate level based upon the inherent risks associated with such commitments. In determining adequate levels of the allowance and reserve, we perform periodic evaluations of the Company s various portfolios, the levels of actual charge-offs, and statistical trends and other economic factors. See Note 6 of the Notes to the Consolidated Financial Statements and Credit Risk Management on page 62 for more information on how we determine the appropriate level for the allowance for loan and lease losses and the reserve for unfunded lending commitments.

The provision for loan losses for the year ended December 31, 2010 was $852.1 million compared to $2,016.9 million in 2009, and $648.3 million in 2008. The decrease in the provision for 2010 reflected an improvement in the credit quality metrics of the loan portfolio, including lower levels of criticized and classified loans, lower realized loss content in the loan segments and lower balances in construction and land development loans, which declined by 35.8% from 2009. The increased provision for 2009 was attributable to a higher level of criticized and classified loans, higher realized loss content in these loan segments, and continued deterioration in collateral values primarily in construction and land development loans.

Net loan and lease charge-offs fell to $968.9 million in 2010, compared to $1,172.6 million in 2009, and $393.7 million in 2008. See Note 6 of the Notes to the Consolidated Financial Statements, Nonperforming Assets on page 69, and Allowance and Reserve for Credit Losses on page 73 for further details.

The provision for unfunded lending commitments was $(4.7) million for 2010, as a result of improving credit quality of such commitments. The provision was $65.5 million in 2009 and $1.4 million in 2008. From period to period, the amounts of unfunded lending commitments may be subject to sizeable fluctuations due to changes in the timing and volume of loan commitments, originations, and funding, as well as historical loss experience.

Although the quality of the loan portfolio continues to be a concern, most measures of credit quality showed significant improvement in the second half of 2010, but with variations among geographies and loan types. In 2010, the Company also experienced a decrease in special mention, classified, nonaccrual, and past due loans, as well as improvements in other credit metrics. The Company s expectation is that credit costs will improve in 2011 due to significant reductions in loan balances in loan categories that have exhibited higher loss rates, such as construction and land development loans. We also anticipate reductions in criticized and classified loans of most types, and expect stabilization of economic conditions. As a result, we expect continued reduction in the levels of provisioning and net charge-offs for at least the next several quarters, compared to the recent elevated levels.

Noninterest Income

Noninterest income represents revenues the Company earns for products and services that have no interest rate or yield associated with them. Noninterest income for 2010 was $440.5 million, compared to $804.1 million and $190.7 million for 2009 and 2008, respectively. Schedule 5 presents a comparison of the major components of noninterest income for the past three years.

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Schedule 5

NONINTEREST INCOME

(Amounts in millions)	2010	Percent change	2009	Percent change	2008
Service charges and fees on deposit accounts	$ 199.7	(6.1)%	$ 212.6	2.7%	$ 207.0
Other service charges, commissions and fees	165.3	5.6	156.5	(6.7)	167.7
Trust and wealth management income	27.5	(8.3)	30.0	(20.4)	37.7
Capital markets and foreign exchange	37.6	(25.2)	50.3	0.8	49.9
Dividends and other investment income	33.1	24.4	26.6	(42.7)	46.4
Loan sales and servicing income	29.4	31.8	22.3	(8.6)	24.4
Fair value and nonhedge derivative income (loss)	(15.8)	(113.9)	113.8	337.1	(48.0)
Equity securities gains (losses), net	(6.0)	(233.3)	(1.8)	(325.0)	0.8
Fixed income securities gains (losses), net	11.1	392.1	(3.8)	(575.0)	0.8
Impairment losses on investment securities:					
Impairment losses on investment securities	(156.5)	72.5	(569.9)	(87.5)	(304.0)
Noncredit-related losses on securities not expected to be sold (recognized in other comprehensive income)	71.1	(75.4)	289.4	100.0	
Net impairment losses on investment securities	(85.4)	69.6	(280.5)	7.7	(304.0)
Valuation losses on securities purchased		100.0	(212.1)	(1,519.1)	(13.1)
Gain on subordinated debt modification		(100.0)	508.9	100.0	
Gain on subordinated debt exchange	14.5	100.0			
Acquisition related gains		(100.0)	169.2	100.0	
Other	29.5	143.8	12.1	(42.7)	21.1
Total	$ 440.5	(45.2)	$ 804.1	321.7	$ 190.7

Service charges and fees on deposit accounts decreased by $12.9 million, or 6.1% from 2009. This decline is a reflection of the decrease in deposits, as well as a decrease in nonsufficient-funds and overdraft fees due to changes in Regulation E. Service charges and fees on deposit accounts increased by $5.6 million between 2008 and 2009, largely due to the additional accounts obtained through the acquisition of three failed banks from the FDIC, as well as reduced business deposit account earnings credits caused by lower interest rates.

Other service charges, commissions, and fees, which are comprised of ATM fees, insurance commissions, bankcard merchant fees, debit card interchange fees, cash management fees, lending commitment fees, syndication and servicing fees and other miscellaneous fees increased by $8.8 million, or 5.6% from 2009. The increase was mostly due to increased loan, ATM, debit card, and bankcard fees, partially offset by decreased licensing fees and mutual fund commissions. The decrease in licensing fees is primarily attributable to the sale of NetDeposit s assets.

Other service charges, commissions, and fees decreased $11.2 million, or 6.7% during 2009 compared to 2008. This was mostly due to lower lending related fees, official check fees, mutual fund commission fees and cash management related fees, offset by increased accounts receivable factoring fees.

Capital markets and foreign exchange includes trading income, public finance fees, foreign exchange income, and other capital market related fees. In 2010 this income decreased to $37.6 million from $50.3 million and $49.9 million earned in 2009 and 2008, respectively. Most of the decline from 2009 to 2010 was caused by decreases in commissions and trading income. The fluctuation from 2008 to 2009 was primarily driven by increased trading income, partially offset by lower public finance fees.

Dividends and other investment income consist of revenue from the Company s bank-owned life insurance program and revenues from other investments. Revenues from other investments include dividends on FHLB

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stock, Federal Reserve Bank stock, and earnings from unconsolidated affiliates including certain alternative venture investments. Dividends and other investment income increased by $6.5 million in 2010 compared to 2009. For the most part, the increase was caused by increased income from investments in several unconsolidated affiliates, and an increase in dividends on Federal Reserve stock, partially offset by decreased income from bank-owned life insurance contracts. Income from bank-owned life insurance decreased due to the Company surrendering certain life insurance contracts during 2010.

Dividends and other investment income was $26.6 million in 2009 and $46.4 million in 2008. The decline in 2009 was primarily due to a $14.7 million decrease in earnings from Amegy s alternative investments program, a $14.4 million decrease in earnings from two investment funds, and a $5.7 million decrease in dividends on FHLB stock. Additionally, revenue from bank-owned life insurance programs decreased to $25.1 million during 2009 from $30.7 million in 2008. These decreases were somewhat offset by a $13.6 million increase in equity in earnings of Farmer Mac and a $7.1 million increase in dividends and equity in earnings on other investments.

Fair value and nonhedge derivative income (loss) consists of the following:

Schedule 6

FAIR VALUE AND NONHEDGE DERIVATIVE INCOME (LOSS)

(Amounts in millions)	**2010**	**Percent change**	**2009**	**Percent change**	**2008**
Nonhedge derivative income (loss)	$ 10.5	(90.6)%	$ 111.9	409.1%	$ (36.2)
Total return swap	(22.8)	(100.0)			
Fair value decreases on instruments elected under fair value option		100.0	(0.9)	90.2	(9.2)
Derivative fair value credit adjustments	(3.5)	(216.7)	3.0	196.8	(3.1)
Other		100.0	(0.2)	(140.0)	0.5
Total	$ (15.8)	113.9	$ 113.8	337.1	$ (48.0)

During 2010, the Company terminated fewer cash flow hedges than in 2009. Nonhedge derivative income included $9.0 million in 2010 and $104.7 million in 2009 due to the acceleration of income from OCI to earnings for certain terminated cash flow hedges. The amount accelerated in 2009 was due to declining loan balances, which caused the reclassification to earnings of 100% of the OCI balances for many of the terminated hedges. There were fewer reclassifications in 2010. In 2010 the Company also recorded $22.8 million of negative fair value on the TRS agreement entered into during the third quarter.

Net gains from fixed income securities were $11.1 million in 2010, compared to a net loss of $3.8 million in 2009. Most of the gains realized in 2010 are attributable to the sale of certain auction rate securities, which were redeemed from customers in 2009. These securities were previously written down, but sold at par.

The Company recognized net impairment losses on investment securities of $85.4 million during 2010 compared to $280.5 million and $304.0 million in 2009 and 2008, respectively. The total impairment loss for 2010 was $156.5 million and included $71.1 million of noncredit-related OTTI which was charged against OCI. These OTTI losses were primarily from certain CDOs, including bank and insurance CDOs. See Investment Securities Portfolio on page 52 for additional information, including certain changes in modeling assumptions.

Valuation losses on securities purchased in 2009 consisted of $187.9 million from purchases of securities from Lockhart, prior to fully consolidating Lockhart in June 2009, and $24.2 million for valuation adjustments to auction rate securities which were purchased from customers during the first quarter of 2009.

In 2009, the Company recorded a gain on subordinated debt modification of $508.9 million. The Company exchanged approximately $200 million of subordinated notes for new notes with the same terms. The remaining $1.2 billion of subordinated notes were modified to permit conversion on a par for par basis into either the Company s Series A or Series C preferred stock.

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Acquisition related gains of $169.2 million in 2009 resulted from the Company s acquisition of failed banks from the FDIC with loss sharing agreements. The Company recognized $146.5 million of gains resulting from the acquisition of Vineyard Bank, acquired from the FDIC on July 17, 2009. The remaining $22.7 million of acquisition related gains were from the acquisitions of the failed Alliance Bank on February 6, 2009 by CB&T and Great Basin Bank on April 17, 2009 by NSB. The gains resulted from the acquisition of assets that had fair values in excess of the fair value of liabilities assumed.

During 2010, the Company exchanged $55.6 million of nonconvertible subordinated debt for 2,165,391 shares of common stock, resulting in a $14.5 million gain.

Other noninterest income in 2010 reached $29.5 million, compared to $12.1 million in 2009 and $21.1 million in 2008. The increase in 2010 included a $13.7 million pre-tax gain from the sale of substantially all of the assets of a wholly-owned subsidiary, NetDeposit, LLC to BServ, Inc.

Noninterest Expense

Noninterest expense grew by only 2.8% from 2009, which was 13.3% higher than in 2008. The Company was successful in controlling many operational expense categories, which helped in offsetting the impact of increased costs incurred in credit management and resolution of problem loans. Schedule 7 presents a comparison of the major components of noninterest expense for the past three years.

Schedule 7

NONINTEREST EXPENSE

(Amounts in millions)	2010	Percent change	2009	Percent change	2008
Salaries and employee benefits	$ 825.3	0.8%	$ 818.8	1.0%	$ 810.5
Occupancy, net	113.6	1.2	112.2	(1.8)	114.2
Furniture and equipment	101.1	1.2	99.9	(0.2)	100.1
Other real estate expense	144.8	30.7	110.8	119.8	50.4
Credit related expense	71.2	58.2	45.0	86.7	24.1
Provision for unfunded lending commitments	(4.7)	(107.2)	65.5	4,578.6	1.4
Legal and professional services	39.5	6.2	37.2	(18.2)	45.5
Advertising	24.8	7.8	23.0	(25.1)	30.7
FDIC premiums	102.0	1.5	100.5	405.0	19.9
Amortization of core deposit and other intangibles	25.5	(19.6)	31.7	(4.5)	33.2
Other	275.8	21.6	226.9	(7.4)	245.0
Total	$ 1,718.9	2.8	$ 1,671.5	13.3	$ 1,475.0

During 2010 salary costs increased by only 2.5% from 2009. Base salaries remained constant but the Company s employees earned higher bonuses and incentives. In 2009 salary costs were 2.0% lower than in 2008, mainly from reduced variable pay and staff reductions. The salary costs for 2009 also included share-based compensation expense of approximately $29.8 million, down from $31.8 million for 2008. Employee health and insurance benefits declined by 17.1% during 2010, mostly caused by a reduction in the accrual for incurred-but-not-yet-reported health care claims. The 2009 expense increased by 37.9% from 2008 mainly due to higher health care costs from catastrophic claims.

Salaries and employee benefits are shown in greater detail in Schedule 8.

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Schedule 8

SALARIES AND EMPLOYEE BENEFITS

(Dollar amounts in millions)	2010	Percent change	2009	Percent change	2008
Salaries and bonuses	$ 709.5	2.5%	$ 692.3	(2.0)%	$ 706.5
Employee benefits:					
Employee health and insurance	43.1	(17.1)	52.0	37.9	37.7
Retirement	26.9	(10.3)	30.0	45.6	20.6
Payroll taxes and other	45.8	2.9	44.5	(2.6)	45.7
Total benefits	115.8	(8.5)	126.5	21.6	104.0
Total salaries and employee benefits	$ 825.3	0.8	$ 818.8	1.0	$ 810.5
Full-time equivalent (FTE) employees at December 31,	10,524		10,529	(4.4)	11,011

Other real estate expense increased to $144.8 million in 2010 compared to $110.8 million in 2009 and $50.4 million in 2008. The increase is primarily due to higher volumes of foreclosed properties added to OREO, and continued declines in real estate values, which resulted in increased write-downs of OREO during work-out, partially offset by an increase in net gains from some property sales. OREO expenses increased at Zions Bank, Amegy, NBA, and Vectra, and decreased at NSB and CB&T.

Credit related expense includes costs incurred during the foreclosure process prior to the Company obtaining title to collateral and recording an asset in OREO, as well as other out-of-pocket costs related to the management of problem loans and other assets. These costs were $71.2 million in 2010, compared to $45.0 million and $24.1 million in 2009 and 2008, respectively. The increased costs during these three years are a reflection of the Company s higher levels of problem loans and its efforts to resolve them.

FDIC premiums were essentially unchanged between 2009 and 2010. During 2009 these premiums increased $80.6 million or 405.0% compared to 2008, due to increased premium rates and a one-time special assessment charged by the FDIC.

Other noninterest expense for 2010 amounted to $275.8 million compared to $226.9 million and $245.0 million during 2009 and 2008, respectively. The increase was mostly caused by a one-time structuring fee related to the TRS transaction, and write-downs of the FDIC indemnification asset attributable to loans purchased from the FDIC during 2009. FDIC-supported loans have performed better than expected, and therefore the indemnification asset has declined in value. Also, during 2010 we accrued $8.0 million for an expected non-tax deductible civil money penalty related to alleged violations of the Bank Secrecy Act expected to be assessed by the OCC and the U.S. Treasury Department s FinCEN bureau. A penalty of this amount was consented to by the Company and announced by the OCC and FinCEN on February 11, 2011.

Impairment Losses on Goodwill

The Company performed a goodwill impairment analysis in the fourth quarter of 2010, and concluded that no impairment losses existed. In 2009 the Company recorded $636.2 million of impairment losses, almost entirely at Amegy. During 2008, impairment losses totaled $353.8 million and occurred at NBA, Vectra, NSB, and other reporting units.

The primary causes of the impairment losses on goodwill in 2009 and 2008 at the Company s banking reporting units were declines in market values of comparable companies and reduced earnings at the reporting units, which resulted primarily from deterioration in credit quality of the loan portfolios. See Note 10 of the Notes to Consolidated Financial Statements and Accounting for Goodwill on page 30 for additional information.

Foreign Operations

Zions Bank, CB&T, Amegy, Vectra, and CBW operate foreign branches in Grand Cayman, Grand Cayman Islands, B.W.I. The branches only accept deposits from qualified domestic customers. While deposits in these branches are not subject to FRB reserve requirements or FDIC insurance premiums, there are no federal or state income tax benefits to the Company or any customers as a result of these operations.

Foreign deposits at December 31, 2010, 2009, and 2008 totaled $1.7 billion, $1.7 billion, and $2.6 billion, respectively, and averaged $1.6 billion for 2010, $2.0 billion for 2009, and $3.2 billion for 2008. All of these foreign deposits were related to domestic customers of the banks. In addition the Company had foreign loan balances totaling $110 million, $65 million, and $43 million at December 31, 2010, 2009, and 2008, respectively.

Income Taxes

The Company s income tax benefit for 2010 was $106.8 million compared to an income tax benefit of $401.3 million and $43.4 million for 2009 and 2008, respectively. The Company s effective income tax rates, including the effects of noncontrolling interests, were 26.7% in 2010, 24.8% in 2009 and 14.0% in 2008. The tax benefit rate for 2010 was reduced by the taxable surrender of certain bank-owned life insurance policies and the nondeductibility of a portion of the accelerated discount amortization from the conversion of subordinated debt to preferred stock during the year. The lower tax rates for both 2009 and 2008 are mainly due to nondeductible goodwill impairment charges incurred during the year. The 2009 effective tax rate was higher than in 2008 primarily due to the smaller impact of nondeductible goodwill impairment charges in proportion to overall loss before income taxes. During 2008, the Company reduced its liability for unrecognized tax benefits by approximately $9.6 million, net of any federal and/or state tax benefits. Of this reduction, $5.2 million decreased the Company s tax expense for 2008 and $4.4 million reduced tax-related balance sheet accounts.

As discussed in previous filings, the Company has received federal income tax credits under the U.S. Government s Community Development Financial Institutions Fund that are recognized over a seven-year period from the year of investment. The effect of these tax credits was to increase income tax benefit by $6.0 million in 2010, $5.9 million in 2009, and $5.8 million in 2008.

The Company had a DTA balance of approximately $540 million at December 31, 2010, compared to $498 million at December 31, 2009. The increase in the net DTA resulted primarily from items related to nonaccruing loans, OREO, and the decrease in deferred tax liabilities related to FDIC-supported transaction items and the nondeductibility of a portion of the accelerated discount amortization from the conversion of subordinated debt to preferred stock. The Company did not record a valuation allowance for GAAP purposes as of December 31, 2010. See Note 15 of the Notes to Consolidated Financial Statements and Critical Accounting Policies and Significant Estimates on page 28 for more information.

BUSINESS SEGMENT RESULTS

The Company manages its banking operations and prepares management reports with a primary focus on its subsidiary banks and the geographies in which they operate. As discussed in the Executive Summary, most of the lending and other decisions affecting customers are made at the local level. Each subsidiary bank holds its own banking charter. Those with national bank charters are subject to regulatory oversight by the OCC. Those with state charters are overseen by the FDIC and applicable state authorities. In addition to its banking businesses, the Company has an Other segment, which includes the Parent, ZMSC, TCBO, and nonbank financial service subsidiaries. These entities are not considered significant to the Company as a whole.

The accounting policies of the individual segments are the same as those of the Company. The Company allocates the cost of centrally provided services to the business segments based upon estimated or actual usage of those services. Note 22 of the Notes to Consolidated Financial Statements contains selected information from the respective balance sheets and statements of income for all segments.

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Schedule 9

SELECTED SEGMENT INFORMATION

(Dollar amounts in millions)		Zions Bank			CB&T			Amegy			NBA	
	2010	**2009**	**2008**	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**
KEY FINANCIAL INFORMATION												
Total assets	$ 16,157	$ 17,652	$ 20,778	$ 10,766	$ 11,097	$ 10,137	$ 11,406	$ 11,145	$ 12,406	$ 4,397	$ 4,524	$ 4,864
Total deposits	13,631	13,823	16,118	9,219	9,760	7,964	8,906	8,880	8,625	3,696	3,784	3,923
Net income (loss) applicable to controlling interest	(48.4)	(202.9)	106.7	58.8	(50.2)	38.6	58.6	(780.4)	125.1	(7.9)	(144.2)	(218.6)
Net interest margin	4.39%	3.68%	3.77%	5.04%	4.88%	4.51%	3.98%	3.90%	3.92%	4.30%	3.95%	4.64%
RISK-BASED CAPITAL RATIOS												
Tier 1 leverage	10.43%	8.84%	6.91%	9.94%	8.81%	8.77%	13.84%	11.79%	8.67%	12.71%	11.59%	15.19%
Tier 1 risk-based capital	11.66%	10.29%	8.32%	12.40%	10.25%	8.33%	15.60%	12.29%	8.10%	16.90%	14.46%	17.49%
Total risk-based capital	12.88%	11.52%	11.33%	13.68%	11.51%	11.05%	16.89%	13.57%	11.13%	18.19%	15.76%	18.76%
CREDIT QUALITY												
Provision for loan losses	$ 350.6	$ 400.4	$ 163.1	$ 149.9	$ 251.5	$ 82.9	$ 118.7	$ 406.1	$ 71.9	$ 53.4	$ 291.7	$ 211.8
Net loan and lease charge-offs	321.8	255.1	75.4	140.7	144.4	61.8	157.9	143.2	24.1	111.8	214.2	147.2
Ratio of net loan and lease charge-offs to average loans	2.39%	1.77%	0.53%	1.64%	1.65%	0.78%	2.02%	1.65%	0.28%	3.33%	5.54%	3.35%
Allowance for loan losses	$ 388	$ 359	$ 214	$ 258	$ 223	$ 116	$ 340	$ 379	$ 116	$ 143	$ 201	$ 124
Ratio of allowance for loan losses to net loans and leases, at year-end	3.01%	2.57%	1.45%	3.05%	2.50%	1.48%	4.55%	4.58%	1.28%	4.36%	5.57%	3.01%
Nonperforming lending-related assets	$ 563.0	$ 772.7	$ 412.4	$ 273.6	$ 657.7	$ 147.0	$ 409.2	$ 549.5	$ 56.7	$ 209.9	$ 320.2	$ 273.0
Ratio of nonperforming lending-related assets to net loans and leases and other real estate owned	4.31%	5.45%	2.79%	3.22%	7.28%	1.87%	5.40%	6.52%	0.62%	6.22%	8.66%	6.49%
Accruing loans past due 90 days or more	$ 8.9	$ 53.0	$ 83.5	$ 123.4	$ 67.8	$ 7.4	$ 7.8	$ 14.4	$ 5.5	$ 1.6	$ 14.2	$ 17.0
Ratio of accruing loans past due 90 days or more to net loans and leases	0.07%	0.38%	0.57%	1.46%	0.76%	0.09%	0.10%	0.17%	0.06%	0.05%	0.39%	0.41%

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	NSB			Vectra			TCBW		
	2010	**2009**	**2008**	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**
KEY FINANCIAL INFORMATION									
Total assets	$ 4,017	$ 4,187	$ 4,063	$ 2,299	$ 2,440	$ 2,722	$ 850	$ 835	$ 880
Total deposits	3,424	3,526	3,514	1,923	2,005	2,127	662	632	603
Net income (loss) applicable to controlling interest	(70.3)	(352.0)	(45.8)	6.6	(25.6)	(135.0)	(0.5)	1.6	14.0
Net interest margin	3.60%	3.50%	4.43%	5.02%	4.52%	4.31%	3.84%	4.06%	4.05%
RISK-BASED CAPITAL RATIOS									
Tier 1 leverage	12.66%	13.10%	12.75%	12.05%	10.91%	7.16%	10.62%	10.57%	8.66%
Tier 1 risk-based capital	21.12%	18.71%	14.31%	12.55%	10.93%	7.82%	12.90%	12.60%	10.33%
Total risk-based capital	22.48%	20.07%	15.58%	13.83%	12.21%	11.23%	14.16%	13.86%	13.32%
CREDIT QUALITY									
Provision for loan losses	$ 133.3	$ 563.7	$ 100.3	$ 28.2	$ 78.5	$ 15.9	$ 17.4	$ 22.5	$ 1.1
Net loan and lease charge-offs	187.7	366.4	71.6	32.3	31.8	13.6	15.7	15.3	(0.1)
Ratio of net loan and lease charge-offs to average loans	7.37%	11.87%	2.23%	1.72%	1.57%	0.66%	2.72%	2.59%	(0.03)%
Allowance for loan losses	$ 226	$ 280	$ 82	$ 70	$ 74	$ 27	$ 15	$ 13	$ 6
Ratio of allowance for loan losses to net loans and leases, at year-end	9.42%	10.17%	2.58%	3.84%	3.72%	1.32%	2.65%	2.32%	1.05%
Nonperforming lending-related assets	$ 250.6	$ 333.4	$ 222.0	$ 100.3	$ 105.9	$ 25.0	$ 20.9	$ 29.5	$
Ratio of nonperforming lending-related assets to net loans and leases and other real estate owned	10.31%	11.88%	6.85%	5.44%	5.29%	1.21%	3.64%	5.09%	
Accruing loans past due 90 days or more	$ 0.2	$ 12.5	$ 14.4	$ 0.2	$ 1.4	$ 1.7	$	$	$
Ratio of accruing loans past due 90 days or more to net loans and leases	0.01%	0.45%	0.45%	0.01%	0.07%	0.08%			

The above amounts do not include intercompany eliminations.

Zions Bank

Zions Bank is headquartered in Salt Lake City, Utah and is primarily responsible for conducting the Company s operations in Utah and Idaho. Zions Bank is the 2nd largest full-service commercial bank in Utah and the 3rd largest in Idaho, as measured by domestic deposits in the state. Zions Bank includes most of the Company s Capital Markets operations, which include Zions Direct, Inc., fixed income securities trading, correspondent banking, public finance, trust and investment advisory services, and Western National Trust Company.

The net interest margin increased substantially to 4.39% in 2010 from 3.68% in 2009. Nonperforming lending-related assets decreased by 27.1% from the prior year due to extensive efforts to work out problem loans and to sell OREO properties. The loan portfolio decreased by $1.1 billion during 2010, which included a $0.6 billion decrease in commercial lending and a $0.3 billion decrease in commercial construction and land development loans. Accruing loans past due 90 days or more decreased to $8.9 million at December 31, 2010 compared to $53.0 million at December 31, 2009. Total deposits at December 31, 2010 were lower than at December 31, 2009.

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California Bank & Trust

California Bank & Trust is the 13th largest full-service commercial bank in California as measured by domestic deposits in the state.

CB&T s core business is built on relationship banking by providing commercial, real estate and consumer lending, depository services, international banking, cash management, and community development services. In 2009, CB&T acquired certain assets and liabilities of Alliance Bank and Vineyard Bank from the FDIC as receiver of these failed banks. The loans and other real estate acquired are covered by loss sharing agreements with the FDIC.

During 2010, CB&T s net interest margin and net operating results exceeded our other subsidiary banks. Most notable in 2010 was the better-than-expected performance of the acquired loans from the failed banks. CB&T was also able to significantly reduce its nonperforming lending-related assets, which declined by 58.4% from the prior year. Total deposits at December 31, 2010 were 5.5% lower than at December 31, 2009. The provision for loan losses decreased by 40.4% during 2010 and the ratio of nonperforming lending-related assets to net loans and leases and OREO decreased to 3.22% from 7.28%. In 2010, the composition of CB&T s loan portfolio experienced a $0.3 billion decrease in commercial construction and land development loans and a $0.2 billion increase in commercial real estate term loans, as well as a $0.4 billion decrease in the balances of the loans acquired from the failed banks.

Amegy Corporation

Amegy is headquartered in Houston, Texas and operates Amegy Bank, Amegy Mortgage Company, Amegy Investments, and Amegy Insurance Agency. Amegy Bank is the 6th largest full-service commercial bank in Texas as measured by domestic deposits in the state.

Over the past three years, Amegy has been able to maintain a relatively constant net interest margin and achieved profitability in 2010 after experiencing a loss in 2009. Nonperforming lending-related assets decreased by 25.5% from the prior year. Total deposits increased from 2009 by 0.3%. During 2010, Amegy s portfolio of commercial construction and land development loans decreased by $0.8 billion from 2009, while commercial real estate term loans grew by $0.1 billion.

National Bank of Arizona

National Bank of Arizona is the 4th largest full-service commercial bank in Arizona as measured by domestic deposits in the state.

NBA s 2010 net loss of $7.9 million was a significant improvement from substantial losses incurred in the previous two years. Nonperforming lending-related assets decreased by 34.4% from the prior year. Accruing loans past due 90 days or more decreased to $1.6 million at December 31, 2010 from $14.2 million at December 31, 2009. During 2010, NBA was able to grow its commercial lending and commercial real estate term loans by $39 million and $23 million, respectively. Its portfolio of construction and land development loans decreased by $273 million and consumer lending decreased by $123 million. Total deposits at December 31, 2010 were 2.3% lower than in the prior year, as NBA decreased interest rates paid on CDs and certain other accounts in an effort to decrease excess customer deposits.

Nevada State Bank

Nevada State Bank is the 4th largest full-service commercial bank in Nevada as measured by domestic deposits in the state. NSB focuses on serving small and mid-sized businesses as well as retail consumers, with an emphasis in relationship banking.

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During 2009, NSB acquired the banking operations of the former Great Basin Bank of Elko, Nevada, in an FDIC-assisted transaction. The acquisition consisted of approximately $212 million of assets, including the entire loan portfolio. The loan portfolio is covered by a loss sharing agreement with the FDIC.

The markets in which NSB operates are dependent on tourism and construction, and were severely impacted by the recent recession. At December 31, 2010, Nevada s unemployment rate was one of the highest in the nation, and its housing market continued to suffer from a high rate of foreclosures. The contraction of NSB s loan portfolio by $353 million was primarily due to decreased commercial real estate lending.

Despite the economic challenges in the local market, some of NSB s 2010 results improved over the previous year. The net loss of $70.3 million in 2010 was substantially down from $352.0 million in 2009. The net interest margin increased slightly during 2010 after declining during 2009. Nonperforming lending-related assets decreased by 24.8% from the prior year. Net loan and lease charge-offs declined by 48.8% and at December 31, 2010, accruing loans past due 90 days or more were $0.2 million compared to $12.5 million at December 31, 2009. NSB s total deposits at December 31, 2010 were 2.9% lower than at December 31, 2009.

Vectra Bank Colorado

Vectra Bank Colorado, N.A. is the 10^{th} largest full-service commercial bank in Colorado as measured by domestic deposits in the state.

Vectra returned to profitability in 2010 with net income of $6.6 million, even though it continued to struggle with the effects of the recent recession on its loan portfolio. Nonperforming lending-related assets decreased slightly to $100.3 million at December 31, 2010 from $105.9 million at December 31, 2009. Vectra s loan portfolio declined by $169 million from 2009 including a $92 million decrease in commercial lending and an $84 million decrease in commercial construction and land development loans. Total deposits at December 31, 2010 were 4.1% lower than at December 31, 2009.

The Commerce Bank of Washington

The Commerce Bank of Washington is headquartered in Seattle, Washington, and operates out of a single office located in the Seattle central business district. Its business strategy focuses on serving the financial needs of commercial businesses, including professional services firms. TCBW has been successful in serving the greater Seattle/Puget Sound region without requiring extensive investments into a traditional branch network. It has been innovative in effectively utilizing couriers, bank by mail, remote deposit image capture, and other technologies.

TCBW had a net loss of $0.5 million in 2010, following net income of $1.6 million in 2009 and $14.0 million in 2008. Nonperforming lending-related assets decreased by 29.2% in 2010 from the prior year. The commercial lending portfolio decreased by $13 million, but commercial real estate term loans increased by $14 million. Total deposits were 4.7% higher at December 31, 2010 than at December 31, 2009.

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BALANCE SHEET ANALYSIS

Interest-Earning Assets

Interest-earning assets are those assets that have interest rates or yields associated with them. One of our goals is to maintain a high level of interest-earning assets relative to total assets, while keeping nonearning assets at a minimum. Interest-earning assets consist of money market investments, securities, loans, and leases. Schedule 3, which we referred to in our discussion of net interest income, includes the average balances of the Company s interest earning assets, the amount of revenue generated by them, and their respective yields. Another one of our goals is to maintain a higher-yielding mix of interest earning assets, such as loans, relative to lower-yielding assets, such as money market investments and securities. The current period of slow economic growth, accompanied by low demand throughout 2009 and much of 2010, has made it difficult to consistently achieve these goals.

Average interest-earning assets declined by 3.9% to $46.9 billion in 2010 compared to $48.8 billion in 2009, mainly driven by decreases in the average loan and securities portfolios. However, average interest-earning assets as a percentage of total average assets increased slightly during 2010 to 90.8% compared to 90.2% in 2009.

Average money market investments, consisting of interest-bearing deposits and federal funds sold and security resell agreements, increased by 71.6% to $4.1 billion in 2010 compared to $2.4 billion in 2009. The increase in average money market investments reflects the increase in the Company s liquidity during 2010. Average securities decreased by 6.6%, and average net loans and leases decreased by 7.9% for 2010 when compared to 2009. These changes are primarily the result of weak customer demand for new and refinanced loans.

Chart 5 illustrates recent trends in loan and deposit balances.

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Investment Securities Portfolio

We invest in securities both to generate revenues for the Company and to manage liquidity. The following schedules present a profile of the Company s investment portfolios with asset-backed securities classified by credit ratings. The amortized cost amounts represent the Company s original cost for the investments, adjusted for accumulated amortization or accretion of any yield adjustments related to the security and credit impairment losses. The estimated fair value measurement levels and methodology are discussed in detail in Note 21 of the Notes to Consolidated Financial Statements.

Schedules 10 and 11 present the Company s asset-backed securities, classified by the highest of the ratings and the lowest of the ratings from any of Moody s Investors Service, Fitch Ratings or Standard & Poors.

In the discussion of our investment portfolio below, we have included certain credit rating information because the information is one indication of the degree of credit risk to which we are exposed, and significant changes in ratings classifications for our investment portfolio could indicate an increased level of risk for the Company.

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Schedule 10

INVESTMENT SECURITIES PORTFOLIO

ASSET-BACKED SECURITIES CLASSIFIED AT HIGHEST CREDIT RATING*

AT DECEMBER 31, 2010

(In millions)	Par value	Amortized cost	Net unrealized gains (losses) recognized in OCI[1]	Carrying value	Net unrealized gains (losses) not recognized in OCI[1]	Estimated fair value
Held-to-maturity:						
Municipal securities	$ 580	$ 578	$	$ 578	$ 4	$ 582
Asset-backed securities:						
Trust preferred securities predominantly bank						
Noninvestment grade	88	88	(10)	78	(24)	54
Noninvestment grade OTTI/PIK[2] d	1		(1)	(1)	1	
	89	88	(11)	77	(23)	54
Trust preferred securities predominantly insurance						
Noninvestment grade	175	175	(13)	162	(27)	135
	175	175	(13)	162	(27)	135
Other						
AAA rated	2	2		2		2
Noninvestment grade	20	19	(1)	18	(7)	11
Noninvestment grade OTTI/PIK[2] d	12	7	(3)	4		4
	34	28	(4)	24	(7)	17
	878	869	(28)	841	(53)	788
Available-for-sale:						
U.S. Treasury securities	706	705	1	706		706
U.S. Government agencies and corporations:						
Agency securities	201	201	7	208		208
Agency guaranteed mortgage-backed securities	548	566	10	576		576
Small Business Administration loan-backed securities	813	867	1	868		868
Municipal securities	158	156	2	158		158
Asset-backed securities:						
Trust preferred securities predominantly bank						
AAA rated	8	8	(1)	7		7
AA rated	114	78	15	93		93
A rated	309	245	(11)	234		234
BBB rated	309	261	(52)	209		209
Noninvestment grade	351	317	(105)	212		212
Noninvestment grade OTTI/PIK[2] d	966	718	(483)	235		235
	2,057	1,627	(637)	990		990
Trust preferred securities predominantly insurance						
AA rated	76	69		69		69

A rated	32	31	(4)	27		27
Not rated	1		2	2		2
Noninvestment grade	194	194	(62)	132		132
	303	294	(64)	230		230
Trust preferred securities single banks						
A rated	1	1		1		1
Not rated	25	25	(3)	22		22
	26	26	(3)	23		23
Trust preferred securities real estate investment trusts						
Noninvestment grade	25	16	(2)	14		14
Noninvestment grade OTTI/PIK[2] d	70	30	(25)	5		5
	95	46	(27)	19		19
Auction rate securities						
AAA rated	117	111	(1)	110		110
	117	111	(1)	110		110
Other						
AAA rated	26	24	1	25		25
AA rated	14	14	(5)	9		9
A rated	27	27		27		27
Noninvestment grade	6	5	(2)	3		3
Noninvestment grade OTTI/PIK[2] d	97	33	(16)	17		17
	170	103	(22)	81		81
	5,194	4,702	(733)	3,969		3,969
Mutual funds and stock	237	237		237		237
	5,431	4,939	(733)	4,206		4,206
Total	$ 6,309	$ 5,808	$ (761)	$ 5,047	$ (53)	$ 4,994

* *Ratings categories include entire range. For example, A rated includes A+, A and A-. Split rated securities with more than one rating are categorized at the highest rating level.*

[1] *Other comprehensive income. All amounts reported are pretax.*

[2] *Consists of securities determined to have OTTI and/or securities whose most recent interest payment was capitalized as opposed to being paid in cash, as permitted under the terms of the security. This capitalization feature is known as PIK and where exercised the security is called PIK d.*

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Schedule 11

INVESTMENT SECURITIES PORTFOLIO

ASSET-BACKED SECURITIES CLASSIFIED AT LOWEST CREDIT RATING*

AT DECEMBER 31, 2010

(In millions)	**Par value**	**Amortized cost**	**Net unrealized gains (losses) recognized in OCI[1]**	**Carrying value**	**Net unrealized gains (losses) not recognized in OCI[1]**	**Estimated fair value**
Held-to-maturity:						
Municipal securities	$ 580	$ 578	$	$ 578	$ 4	$ 582
Asset-backed securities:						
Trust preferred securities predominantly bank						
Noninvestment grade	88	88	(10)	78	(24)	54
Noninvestment grade OTTI/PIK[2] d	1		(1)	(1)	1	
	89	88	(11)	77	(23)	54
Trust preferred securities predominantly insurance						
Noninvestment grade	175	175	(13)	162	(27)	135
	175	175	(13)	162	(27)	135
Other						
A rated	2	2		2		2
Noninvestment grade	20	19	(1)	18	(7)	11
Noninvestment grade OTTI/PIK[2] d	12	7	(3)	4		4
	34	28	(4)	24	(7)	17
	878	869	(28)	841	(53)	788
Available-for-sale:						
U.S. Treasury securities	706	705	1	706		706
U.S. Government agencies and corporations:						
Agency securities	201	201	7	208		208
Agency guaranteed mortgage-backed securities	548	566	10	576		576
Small Business Administration loan-backed securities	813	867	1	868		868
Municipal securities	158	156	2	158		158
Asset-backed securities:						
Trust preferred securities predominantly bank						
A rated	1	1		1		1
BBB rated	114	78	15	93		93
Noninvestment grade	976	830	(169)	661		661
Noninvestment grade OTTI/PIK[2] d	966	718	(483)	235		235
	2,057	1,627	(637)	990		990
Trust preferred securities predominantly insurance						
AA rated	71	64	1	65		65
A rated	4	5	(1)	4		4
Not rated	1		2	2		2
Noninvestment grade	227	225	(66)	159		159

	303	294	(64)	230		230
Trust preferred securities single banks						
BBB rated	1	1		1		1
Not rated	25	25	(3)	22		22
	26	26	(3)	23		23
Trust preferred securities real estate investment trusts						
Noninvestment grade	25	16	(2)	14		14
Noninvestment grade OTTI/PIK[2] d	70	30	(25)	5		5
	95	46	(27)	19		19
Auction rate securities						
AAA rated	117	111	(1)	110		110
	117	111	(1)	110		110
Other						
AAA rated	8	7	2	9		9
AA rated	31	30	(6)	24		24
A rated	27	27		27		27
BBB rated	1	1		1		1
Noninvestment grade	6	5	(2)	3		3
Noninvestment grade OTTI/PIK[2] d	97	33	(16)	17		17
	170	103	(22)	81		81
	5,194	4,702	(733)	3,969		3,969
Mutual funds and stock	237	237		237		237
	5,431	4,939	(733)	4,206		4,206
Total	$ 6,309	$ 5,808	$ (761)	$ 5,047	$ (53)	$ 4,994

* *Ratings categories include entire range. For example, A rated includes A+, A and A-. Split rated securities with more than one rating are categorized at the lowest rating level.*

[1] *Other comprehensive income. All amounts reported are pretax.*

[2] *Consists of securities determined to have OTTI and/or securities whose most recent interest payment was capitalized as opposed to being paid in cash, as permitted under the terms of the security. This capitalization feature is known as PIK and where exercised the security is called PIK d.*

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Schedule 12

INVESTMENT SECURITIES PORTFOLIO

	December 31, 2010			December 31, 2009			December 31, 2008		
(In millions)	Amortized cost	Carrying value	Estimated fair value	Amortized cost	Carrying value	Estimated fair value	Amortized cost	Carrying value	Estimated fair value
HELD-TO-MATURITY									
Municipal securities	$ 578	$ 578	$ 582	$ 606	$ 606	$ 609	$ 697	$ 697	$ 695
Asset-backed securities:									
Trust preferred securities banks and insurance	263	239	189	265	239	208	1,188	1,004	677
Trust preferred securities real estate investment trusts							36	27	21
Other	28	24	17	30	25	16	76	63	51
	869	841	788	901	870	833	1,997	1,791	1,444
AVAILABLE-FOR-SALE									
U.S. Treasury securities	705	706	706	26	26	26	28	29	29
U.S. Government agencies and corporations:									
Agency securities	201	208	208	243	249	249	323	325	325
Agency guaranteed mortgage-backed securities	566	576	576	374	385	385	406	410	410
Small Business Administration loan-backed securities	867	868	868	782	768	768	693	667	667
Municipal securities	156	158	158	237	242	242	178	180	180
Asset-backed securities:									
Trust preferred securities banks and insurance	1,947	1,243	1,243	2,023	1,361	1,361	807	661	661
Trust preferred securities real estate investment trusts	46	19	19	56	24	24	27	24	24
Auction rate securities	111	110	110	160	160	160			
Other	103	81	81	127	77	77	102	72	72