

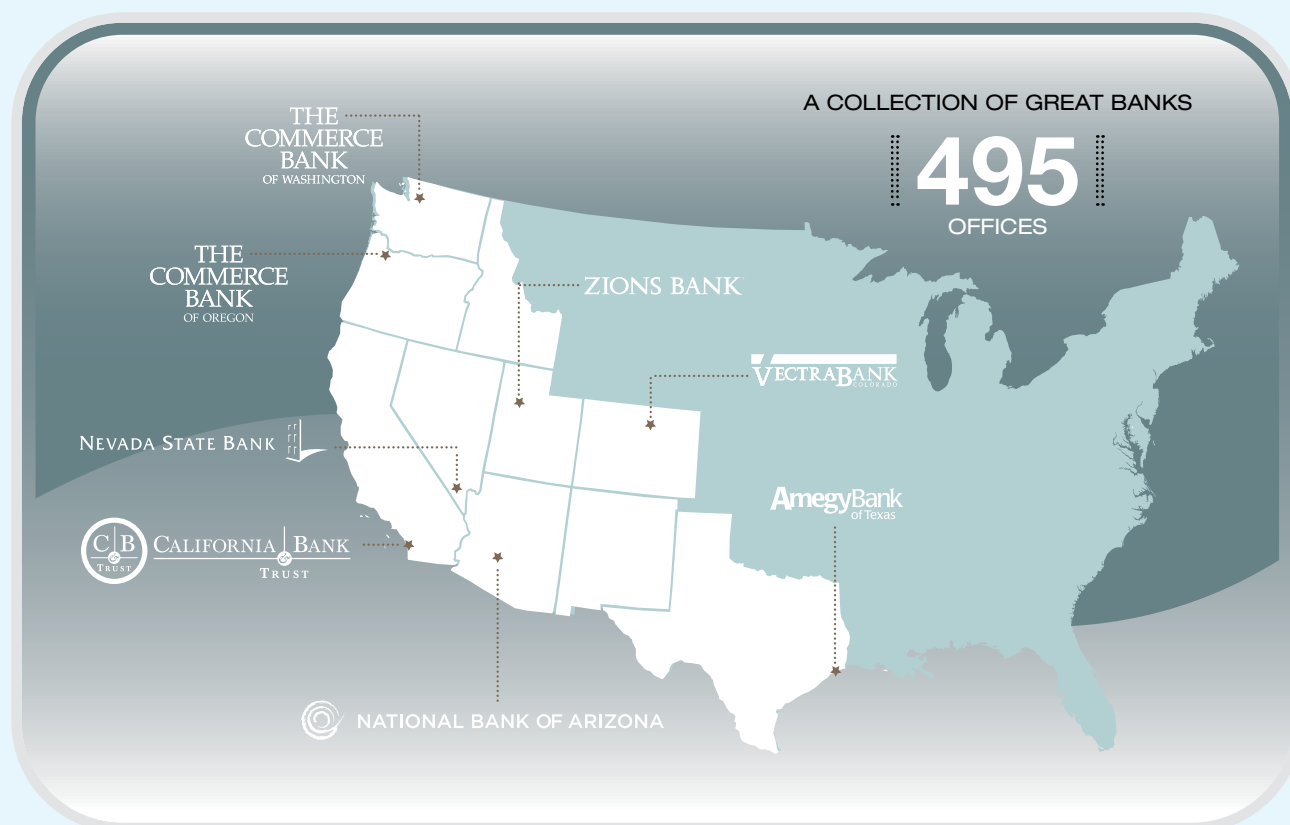


# LENDING A HAND

**ZIONS BANCORPORATION**

**2010** YEAR IN REVIEW

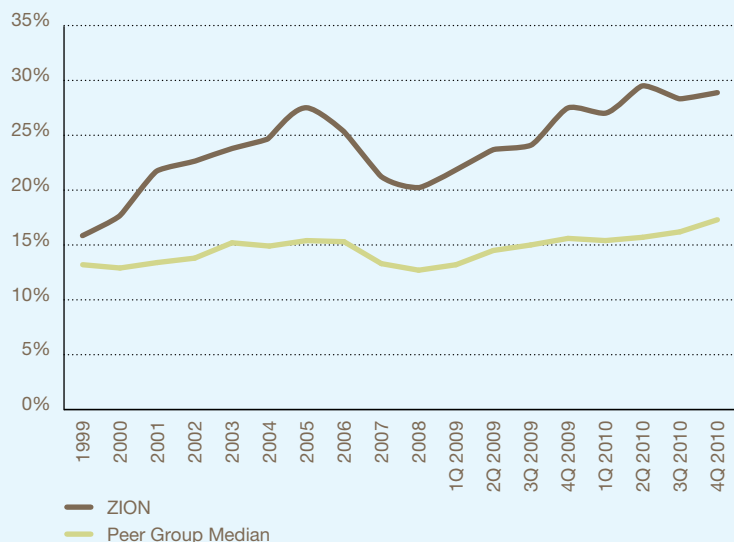
# THE SUPERIOR FOOTPRINT FOR LONG-TERM GROWTH



		(in billions)
<b>1</b>	<b>Zions Bank</b>	
	<i>Salt Lake City, UT</i>	\$ 16.2 <i>assets</i>
	A. Scott Anderson, CEO	\$ 13.6 <i>deposits</i>
<b>2</b>	<b>Amegy Bank of Texas</b>	
	<i>Houston, TX</i>	\$ 11.4 <i>assets</i>
	Scott J. McLean, CEO	\$ 8.9 <i>deposits</i>
<b>3</b>	<b>California Bank &amp; Trust</b>	
	<i>San Diego, CA</i>	\$ 10.8 <i>assets</i>
	David E. Blackford, CEO	\$ 9.2 <i>deposits</i>
<b>4</b>	<b>National Bank of Arizona</b>	
	<i>Phoenix, AZ</i>	\$ 4.4 <i>assets</i>
	Keith D. Maio, CEO	\$ 3.7 <i>deposits</i>

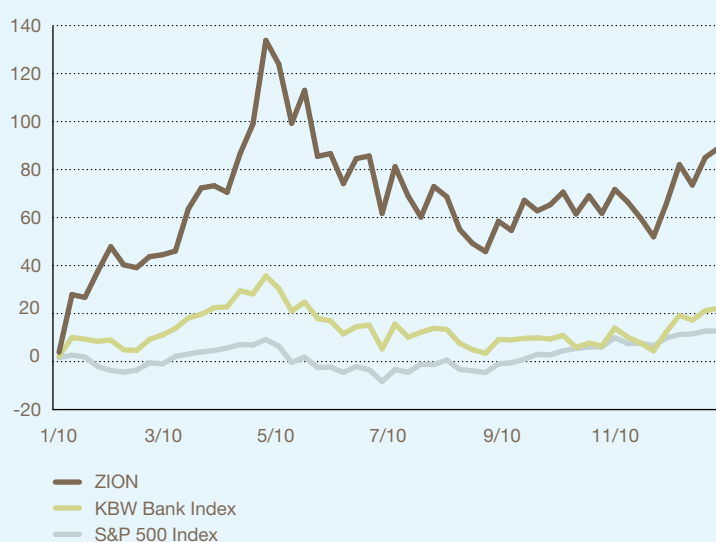
		(in billions)
<b>5</b>	<b>Nevada State Bank</b>	
	<i>Las Vegas, NV</i>	\$ 4.0 <i>assets</i>
	Dallas E. Haun, CEO	\$ 3.4 <i>deposits</i>
<b>6</b>	<b>Vectra Bank Colorado</b>	
	<i>Denver, CO</i>	\$ 2.3 <i>assets</i>
	Bruce K. Alexander, CEO	\$ 1.9 <i>deposits</i>
<b>7</b>	<b>The Commerce Bank of Washington</b>	
	<i>Seattle, WA</i>	\$ 0.9 <i>assets</i>
	Stanley D. Savage, CEO	\$ 0.7 <i>deposits</i>
<b>8</b>	<b>The Commerce Bank of Oregon</b>	
	<i>Portland, OR</i>	\$0.07 <i>assets</i>
	Larry B. Ogg, CEO	\$0.05 <i>deposits</i>

### Checking Accounts as a Percentage of Loans & Securities 2000-2008 yearly, 2009 & 2010 quarterly



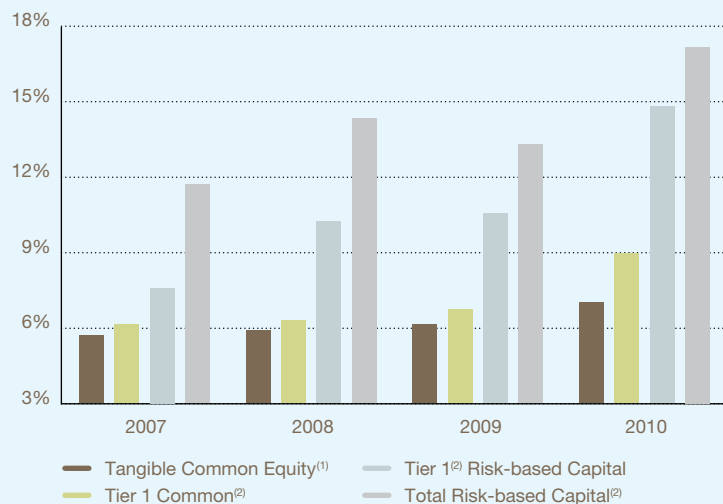
Source: Regulatory Data

### Zions Bancorporation (NASDAQ: ZION) Stock Chart Percent Price Change



Source: SNL Financial

### Capital Ratios



<sup>(1)</sup> As a percentage of tangible assets

<sup>(2)</sup> As a percentage of risk-weighted assets

- Growth Domestic Product (GDP) growth in our footprint has significantly exceeded U.S. GDP over the last ten years. During the last decade, U.S. GDP grew by 4.1% compounded annually, while GDP in Zions' footprint grew by 5.1%.
- Population growth rates in our footprint have significantly exceeded U.S. population growth rates for the last decade. The U.S. population increased by 10.6%, while Zions' footprint 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%.

All footprint references weight each economic statistic of the various states by the assets of Zions' affiliate bank in those states, thus giving more weight to Utah, Texas and California, which represent approximately 75% of Zions' assets, and less weight to other states.

“During a period when many have asked why banks aren’t doing more for small businesses, we take pride in knowing that we are among the nation’s leading providers of financing and banking services to small and medium sized businesses. The U.S. Small Business Administration recently ranked us third in the nation for meeting the needs of businesses with financing requirements of between \$100,000 and \$1,000,000. And Greenwich Associates, the nation’s premier financial services research firm, recently cited us as the only bank in the country to receive “excellent” scores in every category of middle market Treasury Management products and services.

## PRESIDENT’S MESSAGE

Harris H. Simmons  
Chairman, President and CEO

Many banks are currently attempting to increase their commercial business lending as a catalyst for loan and revenue growth. At Zions, we’ve been focused on this business for a very long time, and we do it exceedingly well.”



## TO OUR SHAREHOLDERS:

Although the past year was once again a challenging one for Zions Bancorporation and for the banking industry generally, there are many indications that economic conditions are strengthening, real estate values are stabilizing, and credit quality is significantly improving. Real gross domestic product ("GDP") increased 2.8% in 2010 as compared to 0.2% in 2009. The Federal Reserve's Open Market Committee currently projects that 2011 real GDP will grow at a rate of 3.4% – 3.9%, slightly better than the average growth rate of 3.4% over the past eighty years.

What has come to be called the "Great Recession" began in late 2007 and officially ended in June, 2009. But its effects continued to be felt in 2010 as persistently high rates of unemployment and ongoing softness in the housing sector contributed to weak loan demand and the continuation of a prolonged period of exceptionally low interest rates.

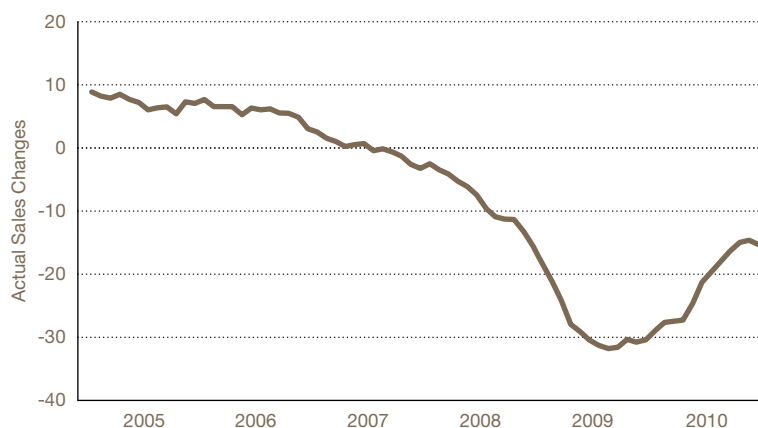
In 2010 we also saw the consummation of legislative and regulatory responses to the traumatic events of the past few years in the financial services industry. The passage of the Dodd-Frank Act, and the

issuance of a new capital framework known as Basel III by international banking regulators signals the beginning of a new era of more stringent regulation of our industry.

A central tenet of both the Dodd-Frank Act and the Basel III framework is a requirement for strengthened capital standards throughout the global banking industry. Much of our work over the past year has been focused on increasing our capital and reducing risk in our business, as both regulators and market participants have been requiring that capital positions be taken to higher levels.

## Financial Results

The Company experienced a net loss applicable to common shareholders of \$412.5 million, or \$2.48 per diluted common share in 2010, as compared to a net loss of \$1,234.4 million or \$9.92 per share in 2009. Some of the more significant elements contributing to our financial results in 2010 as compared to 2009 were the following:



**Index of Small Business Sales** (seasonally adjusted); 6 month moving average  
Source: National Federation of Independent Business, Zions' Calculations

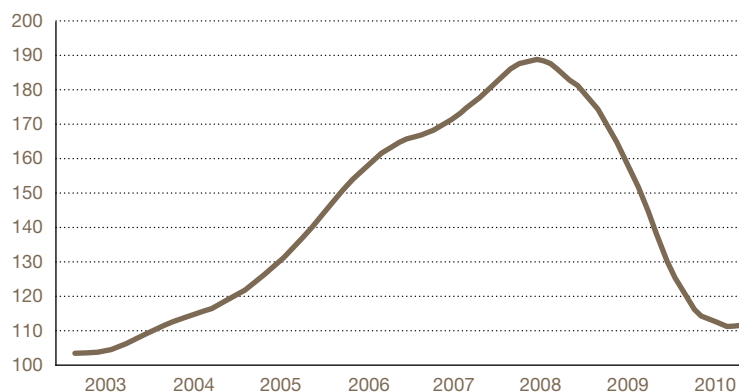
Small business sales dropped considerably during the Great Recession. However, sales strengthened in 2010, providing the backdrop necessary for improving asset quality and loan demand.

- Net interest income totaled \$1,727.4 million in 2010, a decrease of \$170.1 million from the prior year. Most of the change, \$167.8 million, is attributable to increased non-cash amortization of discount resulting from the modification of much of the Company's subordinated debt in 2009, providing the option for debt holders to convert their securities to preferred shares.
- Net impairment expense on our securities portfolio was \$85.4 million in 2010, a reduction of \$195.1 million from the 2009 impairment expense of \$280.5 million, reflecting an improving trend in the level of actual and expected defaults in our portfolio of collateralized debt obligations.
- The provision for loan and lease losses totaled \$852.1 million, a substantial decrease from the \$2,016.9 provision in 2009, owing to improved credit quality indicators, particularly in the latter half of 2010.
- Fair value and nonhedge derivative income related to interest rate and credit hedges produced a loss of \$15.8 million in 2010, compared to a gain of \$113.8 million in 2009. The loss in 2010 included

\$22.8 million as an initial negative fair value for a total return swap ("TRS") we entered into with respect to approximately \$1.16 billion of investment securities. The TRS transfers all credit risk to a third party and significantly improves our regulatory capital ratios.

- Several major extraordinary items incurred in 2009 were absent or substantially reduced in 2010 results. Items included \$636.2 million in goodwill impairment charges, a valuation loss of \$212.1 million on securities purchased, acquisition related gains of \$169.2 million, and gains resulting from the modification of subordinated debt and the termination of related interest rate swaps of \$508.9 million were absent or substantially reduced in 2010's results. Additionally, gains of \$84.6 million were recognized and recorded in retained earnings from the redemption or exchange of preferred stock into common shares.
- The income tax benefit totaled \$106.8 million in 2010, a reduction of \$294.5 million from the tax benefit recognized in 2009.

Loan demand was exceptionally weak in 2010, as both the business and consumer sectors continued to reduce their indebtedness in the



**Commercial Real Estate Price Index** 12 month moving average  
Source: Massachusetts Institute of Technology's Transaction-based Index

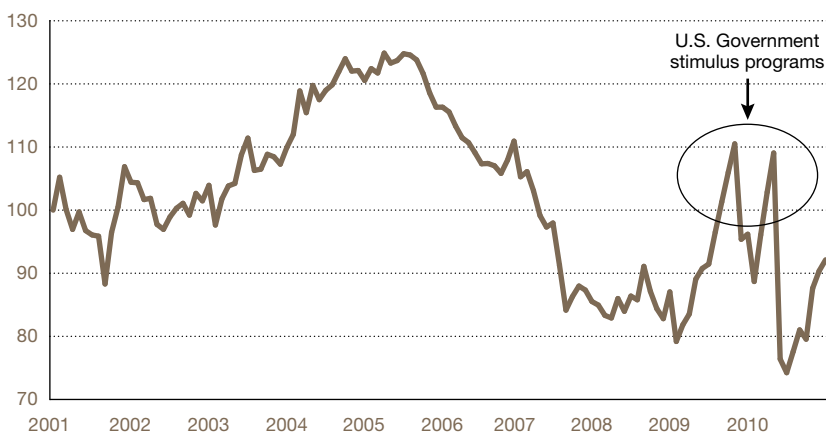
Commercial property prices dropped more than 40% from the peak. Although Zions lending standards are generally considered conservative, the magnitude of the decline led to significant loan losses for Zions and the banking industry. Recent stabilization and improvement sets the stage for declining losses.

wake of the recent recession. As might be expected, this phenomenon was especially pronounced in the real estate industry, where high levels of residential housing inventory and continuing weakness in commercial real estate markets has resulted in very modest levels of new construction activity. New housing starts in the Western United States in 2010 were essentially flat with the prior year, and about a quarter of the level experienced in 2006.

Net loans and leases decreased by \$3.4 billion or 8.6% to \$36.7 billion during 2010. Importantly, nearly 60% of the reduction in loan balances was in construction and land development loans. This portfolio category has decreased by over \$4.3 billion from its peak in 2007, and has been reduced from 21.8% of total loans in June 2007 to 9.7% of loans in December 2010. Over the past three years, this reduction in construction and land development loan balances has constituted approximately 180% of the net reduction in total loan and lease balances of \$2.2 billion. Although this significant reduction in construction and development loan balances has had a negative effect on interest income, credit risk has been substantially reduced.

The drag on net interest income from reduced lending activity has been largely mitigated by the exceptionally strong growth we've experienced in noninterest bearing demand deposits, and by our determination to maintain strong pricing discipline with respect to both loans and deposits. While average total deposits decreased 2.6% in 2010, average noninterest bearing demand deposit balances increased 20.5% to \$13.3 billion, following a 20.9% increase the preceding year. At the same time, weighted average yields on our loans and leases increased to 5.71% from 5.65% in 2009, while average rates paid on interest-bearing deposits decreased to 0.69% from 1.34% the prior year. With strong demand deposit growth and weak loan demand, the Company's liquidity profile strengthened considerably during the past year, with average borrowed funds decreasing by \$1.6 billion and average money market investments increasing by \$1.7 billion.

When adjusted for the aforementioned noncash amortization of discount on our modified subordinated debt, our net interest margin remains among the strongest in the universe of large U.S. banking organizations. This is despite the fact that we have been maintaining a great deal of our liquidity on deposit with Federal Reserve banks at very low short-



**Pending Home Sales Volume Index**

Source: National Association of Realtors

Although Zions has a relatively small direct exposure to residential real estate, indirect effects such as slow sales at small businesses have impacted the credit quality of our portfolio. As volume improves, we would expect an improvement in credit quality within our loan portfolio.

term rates, rather than investing the funds in longer-term fixed rate securities with higher rates. This reflects our belief that U.S. interest rates are being maintained at abnormally low levels through concerted monetary policy actions, and that the risk of a significant increase in interest rates in the not-distant future is greater than the foregone income from maintaining a short maturity for these investments.

### Credit Quality

By most every measure, credit quality improved significantly as the past year progressed. After peaking at \$5.2 billion in March, classified lending-related assets decreased 34.1% to \$3.4 billion at year end. Classified loans are those we deem to have material weaknesses that, if not corrected, may jeopardize the prospect for full payment of principal and interest. Other real estate owned ("OREO") decreased 27.5% from a peak of \$414 million in March to \$300 million at year end. Nonperforming lending-related assets – a subset of classified assets consisting of OREO and loans on which we have ceased accruing interest because the collection of principal and interest in full is unlikely – also peaked in March at \$2.8 billion,

and decreased 34.4% in the last nine months of the year to \$1.8 billion at year end.

Net loan and lease charge-offs decreased 17.4% to \$969 million in 2010 from \$1,173 million in 2009, and our expectation is that we will see a material reduction in charge-offs in 2011. Nevertheless, we believe that the economic environment, while improving, continues to present high levels of risk. We have accordingly maintained our reserves for potential losses at a conservative level. The allowance for credit losses at year end was \$1.6 billion, a 5.8% reduction from the level a year ago. The allowance was 4.22% of total loans and leases, compared to 4.10% a year ago.

Credit losses in our securities portfolio also diminished significantly in 2010. Net impairment losses totaled \$85.4 million, a 70% reduction from the 2009 level. We expect this improving trend to continue through 2011. As previously mentioned, in July we executed a total return swap with regard to \$1.16 billion of collateralized debt obligations ("CDOs"), transferring the credit risk on these securities to a third party. This had the effect of substantially improving the credit profile and regulatory risk weightings on these securities.

## 2010 Greenwich Excellence Awards in Small Business and Middle Market Banking

### Small Business Banking

#### NATIONAL AWARDS:

- Overall Satisfaction
- Overall Treasury Management

#### REGIONAL AWARDS:

- Overall Satisfaction – West
- Overall Satisfaction – Treasury Management – West

### Middle Market Banking

#### NATIONAL AWARDS:

- Overall Satisfaction
- Relationship Manager Performance
- Credit Policy
- Overall Treasury Management
- Accuracy of Operations
- Customer Service
- Treasury Product Capabilities
- Treasury Sales Specialist Performance

#### REGIONAL AWARDS:

- Overall Satisfaction – West
- Overall Satisfaction – Treasury Management – West



### Building Our Capital

Zions Bancorporation, like most every major bank in the United States and throughout the world, has taken a number of steps to strengthen its capital over the course of the recent economic cycle. In 2010, we raised \$885 million in common equity through the sale of shares and warrants, and through the exchange of subordinated debt into common equity. We also increased our preferred equity by \$542 million through the issuance of new shares, and through the conversion of subordinated debt into preferred stock.

Over the past three years, through the course of this economic cycle, we've raised \$2.2 billion in additional regulatory "Tier 1" capital, excluding TARP capital and the net effect of accounting gains from the modification of subordinated debt. The capital we've raised has consisted of \$1.7 billion in new common equity, and \$0.5 billion in net new preferred equity. Additionally, we've increased the allowance for credit losses by the net amount of \$1.1 billion during this period.

These extraordinary actions have been costly, resulting in a net issuance of 75.7 million common shares during this period, a 71% increase

in outstanding shares. Nevertheless, we believe the variety of methods we've used to raise capital have minimized, to the extent possible, dilutive effects to our shareholders while allowing us to bolster our capital through a difficult economic period. At year end 2010, our Tier 1 risk-based capital ratio was 14.78%, compared to 10.53% a year ago; our Tier 1 common ratio was 8.95%, compared to 6.73% at year end 2009.

### Our Changing Regulatory Environment

History has shown that, virtually without exception, significant changes to the legislative and regulatory framework in which our industry operates always come in response to periods of economic turmoil. This economic cycle has proven to be no exception, with the passage in 2010 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. This statute will produce the most sweeping changes in financial services regulation since the Great Depression, and was the climax of a series of regulatory and legislative responses to the events of the past three years in our economy. Late in 2010 the Basel Committee on Banking Supervision also issued new standards for global bank



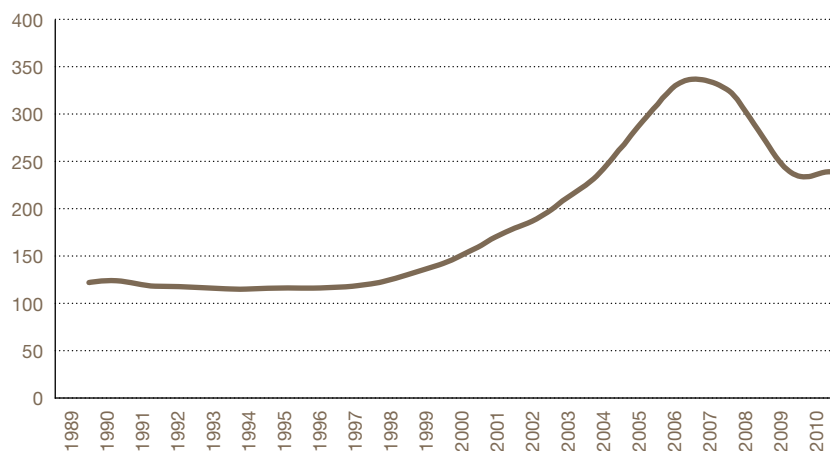
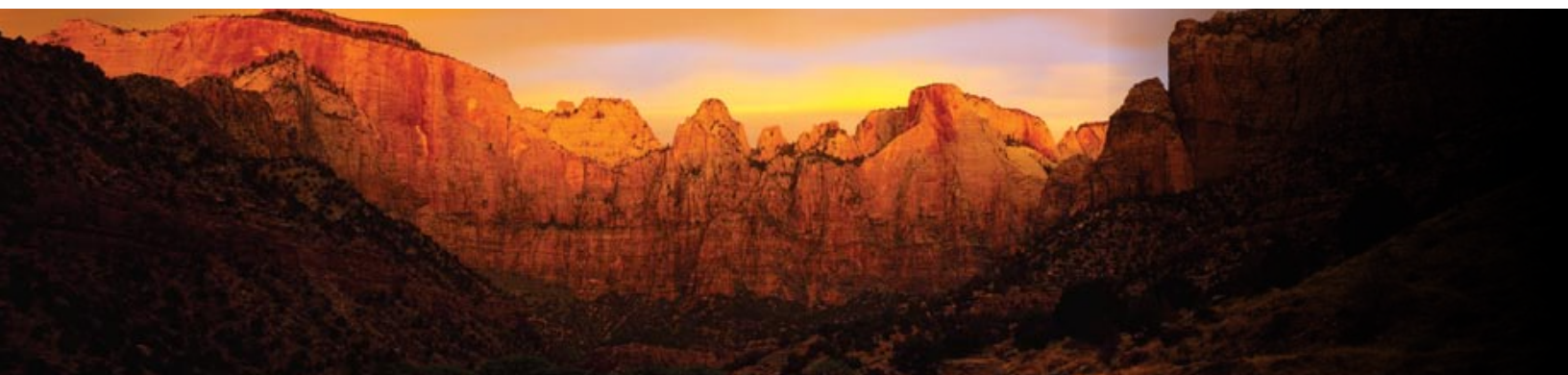
supervision of capital and liquidity, known as Basel III. These new standards, when combined with the numerous regulations to be issued under the Dodd-Frank Act, will result in significant changes in our industry's regulatory environment.

The Dodd-Frank Act contains a number of provisions that are intended to better enable regulators to wind down large or complex failing institutions. Among many other provisions, the statute allows for the payment of interest on business checking accounts; introduces new constraints on incentive compensation arrangements; requires that bank holding company capital standards be no less stringent than standards for depository institutions; phases out trust preferred securities as a source of capital for larger financial institutions; prohibits many types of proprietary trading and investing activities; and establishes a new Bureau of Consumer Financial Protection with broad authority to establish and enforce consumer protection rules with respect to financial products and services.

One of the more significant provisions of the Dodd-Frank Act for Zions Bancorporation is the designation of bank holding companies

with total assets of \$50 billion or more as "Systemically Important Financial Institutions." Zions, together with other designated firms, will be required to engage in a variety of enhanced risk management practices, including "stress testing" its balance sheet for purposes of determining capital adequacy. New capital requirements promulgated under the Dodd-Frank Act, when combined with the capital standards established under Basel III, will also require us to maintain higher levels of capital, and particularly of common equity.

A feature of the legislation which will likely be particularly costly is known as the "Durbin Amendment." It requires the Federal Reserve Board to establish price controls on interchange fees received by issuers of debit cards. Preliminary estimates based on the proposed regulation pegs the annual total cost to the commercial banking industry at between \$12 billion and \$15 billion; we estimate that it will cost Zions Bancorporation approximately \$50 million, per year, pretax. As a result of this and other costly new regulations, most banks – including our own – will re-price consumer deposit accounts and other products and services to at least partially adjust for the shortfall.



**S&P Case Schiller Residential Property Price Index 12 Month Moving Average**

After declining nearly 30% from the peak, the residential property market has demonstrated stability during 2010. This improved visibility for residential real estate buyers has led to an improvement in credit quality for Zions.

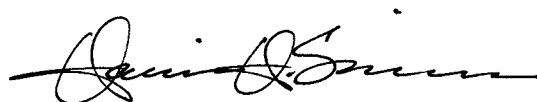
It remains a challenging time for banks. The good news is that the products and services we provide are critical to a growing economy. We are not obsolete. And there is a growing notion – a “Goldilocks” sentiment, if you will – that regional banking firms such as ours, which are neither too large to be effectively managed, nor too small to provide a full range of banking services to consumers and businesses, and that do an outstanding job of serving their customers, will play a much larger role in the financial services industry in the years ahead.

Zions Bancorporation is well positioned to meet that challenge. We have a superb reputation for meeting the needs of our customers. The U.S. Small Business Administration recently ranked us third in the nation for meeting the needs of small businesses with credit requirements of between \$100,000 and \$1 million. Zions is the only such large banking organization in the Western U.S. that Greenwich Associates, the nation’s premier financial services research firm, recently cited as one of only a handful of banks receiving an overall “Excellent” rating from thousands of commercial customers surveyed in both the Small and Middle Market Business segments, and the only bank in the nation

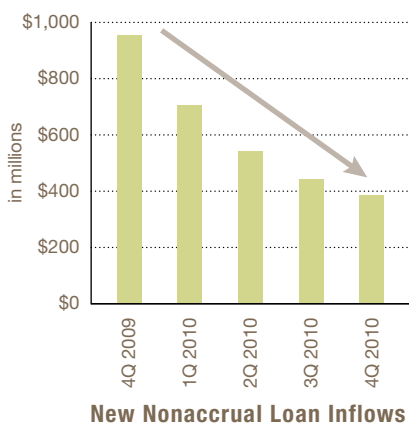
to receive Excellent ratings in every single facet of Middle Market Treasury Management products and services. We serve some of the very best markets in the nation, and we have an extraordinary team of banking professionals who have become stronger as a result of the challenges of the past few years.

We look forward to a much stronger year ahead in 2011. As always, we deeply appreciate your patronage as customers and your support as shareholders.

Respectfully,



**HARRIS H. SIMMONS**  
Chairman, President and CEO



Fourth quarter 2010 nonaccrual loan inflows, or loans that have been downgraded to nonaccrual status, declined nearly 60% from the year ago quarter. With fewer new problem credits to work out, total problem credits have declined materially.







*(Left to right): Stephanie Horne, Private Banking; Thomas Etzel, Commercial Lender; David Warne, Director of Advisory Services; C. Richard Schwarz, Manager of Zions Direct & Zions Capital Markets.*



# FUTURE INITIATIVES

## ★ Strengthen our efforts on organically building out the wealth management advisory services

Cross selling opportunities are strong, given the number of successful small and medium-sized business owners that have use for wealth management products and strategic consulting such as in the purchase or sale of a business.

## ★ Expand our residential and consumer lending

The marketplace has experienced severe dislocation and consolidation. Market share opportunities exist, especially in differentiated products for high credit quality customers. The playing field for credit cards has been somewhat leveled, allowing Zions to become more active in this market. Zions has considerable headroom to expand residential real estate loans, at only 15% of total loans compared to more than 30% for the industry; furthermore, a proposed reduction in government sponsored enterprises (Fannie Mae and Freddie Mac) may further reduce competition and provide additional opportunity to expand this product line at attractive rates of return.

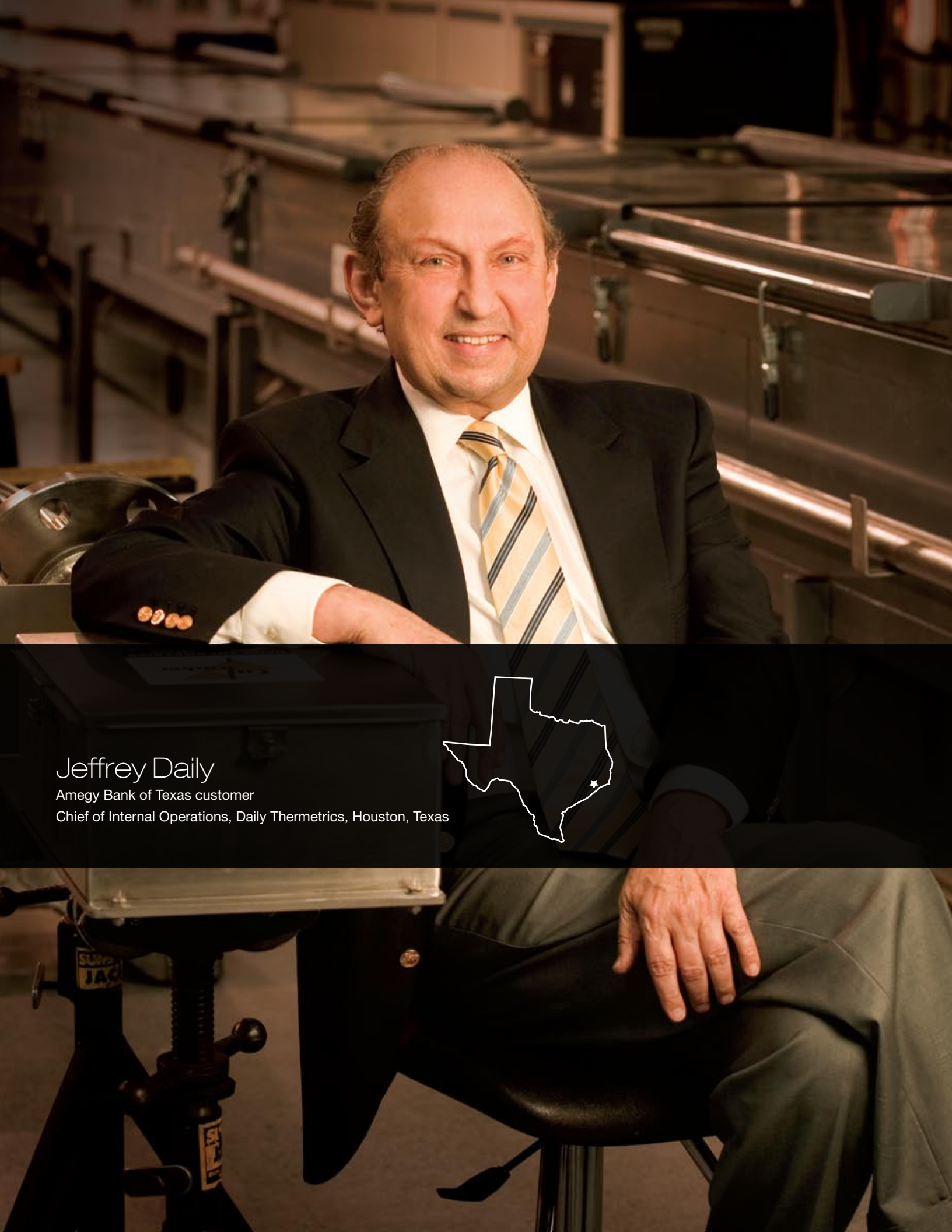


## ★ Increase penetration of Zions Energy Link – our clean energy program

Government guarantees make this program a lower-risk approach to a rapidly expanding market. Energy Link consists of a rare team of dedicated relationship managers trained in such specialized lending programs.

## ★ Continue and expand use of the Small Business Administration lending programs

SBA-expanded lending parameters will allow Zions to place capital in the hands of more small business owners than ever before.



Jeffrey Daily

Amegy Bank of Texas customer

Chief of Internal Operations, Daily Thermetrics, Houston, Texas



DAILY THERMETRICS, a division of Daily Instruments Corporation, is internationally recognized for its excellence in designing, engineering, manufacturing, and delivering superior temperature measurement products to meet the demanding needs of its clientele. The engineering staff and personnel at Daily Thermetrics are highly trained and dedicated to solve the problems and meet the challenges presented by the Petroleum Refining and Petrochemical industries. End users around the world have relied upon Daily Thermetrics' experience and expertise for over 35 years.

Jeffrey Daily, Chief of International Operations of Daily Thermetrics, has remained committed to R&D investment; the company has successfully attained a leadership position in the markets it serves. Most notably, the CatTracker® Catalyst Temperature Tracking System, patented and offered by Daily Thermetrics, has revolutionized the ability to maximize product yield while at the same time ensuring maximum safety of hydroprocessing units worldwide.

Upon an office visit by Amegy Bank of Texas' Private Banker Laurie Williams, Laurie learned that the company wasn't satisfied with their current banking relationship. Shortly after, Commercial Lender Matt Dent and International Banker Juan Acevedo met with Jeff Daily to determine the company's needs. They learned that the existing loan structure was restricting the ability of the company to borrow funds to capitalize on demand for expansion in international markets. The Amegy bankers customized a thoughtful solution which doubled the availability for working capital and provided Daily Thermetrics the opportunity to increase sales of its thermometry

"Thanks to Matt, Juan, and Laurie at Amegy for their dedication and efforts to enable our domestic and international clients to benefit from the technology offerings of our company. Amegy, like Daily Instruments, is truly at the forefront of its industry."

Jeffrey Daily

"Few things are more rewarding than an opportunity to work to find a solution which directly impacts the growth of a business. Daily Thermetrics is a world class company that now has the capital to support opportunities around the globe."

Juan Acevedo, International Division  
Matthew Dent, Commercial Lending



products and services in Asia and Latin America. By late September Amegy had approved \$4.5 million in new loans which included a \$1.5 million EX-IM Bank credit line, a \$1.5 million domestic line of credit and a \$1.5 million equipment loan. "Amegy understood the opportunities ahead of us and the need to aggressively expand into international markets previously underserved by the company," states Jeffrey N. Daily.

In a selfless collaboration of bankers across multiple business units Amegy bankers won Jeff's personal business, Daily Thermetrics' loan and deposit business as well as treasury management services, including sweeps, AmegyConnect, and an Anytime Deposits scanner. In December, the company also added a \$1 million foreign exchange line of credit. Jeffrey Daily stated he had never seen this type of teamwork across business lines at another bank.





Chris Farentinos & Vanessa Troyer-Farentinos

California Bank & Trust customers

Owners, Architectural Mailboxes, Compton, CA





ARCHITECTURAL MAILBOXES is a manufacturer of high quality, decorative, spacious secure mailboxes and mailbox accessories for residential and commercial applications. The company was founded by Chris Farentinos and Vanessa Troyer-Farentinos in 2000. Together, they bring over 30 years of experience in design, manufacturing and distribution of postal products. They have built a team of dedicated professionals committed to providing premium products in a constantly changing marketplace. All of the Architectural Mailboxes product designs are developed and tested in-house with an eye to providing an aesthetically pleasing design while maintaining quality workmanship and providing a safe and secure environment for mail and parcel receipt.

During 2010, the company determined that it needed additional financing capacity in order to support the operational growth of the business. As Chris and Vanessa started reaching out to other financial institutions, it became apparent that the banks they were speaking to were not making the necessary effort in order to gain comfort for new financing. The issue, in large part, involved an operating loss the company reported in 2009 tied to a number of special items and the untimely closure of Expo, a large customer and subsidiary of The Home Depot. Expo was a significant product channel for the company in terms of visibility and revenue.

Fortunately, Chris and Vanessa maintained a long-standing banking relationship with California Bank & Trust bankers John Hartwig and Chris Dewhurst. Throughout the years, California Bank & Trust worked closely with the company establishing a consistent line of communication. When

“When you have a comfort level with your bank, you feel like you have a safety net. One of those tangibles California Bank & Trust offers is this relationship. We trusted them we’d get through it. And we did.”

Vanessa Troyer-Farentino

“Chris and Vanessa are the perfect pair, complimenting each other in all areas of business, challenging the business and each other to be innovative and creative. Their tenacity and drive continues to be the foundation of Architectural Mailboxes.”

John Hartwig, Personal Banker



the time came to assess additional financing, the bank worked closely with Vanessa and Chris to map their future plans for expansion and prioritize needs by grasping the intricacies of the company, their position and reputation in the mailbox manufacturing space and understanding the ramifications of the fallout that resulted from the failure of Expo. In conjunction with a thorough review of the realized and forecasted expansion of the company, California Bank & Trust gained the comfort that other institutions could not and renewed a line of credit that included an increase for additional capital. Vanessa remembers that they were “good at listening to what our concerns were and working with us on what we could afford, our plan, and helping us modify plans using their expertise and background. If you share the good and the bad, the bank rolls with the punches.”

Vanessa now predicts that Architectural Mailboxes will see about 38 percent growth in the company's top line of sales from 2008 to 2011.



Anne Weaver

Commerce Bank of Oregon customer  
Owner, Elephant's Delicatessen, Portland, Oregon



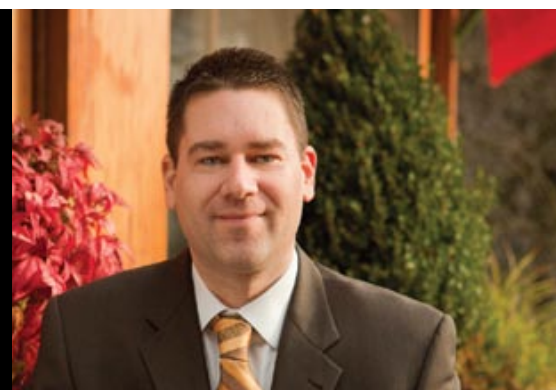
**ELEPHANT'S DELICATESSEN** was founded in 1979 and is a very well-regarded and popular catering and retail specialty food business in Portland, Oregon with five locations and over 150 employees. When Elephant's Delicatessen was referred to The Commerce Bank of Oregon ("TCBO"), the company had existing loans and leases with several large banks and financing companies. As a result of the recent economic downturn, Elephant's Delicatessen sought additional banking guidance and services in order to provide business stability in hopes to successfully navigate through difficult times. The company soon realized that its existing relationships with these institutions were bound to single, one-shot transactions. Lost in these relationships were personalized customer service and a genuine interest to thoroughly understand the nuances of her business.

In its continued effort to obtain guidance, the company was referred to TCBO through an existing client of the bank. TCBO took the time to completely understand both the operations and strength of management who successfully navigated the business for over 30 years. What TCBO determined is that the company offers a high quality product, strong brand image among the community and considerable management reputation. This was an opportunity to leverage a solid foundation, recognize the potential of a company to survive its current challenges and thoughtfully offer banking solutions.

In this difficult economic cycle, The Commerce Bank of Oregon was able to strengthen a valued local business.

"The company has proudly served the Portland community since 1979. It is highly regarded as Portland's premier catering company and specialty foods retailer. The management team is committed to providing delicious foods and friendly and knowledgeable service."

Jason Ogg, Relationship Manager



It was through TCBO's relationship-oriented approach that it was able to gain confidence in recommending and approving a solution to consolidate and restructure the company's entire outstanding debt. This resolution helped lower costs at a critical economic time and improve business profitability. As a result of the personalized relationship established with TCBO, Elephant's Delicatessen has also benefited from deposit and treasury management services which have further enhanced the company's cash management.





Don Crowe

Commerce Bank of Washington customer

Owner, Arena Sports, Inc., Seattle, Washington





**ARENA SPORTS**, founded in 1995, is a national leader in indoor sports facilities, providing programs and services to some of the best indoor sports facilities in North America. Arena Sports is dedicated to enhancing the quality of life in communities by providing high quality, fun and safe sports and recreation for people of all ages. In fact, Arena Sports has grown to offer leagues, clinics and classes for adults, youth and children to more than 80,000 participants. Nearly 25,000 individuals on 2,000 teams participate in league play and another 60,000 individuals attend classes, camps and clinics each year.

In 2005, Arena Sports attempted to establish the first public-private joint venture with the city of Seattle in an effort to refurbish a historic 90,000 square foot Navy WWII Hanger at Seattle's Magnuson Park (Formerly Navy Air Base Sandpoint). Estimates of an \$8.6 million project expense proved to be too large for a company that was still building on its early successes. In view of that, the company sought the services of The Commerce Bank of Washington ("TCBW") which initially developed a solution that included a \$5.3 million loan from TCBW and a Small Business Administration loan application of up to \$2.0 million. Supplementary to this outcome, continued efforts by Arena Sports were rewarded with a \$1.6 million federal historical tax credit to be applied towards the project. Unfortunately, after nine months of coordinating with the SBA group, a once promising SBA loan fell apart due to transaction complexities.

In spite of the setback in obtaining financing, Arena Sports flourished as the souring economy influenced families to find cheaper entertainment alternatives. Coupled with the heightened

Through the expansion of the company's Lil Kicker franchise, Arena Sports has recently received recognition from *The New York Times* and NBC's *The Today Show*.

"Don and Karen Crowe continue to do an outstanding job of navigating and developing their company during a tough economic cycle. We are honored to have the opportunity to work with such quality individuals who have a passion for their work."

Alan Forney, Lending Officer



exposure of the 2010 World Cup, parents signed up their young kids in record numbers. The city of Seattle contacted Arena Sports after the Obama Administration came out with the American Recovery Act. Arena Sports qualified for the Recovery Zone Facility Bond program. TCBW worked with the company, the city of Seattle, Zions Capital Markets and local counsel to help Arena Sports receive \$6.0 million in proceeds from bonds issued to support investments in Washington's local development, energy conservation and infrastructure projects. If it were not for TCBW's confidence in ownership and management teams along with the hard work of all parties involved, this project would not have reached its success. Today the facility is a gem in Seattle's 350 acre park on the shores of Lake Washington and a shining example of how public-private joint venture with the city can work. The company is off to a very strong start in 2011 and the newly-renovated facility finished sign-ups for winter quarter...up 125%.



## Ozuna Family

National Bank of Arizona customer  
Habitat For Humanity, Glendale, Arizona



**HABITAT FOR HUMANITY** – The foreclosure crisis in Arizona has devastated families and caused deterioration in many neighborhoods. In the summer of 2010, one of the homes taken back through foreclosure by National Bank of Arizona was in Glendale, Arizona. During the process, people in the neighborhood kept the Bank informed of activities in the area, especially as they related to this particular home. The home was in a state of almost total disrepair. The neighbors were concerned for the overall well being of their quiet, older neighborhood. Many of the residents had been there since the development was completed back in the 1960's.

Dave Zanath, National Bank of Arizona's Real Estate Manager approached the Community Reinvestment Officer Kathy Pechman to see if there was a non-profit who would accept the home as a donation, help a deserving family and help preserve the neighborhood. She approached Roger Schweirjohn, President of Habitat for Humanity Central Arizona. They gladly accepted the donation and the transaction was completed in July 2010. Habitat quickly contacted the neighborhood representatives to let them know they would be seeing people coming and going and that renovation on the home would start in October. Habitat agreed to have National Bank of Arizona employees assist in the 7 week rehab project.

The Ozuna family was selected for the home, and went through credit counseling and first time home buyer classes in order to qualify for their mortgage with Habitat for Humanity Central Arizona. Lorenza Ozuna is a single mom with two daughters. She works for Cox Communications in Phoenix. In order to afford the rent on their previous home, they needed a boarder living with them which meant Lorenz shared a room with her daughters.

"Habitat for Humanity Central Arizona has been providing affordable housing to low-income families in the Phoenix Metro area since 1985. With their dedicated team and a staff of volunteers, they've completed over 780 new homes and/or renovations in that time."

Kathleen Pechman, CRA Officer



Each week, a different group of National Bank of Arizona employees teamed up with Habitat to completely renovate the home. There were 118 bank employees and family members who participated. National Bank of Arizona executive leaders Keith Maio, Deborah Bateman, Curt Hansen, Pete Hill, Dianne James, Zac Price, Craig Robb and Greg Wessel supported the project through service and by encouraging their teams to join them as they built walls, painted, sanded and landscaped each week. Since the renovation was completed other homeowners in the neighborhood have started sprucing up their homes with paint, new roofs and improved landscaping.

"This project demonstrated National Bank of Arizona's commitment to the communities where we do business," said Kathleen Pechman. "It allowed us to come together as a team, without regard for title or job function, and work to provide a safe, affordable home to a deserving family."

(from left, back row): David Zanath, Senior Disposition Workout Officer; Kellie Wager, Loan Specialist; Gregory Wessel, Director of Residential Real Estate; Roger Schwierjohn, President, Habitat for Humanity Central Arizona; Bridget Pyra, Personal Banker (sitting): Thad Flores, Disposition Workout Officer; Kathleen Pechman, CRA Officer





Greg and Debbie Gaglio

Nevada State Bank customers

Founders, Lakeview Cheese, Las Vegas, Nevada





**LAKEVIEW CHEESE** – Founder Greg Gaglio has been in the cheese and food distribution industry for more than 30 years. He learned the trade from his father who owned a cheese factory in Italy. Prior to opening the company with his wife Debbie in 2009, Greg owned and operated several different cheese plants and food distribution companies nationwide.

At their southern Nevada facility, Lakeview Cheese grates Parmesan and Romano cheeses, and shreds and dices both natural and imitation cheese varieties. They produce an assortment of custom blends and private label products for the food service, retail and food processing industries. In addition to processing their own cheeses, they also distribute a wide variety of cheese products.

Since its inception in mid-2009, Lakeview Cheese has experienced explosive growth. As a result, they needed to establish a new line of credit in order to expand the existing facility, purchase new equipment and set up a new operating line. At the time, Lakeview Cheese had a 30+ year relationship with a large, national financial institution—a relationship that included significant deposit accounts, a \$3 million business line of credit, personal mortgage and credit cards. Despite their considerable account holdings with the existing institution, Greg and Debbie wanted to explore other financing options.

Seeking a smaller bank that could provide quality, personalized service, Lakeview Cheese reached out to Nevada State Bank to determine whether it could meet their expansion needs. Relationship manager Rosalee Hedrick and her Small Business Development colleagues immediately recognized the potential opportunity with Lakeview Cheese.

Nevada State Bank helped open the door to the future for these local entrepreneurs, who received the financing they needed at a critical point in their company's growth and development. Now they are poised for even greater success, thanks to their relationship with Nevada's oldest and largest community bank.

"With 50 years of knowledge in the cheese industry, the Gaglios are highly respected and have created strong positive relationships. Lakeview Cheese is known for its accomplishments, growth and success, providing their clients with a high level of service and satisfaction. NSB is looking forward to the opportunity to assist them on their journey to success."

Erich Bollinger, Corporate Banking Officer  
Rosalee Hedrick, Business Relationship Manager



After an initial visit with the owners, Rosalee conducted an extensive tour of the facility and was able to affirm Nevada State Bank's ability to support Greg and Debbie's thriving business. The first step was to establish an equipment loan and operating line of credit for the company. Since then, the company opened a deposit account, received two credit line increases, and was approved for a company credit card. In addition, Lakeview Cheese management met with Nevada State Bank's Treasury Management group and will soon be benefiting from their added financial services.

At the end of November 2010, the company approached \$26 million in gross revenues—a figure projected to reach \$50 million by the end of 2011. Greg is expecting to introduce a new line of Mexican cheese within the next few months and anticipates that the company will reach \$80 million in revenues within the next couple of years.



Griff Bell

Vectra Bank Colorado customer

President, GTM Sales, Henderson, Colorado



**GTM SALES** – After growing up as the son of an oilfield and heavy highway contractor in the Pennsylvania oilfields and graduating from The University of Pittsburgh as a civil engineer, Griff Bell spent 25 years honing his heavy construction and oilfield skills working for various large general contractors, a major Caterpillar dealership and then a 10 year stint with Ritchie Bros. Auctioneers International before founding GTM Sales, Inc. in April 1996. Specializing in large, used Caterpillar scrapers, dozers, loaders, off highway trucks and graders as well as heavy spec and mechanic trucks, the company grew to become a recognized leader as a supplier of “quality used equipment for the contractor” on a worldwide scale. With strong growth in the home building and construction sectors from 1996 to 2005, GTM's gross sales grew to exceed \$33 million in 2005. But as the U.S. fell into the recent recession, sales fell dramatically to roughly \$7 million in 2009 – the company's worst year since inception.

During unpredictable and challenging times, GTM always maintained its operations with minimal overhead. It did so by maximizing productivity through its 10 full-time employees and several additional subcontractors. But as the economy worsened and sales continued to fall, GTM, in order to survive, was forced to drastically cut operating expenses by reducing its staff by 60% and applying reduced pay levels and benefit packages to its remaining employees. Despite the effort to reduce costs to weather the storm, Griff felt his business was still threatened given the news circulating in the media regarding reduced and/or frozen credit lines—a lifeline to GTM's business model—to borrowers experiencing financial difficulty.

GTM is grateful that Vectra valued the long-tenured relationship and stood by the company at a time when tightened credit in the industry was pervasive.

“Based in Henderson, Colorado, GTM Sales is one of the best in the business at acquiring well maintained, low hour Caterpillar equipment that can be quickly retrofitted for a specific application to meet the demands of its customer base.”

Malcolm Evans, Corporate Relationship Manager



After expressing this concern with its key financial partner, Vectra Bank Colorado, GTM gained comfort in realizing the bank was committed to maintaining the relationship. With the help and patience of Vectra Bank Colorado, a new credit structure was established which allowed the company to continue to access funds under its credit line with the flexibility to access additional credit to reflect demand changes as economic and business conditions recover. This achievement allowed GTM to manage its inventory to fit the needs and pricing of today's clientele and new economy. For 2010, GTM realized sales exceeding \$13 million and is once again positioned to grow as the economy rebounds. Equally exciting, sales in 2011 have been extremely favorable compared to sales a year ago.





Orville and Heidi Thompson

Zions First National Bank customers

Owners, Scentsy, Meridian, Idaho



**SCENTSY** is a direct selling, wickless candle company headquartered in Meridian, Idaho. The company is owned by Orville and Heidi Thompson and sells its products through a field sales force of independent sales representatives known as Independent Scentsy Consultants, who market and sell Scentsy products through home parties. The story of Scentsy is the story of how a simple idea—offer a safe, wickless alternative to scented candles through home parties—grew into one of the most successful companies that the direct selling industry has ever seen. Since establishing its direct selling model in July 2004, Scentsy has experienced phenomenal growth in both revenue and the number of consultants.

The significant amount of growth Scentsy is realizing has been counter-cyclical to the rest of the economy. Realizing that they needed additional working capital capacity at a time when the banking industry was practicing strict credit terms, Orville and Heidi looked to their proven banking relationship with Zions Bank. For the Thompson's, it was important to explore options with Zions because the bank previously demonstrated faith in the business during another complex environment in 2007 and when others had difficulty grasping the trajectory of the business.

The significant amount of growth the company was experiencing was familiar to Zions Bank. Coupled with the bank's confidence in Orville and Heidi's accomplished ability to manage a prospering business provided the assurance to be able to offer a large incremental increase in the

What began in 2003 as a simple idea inspired by ordinary women has since become a thriving international business. And Scentsy continues to grow!

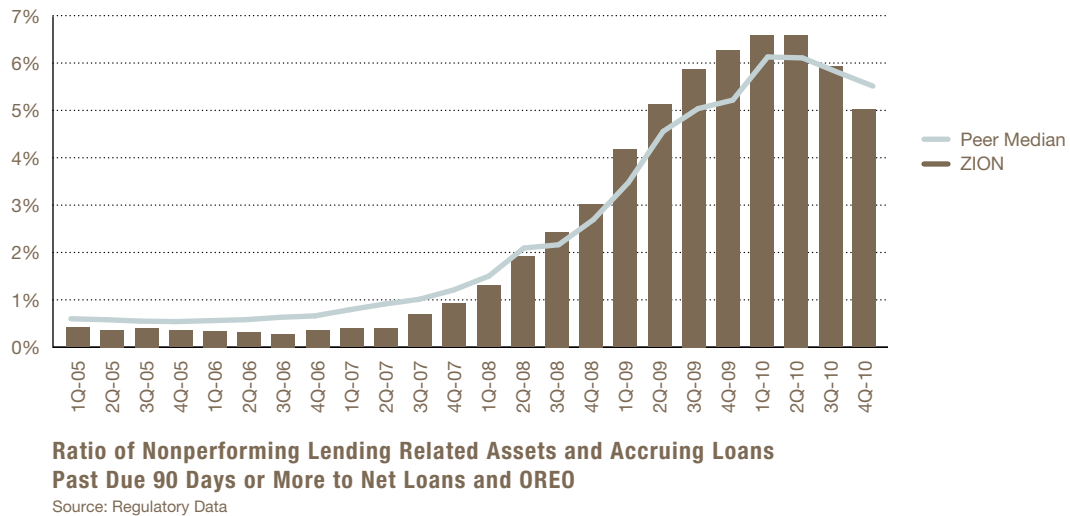
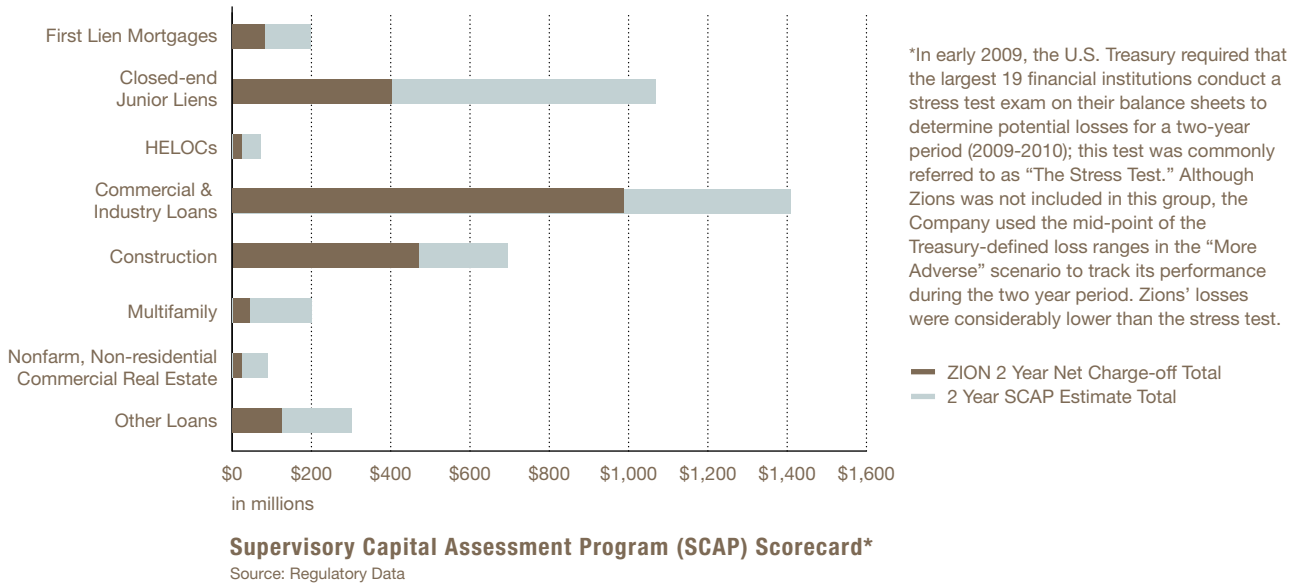
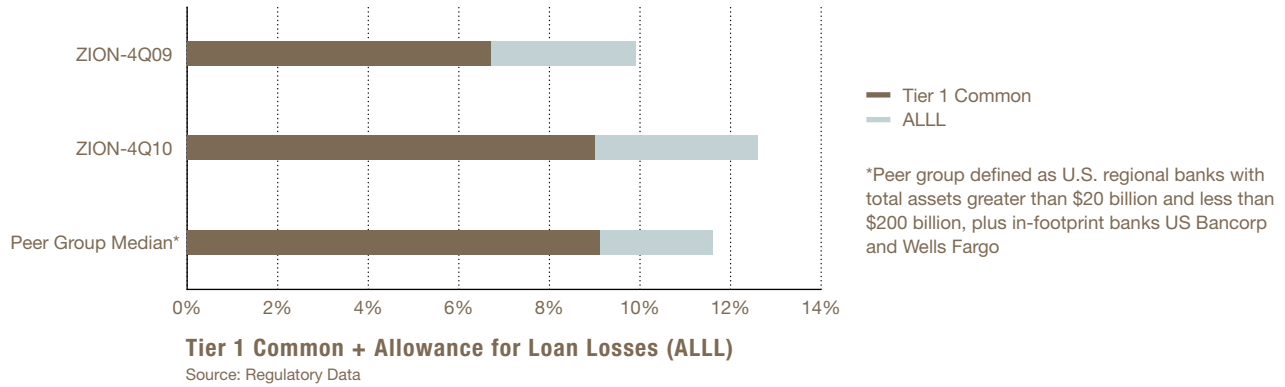
"Scentsy is an industry leader and has appropriately received many accolades for its fantastic accomplishments in so few years of operations. It is clear that this success is a result of Orville and Heidi Thompson's leadership and integrity."

Willie Koosman, Relationship Manager  
Judd Kirkham, Commercial Loan Officer



company's line of credit, despite a wavering economy. Furthermore, Zions Bank assisted Scentsy in obtaining additional credit via the Recovery Zone Bonds initiative established in 2009. The proceeds received by Scentsy will be used to construct a new warehouse and distribution facilities that will consolidate many of Scentsy's campuses and create much needed expansion space.

Today, the company's family of more than 100,000 passionate Independent Scentsy Consultants shares the Scentsy experience and the Scentsy difference throughout the United States, Puerto Rico, Guam, and Canada, with a European expansion currently underway.





## FINANCIAL HIGHLIGHTS

<i>(In millions, except per share amounts)</i>	2010/2009 change	2010	2009	2008	2007	2006
<b>FOR THE YEAR</b>						
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%	(206.3)	(1,221.7)	(271.4)	501.7	594.9
Net earnings (loss) applicable to common shareholders	+67%	(412.5)	(1,234.4)	(290.7)	479.4	579.3
<b>PER COMMON SHARE</b>						
Net earnings (loss) – diluted	+75%	(2.48)	(9.92)	(2.68)	4.40	5.35
Dividends declared	-60%	0.04	0.10	1.61	1.68	1.47
Book value <sup>1</sup>	-10%	25.12	27.85	42.65	47.17	44.48
Tangible book value <sup>1</sup>	-6%	19.09	20.35	27.24	27.02	25.15
<b>AT YEAR-END</b>						
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
Preferred equity	+37%	2,057	1,503	1,582	240	240
Common equity	+10%	4,591	4,190	4,920	5,053	4,747
<b>PERFORMANCE RATIOS</b>						
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%
<b>CAPITAL RATIOS<sup>1</sup></b>						
Tier 1 common to risk-weighted assets		8.95%	6.73%	6.28%	6.12%	6.38%
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%

<sup>1</sup>At year-end.

# ZIONS BANCORPORATION

The complete list of officers and directors for Zions Bancorporation and its subsidiaries is available at [www.zionsbancorporation.com](http://www.zionsbancorporation.com).

## CORPORATE OFFICERS

### Harris H. Simmons

Chairman, President  
and Chief Executive Officer

### Doyle L. Arnold

Vice Chairman and  
Chief Financial Officer

### *Executive Vice Presidents*

### Bruce K. Alexander

CEO, Vectra Bank Colorado, N.A.

### A. Scott Anderson

CEO, Zions First  
National Bank

### David E. Blackford

CEO, California Bank & Trust

### George M. Feiger

Wealth Management

### Dallas E. Haun

CEO, Nevada State Bank

### W. David Hemingway

Capital Markets and Investments

### John T. Itokazu

Operations and  
Information Systems

### Thomas E. Laursen

General Counsel

### Connie Linardakis

Human Resources

### Keith D. Maio

CEO, National Bank of Arizona

### Dean L. Marotta

Risk Management

### Scott J. McLean

CEO, Amegy Bank N.A.

### Kenneth E. Peterson

Credit Administration

### Stanley D. Savage

CEO, The Commerce Bank  
of Washington, N.A.

### Steven D. Stephens

President, Amegy Bank N.A.

### *Senior Vice Presidents*

### James R. Abbott

Investor Relations

### Alexander J. Hume

Controller

### Ronald L. Johnson

Credit Examination

### Alvin Lee

Corporate Development

### Norman W. Merritt

Compliance

### Jennifer A. Smith

Internal Audit

### H. Walter Young

Corporate Finance

### *Vice Presidents*

### Jennifer R. Jolley

### Melvin D. Leibsle

### John A. Payne

## BOARD OF DIRECTORS

### Jerry C. Atkin<sup>1,2,5</sup>

Chairman, President and  
Chief Executive Officer  
Skywest Airlines  
St. George, Utah

### R. D. Cash<sup>3,4,5</sup>

Retired/Former Chairman, President  
and Chief Executive Officer  
Questar Corporation  
Lubbock, Texas

### Patricia Frobes<sup>1,3,4</sup>

Retired/Former  
Senior Vice President  
The Irvine Company  
Portland, Oregon

### J. David Heaney<sup>2,4</sup>

Chairman  
Heaney Rosenthal, Inc.  
Houston, Texas

### Roger B. Porter<sup>1,3,5</sup>

IBM Professor of Business  
and Government,  
Harvard University  
Cambridge, Massachusetts

### Stephen D. Quinn<sup>1,2,4</sup>

Retired/Former Managing Director and  
General Partner  
Goldman, Sachs & Co.  
New Canaan, Connecticut

### Harris H. Simmons<sup>1</sup>

Chairman, President and  
Chief Executive Officer  
of the Company and  
Chairman of the Board of  
Zions First National Bank  
Salt Lake City, Utah

### L. E. Simmons<sup>4</sup>

President  
SCF Partners, LP  
Houston, Texas

### Shelley Thomas Williams<sup>2,3</sup>

Communications Consultant  
Sun Valley, Idaho

### Steven C. Wheelwright<sup>1,3,5</sup>

President  
Brigham Young University-Hawaii  
Laie, Hawaii

<sup>1</sup> Member, Executive Committee

<sup>2</sup> Member, Audit Committee

<sup>3</sup> Member, Compensation Committee

<sup>4</sup> Member, Credit Review Committee

<sup>5</sup> Member, Nominating and Corporate  
Governance Committee

# CORPORATE INFORMATION

## EXECUTIVE OFFICES

One South Main Street  
Salt Lake City, Utah 84133-1109  
801-524-4787

## ANNUAL SHAREHOLDERS' MEETING

Friday, May 27, 2011, 1:00 p.m.  
Zions Bancorporation  
Founders Room, 18th Floor  
One South Main Street  
Salt Lake City, Utah 84133-1109

## TRANSFER AGENT

Zions First National Bank  
Corporate Trust Department  
One South Main Street, 12th Floor  
Salt Lake City, Utah 84133-1109  
801-844-7545 or 888-416-5176

## REGISTRAR

Zions First National Bank  
One South Main Street, 12th Floor  
Salt Lake City, Utah 84133-1109

## AUDITORS

Ernst & Young LLP  
178 S Rio Grande Street, Suite 400  
Salt Lake City, Utah 84101

## NASDAQ GLOBAL SELECT MARKET SYMBOL

ZION

## OTHER LISTED SECURITIES

Series A Preferred Stock – NYSE: ZBPRA  
Zions Capital Trust B – NYSE: ZBPRB  
Series C Preferred Stock – NYSE: ZBPRC  
Series E Preferred Stock – NYSE: ZBPRE

## DIVIDEND REINVESTMENT PLAN

Shareholders can reinvest their cash dividends in additional shares of our common stock at the market price on dividend payment date. Shareholders, as well as brokers and custodians who hold our common stock for clients, can obtain a prospectus of the plan on the Zions Bancorporation Web site ([www.zionsbancorporation.com](http://www.zionsbancorporation.com)) or by writing to:

Zions Bancorporation  
Dividend Reinvestment Plan  
P.O. Box 30880  
Salt Lake City, Utah 84130-0880

## CREDIT RATINGS

Credit ratings are updated regularly and may be found on the Zions Bancorporation Web site ([www.zionsbancorporation.com](http://www.zionsbancorporation.com))

## OPTION MARKET MAKERS

Chicago Board Options Exchange  
Philadelphia Stock Exchange

## SELECTED INDEX MEMBERSHIPS

S&P 500  
S&P Global 1200  
KBW Bank  
NASDAQ Financial 100

## INVESTOR RELATIONS

For financial information about the Corporation, analysts, investors and news media representatives should contact:

James R. Abbott  
801-844-7637  
[James.Abbott@zionsbancorp.com](mailto:James.Abbott@zionsbancorp.com)

## ZIONS BANCORPORATION NEWS RELEASES

Our news releases are available on our Web site at:  
[www.zionsbancorporation.com](http://www.zionsbancorporation.com).  
To be added to the e-mail distribution list, please visit [www.zionsbancorporation.com](http://www.zionsbancorporation.com) and click on "E-mail Notification."

## INTERNET SITES

Zions Bancorporation:  
[www.zionsbancorporation.com](http://www.zionsbancorporation.com)

Zions First National Bank:  
[www.zionsbank.com](http://www.zionsbank.com)

California Bank & Trust:  
[www.calbanktrust.com](http://www.calbanktrust.com)

Amegy Bank:  
[www.amegybank.com](http://www.amegybank.com)

National Bank of Arizona:  
[www.nbarizona.com](http://www.nbarizona.com)

Nevada State Bank:  
[www.nsbank.com](http://www.nsbank.com)

Vectra Bank Colorado:  
[www.vectrabank.com](http://www.vectrabank.com)

The Commerce Bank of Washington:  
[www.tcbwa.com](http://www.tcbwa.com)

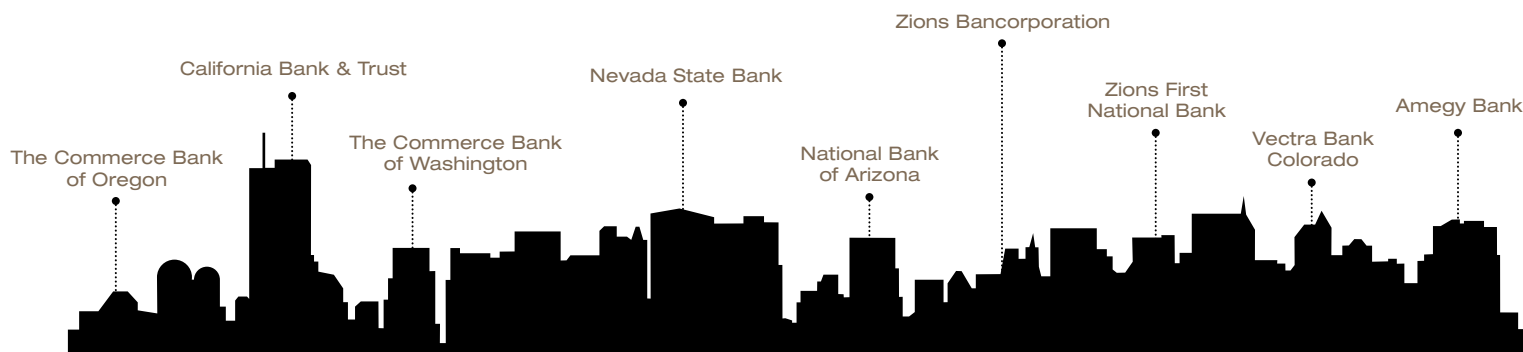
The Commerce Bank of Oregon:  
[www.tcboregon.com](http://www.tcboregon.com)

Contango Capital Advisors, Inc.:  
[www.contangocapitaladvisors.com](http://www.contangocapitaladvisors.com)

Zions Direct, Inc.:  
[www.zionsdirect.com](http://www.zionsdirect.com)







# ZIONS BANCORPORATION

ONE SOUTH MAIN STREET – SALT LAKE CITY, UTAH 84133

[WWW.ZIONSBANCORPORATION.COM](http://WWW.ZIONSBANCORPORATION.COM)