ZION 10-K/A 12/31/2007

Section 1: 10-K/A (AMENDMENT #1 TO FORM 10-K)

Table of Contents

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

FORM 10-K/A

Amendment No. 1

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

For the fiscal year ended December 31, 2007

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	**84111**
(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
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
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 ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark 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 ☒ 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 ☒

Aggregate Market Value of Common Stock Held by Non-affiliates at June 30, 2007	$ 7,974,285,987
Number of Common Shares Outstanding at February 15, 2008	107,139,628 shares

Documents Incorporated by Reference:

Portions of the Company's Proxy Statement (to be dated approximately March 10, 2008) for the Annual Meeting of Shareholders to be held April 24, 2008 – Incorporated into Part III

ZIONS BANCORPORATION

ITEM AMENDED

This Amendment No. 1 on Form 10-K/A is being filed to include the conformed signatures of Ernst & Young LLP on their Report on Internal Control Over Financial Reporting and their Report on Consolidated Financial Statements both dated February 28, 2008 included in Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA. These conformed signatures were inadvertently omitted from the Annual Report on Form 10-K as filed February 28, 2008 for the year ended December 31, 2007, although signatures were included on the original forms of the reports. This Amendment No. 1 on Form 10-K/A is filed solely to correct this typographical error.

INDEX

Table of Contents

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT ON MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Zions Bancorporation and subsidiaries ("the Company") is responsible for establishing and maintaining adequate internal control over financial reporting for the Company as defined by Exchange Act Rules 13a-15 and 15d-15.

The Company's management has used the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to evaluate the effectiveness of the Company's internal control over financial reporting.

The Company's management has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2007 and has concluded that such internal control over financial reporting is effective. There are no material weaknesses in the Company's internal control over financial reporting that have been identified by the Company's management.

Ernst & Young LLP, an independent registered public accounting firm, has audited the consolidated financial statements of the Company for the year ended December 31, 2007, and has also issued an attestation report, which is included herein, on internal control over financial reporting under Auditing Standard No. 5 of the Public Company Accounting Oversight Board ("PCAOB").

REPORTS OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Audit Committee of the Board of Directors and Shareholders of Zions Bancorporation

We have audited Zions Bancorporation and subsidiaries' internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Zions Bancorporation and subsidiaries' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report on Management's Assessment of Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because management's assessment and our audit were conducted to also meet the reporting requirements of Section 112 of the Federal Deposit Insurance Corporation Improvement Act (FDICIA), management's assessment and our audit of Zions Bancorporation and subsidiaries' internal control over financial reporting included controls over the preparation of financial statements in accordance with the instructions for the preparation of Consolidated Financial Statements for Bank Holding Companies (Form FR Y-9C). A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Zions Bancorporation and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Zions Bancorporation and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, changes in shareholders' equity and comprehensive income, and cash flows for each of the three years in the period ended December 31, 2007 and our report dated February 28, 2008 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Salt Lake City, Utah
February 28, 2008

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Audit Committee of the Board of Directors and Shareholders of Zions Bancorporation

We have audited the accompanying consolidated balance sheets of Zions Bancorporation and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, changes in shareholders' equity and comprehensive income, and cash flows for each of the three years in the period ended December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Zions Bancorporation and subsidiaries at December 31, 2007 and 2006, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2007, in conformity with U.S. generally accepted accounting principles.

As discussed in Notes 1, 14, 15, and 17 to the financial statements, Zions Bancorporation and subsidiaries adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109,* during 2007 and Statement of Financial Accounting Standards No. 123(R), *Share-Based Payment,* during 2006.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Zions Bancorporation and subsidiaries' internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2008 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Salt Lake City, Utah
February 28, 2008

Table of Contents

ZIONS BANCORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2007 AND 2006

(In thousands, except share amounts)	2007	2006
ASSETS		
Cash and due from banks	$ 1,855,155	1,938,810
Money market investments:		
Interest-bearing deposits and commercial paper	726,446	43,203
Federal funds sold	102,225	55,658
Security resell agreements	671,537	270,415
Investment securities:		
Held-to-maturity, at cost (approximate fair value $702,148 and $648,828)	704,441	653,124
Available-for-sale, at fair value	5,134,610	5,050,907
Trading account, at fair value (includes $741 and $34,494 transferred as collateral under repurchase agreements)	21,849	63,436
	5,860,900	5,767,467
Loans:		
Loans held for sale	207,943	252,818
Loans and leases	39,044,163	34,566,118
	39,252,106	34,818,936
Less:		
Unearned income and fees, net of related costs	164,327	151,380
Allowance for loan losses	459,376	365,150
Loans and leases, net of allowance	38,628,403	34,302,406
Other noninterest-bearing investments	1,034,412	1,022,383
Premises and equipment, net	655,712	609,472
Goodwill	2,009,513	1,900,517
Core deposit and other intangibles	149,493	162,134
Other real estate owned	15,201	9,250
Other assets	1,238,417	888,511
	$ 52,947,414	46,970,226
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing demand	$ 9,618,300	10,010,310
Interest-bearing:		
Savings and money market	14,812,062	14,673,478
Internet money market	2,163,014	1,185,409
Time under $100,000	2,562,363	2,257,967
Time $100,000 and over	4,391,588	4,302,056
Foreign	3,375,426	2,552,526
	36,922,753	34,981,746
Securities sold, not yet purchased	224,269	175,993
Federal funds purchased	2,463,460	1,993,483
Security repurchase agreements	1,298,112	934,057
Other liabilities	644,375	621,922
Commercial paper	297,850	220,507
Federal Home Loan Bank advances and other borrowings:		
One year or less	3,181,990	517,925
Over one year	127,612	137,058
Long-term debt	2,463,254	2,357,721
Total liabilities	47,623,675	41,940,412
Minority interest	30,939	42,791
Shareholders' equity:		
Capital stock:		
Preferred stock, without par value, authorized 3,000,000 shares:		
Series A (liquidation preference $1,000 per share); issued and outstanding 240,000 shares	240,000	240,000
Common stock, without par value; authorized 350,000,000 shares; issued and outstanding 107,116,505 and 106,720,884 shares	2,212,237	2,230,303

Retained earnings	2,910,692	2,602,189
Accumulated other comprehensive income (loss)	(58,835)	(75,849)
Deferred compensation	(11,294)	(9,620)
Total shareholders’ equity	5,292,800	4,987,023
	$ 52,947,414	46,970,226

See accompanying notes to consolidated financial statements.

[Table of Contents](#)

ZIONS BANCORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005

(In thousands, except per share amounts)	2007	2006	2005
Interest income:			
Interest and fees on loans	$ 2,823,382	2,438,324	1,595,916
Interest on loans held for sale	14,867	16,442	9,814
Lease financing	21,683	18,290	16,079
Interest on money market investments	43,699	24,714	31,682
Interest on securities:			
Held-to-maturity – taxable	8,997	8,861	7,331
Held-to-maturity – nontaxable	25,150	22,909	24,005
Available-for-sale – taxable	255,039	272,252	201,628
Available-for-sale – nontaxable	9,200	8,630	3,931
Trading account	3,309	7,699	19,870
Total interest income	3,205,326	2,818,121	1,910,256
Interest expense:			
Interest on savings and money market deposits	479,366	405,269	220,604
Interest on time and foreign deposits	472,353	315,569	119,720
Interest on short-term borrowings	218,696	164,335	92,149
Interest on long-term borrowings	152,959	168,224	116,433
Total interest expense	1,323,374	1,053,397	548,906
Net interest income	1,881,952	1,764,724	1,361,350
Provision for loan losses	152,210	72,572	43,023
Net interest income after provision for loan losses	1,729,742	1,692,152	1,318,327
Noninterest income:			
Service charges and fees on deposit accounts	183,550	160,774	124,453
Loan sales and servicing income	38,503	54,193	77,822
Other service charges, commissions and fees	196,815	171,767	116,688
Trust and wealth management income	36,532	29,970	22,175
Income from securities conduit	18,176	32,206	34,966
Dividends and other investment income	50,914	39,918	30,040
Trading and nonhedge derivative income	3,081	18,501	15,714
Equity securities gains (losses), net	17,719	17,841	(1,312)
Fixed income securities gains, net	3,019	6,416	2,462
Impairment losses on available-for-sale securities and valuation losses on securities purchased from Lockhart Funding	(158,208)	–	(1,617)
Other	22,243	19,623	15,562
Total noninterest income	412,344	551,209	436,953
Noninterest expense:			
Salaries and employee benefits	799,884	751,679	573,902
Occupancy, net	107,438	99,607	77,393
Furniture and equipment	96,452	88,725	68,190
Legal and professional services	43,829	40,134	34,804
Postage and supplies	36,512	33,076	26,839
Advertising	26,920	26,465	21,364
Debt extinguishment cost	89	7,261	–
Impairment losses on long-lived assets	–	1,304	3,133
Restructuring charges	–	17	2,443
Merger related expense	5,266	20,461	3,310
Amortization of core deposit and other intangibles	44,895	43,000	16,905
Provision for unfunded lending commitments	1,836	1,248	3,425
Other	241,467	217,460	181,083
Total noninterest expense	1,404,588	1,330,437	1,012,791
Impairment loss on goodwill	–	–	602
Income before income taxes and minority interest	737,498	912,924	741,887
Income taxes	235,737	317,950	263,418
Minority interest	8,016	11,849	(1,652)
Net income	493,745	583,125	480,121
Preferred stock dividend	14,323	3,835	–

Net earnings applicable to common shareholders	$ 479,422	579,290	480,121
Weighted average common shares outstanding during the year:			
Basic shares	107,365	106,057	91,187
Diluted shares	108,523	108,028	92,994
Net earnings per common share:			
Basic	$ 4.47	5.46	5.27
Diluted	4.42	5.36	5.16

See accompanying notes to consolidated financial statements.

Table of Contents

ZIONS BANCORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005

(In thousands, except share and per share amounts)	Preferred stock	Common stock Shares	Common stock Amount	Retained earnings	Accumulated other comprehensive income (loss)	Deferred compensation	Total shareholders' equity
Balance, December 31, 2004	$ –	89,829,947	$ 972,065	1,830,064	(7,932)	(4,218)	2,789,979
Comprehensive income:							
Net income				480,121			480,121
Other comprehensive loss, net of tax:							
Net realized and unrealized holding losses on investments and retained interests					(28,380)		
Foreign currency translation					(1,507)		
Reclassification for net realized gains on investments recorded in operations					(659)		
Net unrealized losses on derivative instruments					(40,771)		
Minimum pension liability					(3,794)		
Other comprehensive loss					(75,111)		(75,111)
Total comprehensive income							405,010
Stock redeemed and retired		(1,178,880)	(82,211)				(82,211)
Net stock options exercised and restricted stock issued		2,001,876	113,290				113,290
Common and restricted stock issued and stock options assumed in acquisition		14,494,619	1,153,588			(3,906)	1,149,682
Cash dividends on common stock, $1.44 per share				(130,300)			(130,300)
Change in deferred compensation						(8,186)	(8,186)
Balance, December 31, 2005	–	105,147,562	2,156,732	2,179,885	(83,043)	(16,310)	4,237,264
Comprehensive income:							
Net income				583,125			583,125
Other comprehensive income, net of tax:							
Net realized and unrealized holding losses on investments and retained interests					(7,684)		
Foreign currency translation					715		
Reclassification for net realized gains on investments recorded in operations					(630)		
Net unrealized gains on derivative instruments					8,548		
Pension and postretirement					6,245		
Other comprehensive income					7,194		7,194
Total comprehensive income							590,319
Issuance of preferred stock	240,000		(4,167)				235,833
Stock redeemed and retired		(326,639)	(26,483)				(26,483)
Net stock options exercised and restricted stock issued		1,899,961	91,647				91,647
Reclassification of deferred compensation, adoption of SFAS 123R			(11,111)			11,111	–
Share-based compensation			23,685				23,685
Dividends declared on preferred stock				(3,835)			(3,835)
Cash dividends on common stock, $1.47 per share				(156,986)			(156,986)
Change in deferred compensation						(4,421)	(4,421)
Balance, December 31, 2006	240,000	106,720,884	2,230,303	2,602,189	(75,849)	(9,620)	4,987,023
Cumulative effect of change in accounting principle, adoption of FIN 48				10,408			10,408
Comprehensive income:							
Net income				493,745			493,745
Other comprehensive income, net of tax:							
Net realized and unrealized holding losses on investments and retained interests					(181,815)		
Foreign currency translation					(6)		
Reclassification for net realized losses on investments recorded in operations					91,426		
Net unrealized gains on derivative instruments					106,929		
Pension and postretirement					480		
Other comprehensive income					17,014		17,014
Total comprehensive income							510,759
Stock redeemed and retired		(3,973,234)	(322,025)				(322,025)
Net stock options exercised and restricted stock issued		1,768,738	70,278				70,278
Common stock issued in acquisition		2,600,117	206,075				206,075
Share-based compensation			27,606				27,606
Dividends declared on preferred stock				(14,323)			(14,323)
Cash dividends on common stock, $1.68 per share				(181,327)			(181,327)
Change in deferred compensation						(1,674)	(1,674)
Balance, December 31, 2007	$ 240,000	107,116,505	$ 2,212,237	2,910,692	(58,835)	(11,294)	5,292,800

See accompanying notes to consolidated financial statements.

Table of Contents

ZIONS BANCORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005

(In thousands)	2007	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 493,745	583,125	480,121
Adjustments to reconcile net income to net cash provided by operating activities:			
Impairment and valuation losses on securities, goodwill and long lived assets	158,208	1,304	5,352
Debt extinguishment cost	89	7,261	–
Provision for loan losses	152,210	72,572	43,023
Depreciation of premises and equipment	76,436	75,603	61,163
Amortization	48,537	49,445	39,504
Deferred income tax expense (benefit)	(158,702)	9,368	(32,362)
Share-based compensation	28,274	24,358	–
Excess tax benefits from share-based compensation	(11,815)	(14,689)	–
Gain (loss) allocated to minority interest	8,016	11,849	(1,652)
Equity securities losses (gains), net	(17,719)	(17,841)	1,312
Fixed income securities gains, net	(3,019)	(6,416)	(2,462)
Net decrease in trading securities	41,587	38,126	188,508
Principal payments on and proceeds from sales of loans held for sale	1,166,724	1,150,692	987,324
Additions to loans held for sale	(1,230,790)	(1,119,723)	(911,287)
Net gains on sales of loans, leases and other assets	(17,243)	(26,548)	(50,191)
Income from increase in cash surrender value of bank-owned life insurance	(26,560)	(26,638)	(18,921)
Change in accrued income taxes	20,176	27,305	15,611
Change in accrued interest receivable	(7,521)	(42,498)	(22,922)
Change in other assets	44,177	89,164	(98,903)
Change in other liabilities	(7,697)	114,288	65,505
Change in accrued interest payable	(3,576)	31,020	10,085
Other, net	(20,637)	8,155	(4,614)
Net cash provided by operating activities	732,900	1,039,282	754,194
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net decrease (increase) in money market investments	(829,632)	297,466	89,273
Proceeds from maturities of investment securities held-to-maturity	112,670	128,358	129,916
Purchases of investment securities held-to-maturity	(140,460)	(131,356)	(137,844)
Proceeds from sales of investment securities available-for-sale	795,915	671,706	601,836
Proceeds from maturities of investment securities available-for-sale	3,355,414	2,338,383	882,576
Purchases of investment securities available-for-sale	(4,537,371)	(2,777,647)	(1,327,688)
Proceeds from sales of loans and leases	68,579	218,104	1,200,692
Net increase in loans and leases	(3,907,965)	(4,855,115)	(3,619,401)
Net decrease (increase) in other noninterest-bearing investments	62,234	(28,864)	(15,294)
Proceeds from sales of premises and equipment and other assets	12,137	3,632	5,331
Purchases of premises and equipment	(103,223)	(122,432)	(67,995)
Proceeds from sales of other real estate owned	9,977	39,607	16,768
Net cash received from (paid for) acquisitions	27,263	(13,145)	(173,642)
Net cash received (paid) for net assets/liabilities on branches sold	11,174	–	(16,076)
Net cash received from sale of subsidiary	6,995	–	–
Net cash used in investing activities	(5,056,293)	(4,231,303)	(2,431,548)

Table of Contents

ZIONS BANCORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005

(In thousands)	2007	2006	2005
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase in deposits	$ 931,098	2,339,338	2,995,165
Net change in short-term funds borrowed	3,743,292	1,182,425	(933,191)
Proceeds from FHLB advances and other borrowings over one year	–	4,962	3,285
Payments on FHLB advances and other borrowings over one year	(9,446)	(102,392)	(2,233)
Proceeds from issuance of long-term debt	296,289	395,000	595,134
Debt issuance costs	(62)	(597)	(3,468)
Payments on long-term debt	(274,957)	(529,963)	(35)
Debt extinguishment cost	(89)	(7,261)	–
Proceeds from issuance of preferred stock	–	235,833	–
Proceeds from issuance of common stock	59,473	79,511	90,800
Payments to redeem common stock	(322,025)	(26,483)	(82,211)
Excess tax benefits from share-based compensation	11,815	14,689	–
Dividends paid on preferred stock	(14,323)	(3,835)	–
Dividends paid on common stock	(181,327)	(156,986)	(130,300)
Net cash provided by financing activities	4,239,738	3,424,241	2,532,946
Net increase (decrease) in cash and due from banks	(83,655)	232,220	855,592
Cash and due from banks at beginning of year	1,938,810	1,706,590	850,998
Cash and due from banks at end of year	$ 1,855,155	1,938,810	1,706,590
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid for:			
Interest	$ 1,318,356	1,022,260	529,010
Income taxes	355,685	273,154	257,850
Noncash items:			
Loans transferred to securities resulting from securitizations	–	–	42,431
Loans transferred to other real estate owned	22,701	29,342	17,127
Acquisitions:			
Common stock issued	206,075	–	1,089,440
Assets acquired	1,348,233	–	8,886,049
Liabilities assumed	1,142,158	–	7,126,844

See accompanying notes to consolidated financial statements.

ZIONS BANCORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

Zions Bancorporation ("the Parent") is a financial holding company headquartered in Salt Lake City, Utah, which provides a full range of banking and related services through its banking subsidiaries in ten Western and Southwestern states as follows: Zions First National Bank ("Zions Bank"), in Utah and Idaho; California Bank & Trust ("CB&T"); Amegy Corporation ("Amegy") and its subsidiary, Amegy Bank, in Texas; National Bank of Arizona ("NBA"); Nevada State Bank ("NSB"); Vectra Bank Colorado ("Vectra"), in Colorado and New Mexico; The Commerce Bank of Washington ("TCBW"); and The Commerce Bank of Oregon ("TCBO"). Amegy and its parent, Amegy Bancorporation, Inc., were acquired effective December 3, 2005. TCBO was opened in October 2005 and is not expected to have a material effect on consolidated operations for several years. The Parent also owns and operates certain nonbank subsidiaries that engage in the development and sale of financial technologies and related services, including NetDeposit, Inc. ("NetDeposit") and P5, Inc. ("P5").

Basis of Financial Statement Presentation

The consolidated financial statements include the accounts of the Parent and its majority-owned subsidiaries ("the Company," "we," "our," "us"). Unconsolidated investments in which there is a greater than 20% ownership are accounted for by the equity method of accounting; those in which there is less than 20% ownership are accounted for under cost, fair value, or equity methods of accounting. All significant intercompany accounts and transactions have been eliminated in consolidation. Certain amounts in prior years have been reclassified to conform to the current year presentation.

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States and prevailing practices within the financial services industry. This includes the guidance in Financial Accounting Standards Board ("FASB") Interpretation No. 46R ("FIN 46R"), *Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin No. 51*, as revised from FIN 46. FIN 46R requires consolidation of a variable interest entity ("VIE") when a company is the primary beneficiary of the VIE. As described in Note 6, Zions Bank holds variable interests in securitization structures. All of these structures are qualifying special-purpose entities, which are exempt from the consolidation requirements of FIN 46R.

In preparing the consolidated financial statements, we are required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Statement of Cash Flows

For purposes of presentation in the consolidated statements of cash flows, "cash and cash equivalents" are defined as those amounts included in cash and due from banks in the consolidated balance sheets.

Security Resell Agreements

Security resell agreements represent overnight and term agreements, the majority maturing within 30 days. These agreements are generally treated as collateralized financing transactions and are carried at amounts at which the securities were acquired plus accrued interest. Either the Company or, in some instances, third parties on our behalf take possession of the underlying securities. The fair value of such securities is monitored throughout the contract term to ensure that asset values remain sufficient to protect against counterparty default. We are permitted by contract to sell or repledge certain securities that we accept as collateral for security resell agreements. If sold, our obligation to return the collateral is recorded as a liability and included in the balance sheet as securities sold, not yet purchased. As of December 31, 2007, we held approximately $672 million of securities for which we were permitted by contract to sell or repledge. The majority of these securities have been either pledged or otherwise transferred to others in connection with our financing activities, or to satisfy our commitments under short sales. Security resell agreements averaged approximately $474 million during 2007, and the maximum amount outstanding at any month-end during 2007 was $683 million.

Investment Securities

We classify our investment securities according to their purpose and holding period. Gains or losses on the sale of securities are recognized using the specific identification method and recorded in noninterest income.

Held-to-maturity debt securities are stated at cost, net of unamortized premiums and unaccreted discounts. The Company has the intent and ability to hold such securities to maturity. Debt securities held for investment and marketable equity securities not accounted for under the equity method of accounting are classified as available-for-sale and recorded at fair value. Unrealized gains and losses of available-for-sale securities, after applicable taxes, are recorded as a component of other comprehensive income. Any declines in the value of debt securities and marketable equity securities that are considered other-than-temporary are recorded in noninterest income. The review for other-than-temporary impairment takes into account the severity and duration of the impairment, recent events specific to the issuer or industry, fair value in relationship to cost, extent and nature of change in fair value, creditworthiness of the issuer including external credit ratings and recent downgrades, trends and volatility of earnings, current analysts' evaluations, and other key measures. In addition, we assess the Company's intent and ability to hold the security for a period of time sufficient for a recovery in value, which may be maturity, taking into account our balance sheet management strategy and consideration of current and future market conditions.

Securities acquired for short-term appreciation or other trading purposes are classified as trading securities and are recorded at fair value. Realized and unrealized gains and losses are recorded in trading income.

The fair values of available-for-sale and trading securities are generally based on quoted market prices or dealer quotes. If a quoted market price is not available, fair value is estimated using quoted market prices for comparable securities or a discounted cash flow model based on established market rates.

Loans

Loans are reported at the principal amount outstanding, net of unearned income. Unearned income, which includes deferred fees net of deferred direct loan origination costs, is amortized to interest income over the life of the loan using the interest method. Interest income is recognized on an accrual basis.

Loans held for sale are carried at the lower of aggregate cost or fair value. Gains and losses are recorded in noninterest income based on the difference between sales proceeds and carrying value.

Nonaccrual Loans

Loans are generally placed on a nonaccrual status when principal or interest is past due 90 days or more unless the loan is both well secured and in the process of collection or when, in the opinion of management, full collection of principal or interest is unlikely. Generally, consumer loans are not placed on nonaccrual status inasmuch as they are normally charged off when they become 120 days past due. A nonaccrual loan may be returned to accrual status when all delinquent interest and principal become current in accordance with the terms of the loan agreement or when the loan becomes both well secured and in the process of collection.

Impaired Loans

Loans are considered impaired when, based on current information and events, it is probable that we will be unable to collect all amounts due according to the contractual terms of the loan agreement, including scheduled interest payments.

When a loan has been identified as being impaired, the amount of impairment will be measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or, when appropriate, the loan's observable fair value or the fair value of the collateral (less any selling costs) if the loan is collateral-dependent.

If the measurement of the impaired loan is less than the recorded investment in the loan (including accrued interest, net of deferred loan fees or costs and unamortized premium or discount), an impairment is recognized by creating or adjusting an existing allocation of the allowance for loan losses.

Restructured Loans

In cases where a borrower experiences financial difficulty and we make certain concessionary modifications to contractual terms, the loan is classified as a restructured (accruing) loan. Loans restructured at a rate equal to or greater than that of a new loan with comparable risk at the time the contract is modified may be excluded from the impairment assessment and may cease to be considered impaired loans in the calendar years subsequent to the restructuring if they are not impaired based on the modified terms.

Generally, a nonaccrual loan that is restructured remains on nonaccrual for a period of six months to demonstrate that the borrower can meet the restructured terms. However, performance prior to the restructuring, or significant events that coincide with the restructuring, are included in assessing whether the borrower can meet the new terms and may result in the loan being returned to accrual at the time of restructuring or after a shorter performance period. If the borrower's ability to meet the revised payment schedule is uncertain, the loan remains classified as a nonaccrual loan.

Other Real Estate Owned

Other real estate owned consists principally of commercial and residential real estate obtained in partial or total satisfaction of loan obligations. Amounts are recorded at the lower of cost or market (less any selling costs) based on property appraisals at the time of transfer and periodically thereafter.

Allowance for Loan Losses

In analyzing the adequacy of the allowance for loan losses, we utilize a comprehensive loan grading system to determine the risk potential in the portfolio and also consider the results of independent internal credit reviews. To determine the adequacy of the allowance, our loan and lease portfolio is broken into segments based on loan type.

For commercial loans, we use historical loss experience factors by segment, adjusted for changes in trends and conditions, to help determine an indicated allowance for each portfolio segment. These factors are evaluated and updated using migration analysis techniques and other considerations based on the makeup of the specific segment. Other considerations include volumes and trends of delinquencies, levels of nonaccrual loans, repossessions and bankruptcies, criticized and classified loan trends, expected losses on real estate secured loans, new credit products and policies, current economic conditions, concentrations of credit risk, and experience and abilities of the Company's lending personnel.

In addition to the segment evaluations, nonaccrual loans graded substandard or doubtful with an outstanding balance of $500 thousand or more are individually evaluated as impaired loans based on the facts and circumstances of the loan to determine if a specific allowance amount may be necessary. Specific allowances may also be established for loans whose outstanding balances are below the above threshold when it is determined that the risk associated with the loan differs significantly from the risk factor amounts established for its loan segment.

For consumer loans, we develop historical rates at which loans migrate from one delinquency level to the next higher level. Comparing these average roll rates to actual losses, the model establishes projected losses for rolling twelve-month periods with updated data broken down by product groupings with similar risk profiles.

After a preliminary allowance for credit losses has been established for the loan portfolio segments, we perform an additional review of the adequacy of the allowance based on the loan portfolio in its entirety. This enables us to mitigate the imprecision inherent in most estimates of expected credit losses and also supplements the allowance. This supplemental portion of the allowance includes our judgmental consideration of any additional amounts necessary for subjective factors such as economic uncertainties and excess concentration risks.

Nonmarketable Securities

Nonmarketable securities are included in other noninterest-bearing investments on the balance sheet. These securities include certain venture capital securities and securities acquired for various debt and regulatory requirements. Nonmarketable venture capital securities are reported at estimated fair values, in the absence of readily ascertainable fair values. Changes in fair value and gains and losses from sales are recognized in noninterest income. The values assigned to the securities where no market quotations exist are based upon available information and may not necessarily represent amounts that will ultimately be realized. Such estimated amounts depend on future circumstances and will not be realized until the individual securities are liquidated. The valuation procedures applied include consideration of economic and market conditions, current and projected financial performance of the investee company, and the investee company’s management team. We believe that the cost of an investment is initially the best indication of estimated fair value unless there have been significant subsequent positive or negative developments that justify an adjustment in the fair value estimate. Other nonmarketable securities acquired for various debt and regulatory requirements are accounted for at cost.

Asset Securitizations

When we sell receivables in securitizations of home equity loans and small business loans, we may retain a cash reserve account, an interest-only strip, and in some cases a subordinated tranche, all of which are retained interests in the securitized receivables. Gain or loss on sale of the receivables depends in part on the previous carrying amount of the financial assets involved in the transfer, allocated between the assets sold and the retained interests based on their relative fair values at the date of transfer. Quoted market prices are generally not available for retained interests. To obtain fair values, we estimate the present value of future expected cash flows using our best judgment of key assumptions, including credit losses, prepayment speeds and methods, forward yield curves, and discount rates commensurate with the risks involved.

Premises and Equipment

Premises and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation, computed primarily on the straight-line method, is charged to operations over the estimated useful lives of the properties, generally from 25 to 40 years for buildings and from 3 to 10 years for furniture and equipment. Leasehold improvements are amortized over the terms of the respective leases or the estimated useful lives of the improvements, whichever are shorter.

Business Combinations

Business combinations are accounted for under the purchase method of accounting in accordance with Statement of Financial Accounting Standards ("SFAS") No. 141, *Business Combinations*. Under this guidance, assets and liabilities of the business acquired are recorded at their estimated fair values as of the date of acquisition. Any excess of the cost of acquisition over the fair value of net assets and other identifiable intangible assets acquired is recorded as goodwill. Results of operations of the acquired business are included in the statement of income from the date of acquisition.

Goodwill and Identifiable Intangible Assets

SFAS No. 142, *Goodwill and Other Intangible Assets,* requires that goodwill and intangible assets deemed to have indefinite lives are not amortized. Such assets are subject to annual specified impairment tests. Core deposit assets and other intangibles with finite useful lives are generally amortized on an accelerated basis using an estimated useful life of up to 12 years.

Derivative Instruments

We use derivative instruments including interest rate swaps and basis swaps as part of our overall asset and liability duration and interest rate risk management strategy. These instruments enable us to manage desired asset and liability duration and to reduce interest rate exposure by matching estimated repricing periods of interest-sensitive assets and liabilities. We also execute derivative instruments with commercial banking customers to facilitate their risk management strategies. These derivatives are immediately hedged by offsetting derivatives such that we minimize our net risk exposure as a result of such transactions. As required by SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, we record all derivatives at fair value in the balance sheet as either other assets or other liabilities. See further discussion in Note 7.

Commitments and Letters of Credit

In the ordinary course of business, we enter into commitments to extend credit, commercial letters of credit, and standby letters of credit. Such financial instruments are recorded in the financial statements when they become payable. The credit risk associated with these commitments, when indistinguishable from the underlying funded loan, is considered in our determination of the allowance for loan losses. Other liabilities in the balance sheet include the reserve for unfunded lending commitments that is distinguishable and related to undrawn commitments to extend credit.

Share-Based Compensation

Share-based compensation generally includes grants of stock options and restricted stock to employees and nonemployee directors. We account for share-based payments, including stock options, in accordance with SFAS No. 123R, *Share-Based Payment*, and recognize them in the statement of income based on their fair values. See further discussion in Note 17.

Income Taxes

Deferred tax assets and liabilities are determined based on temporary differences between financial statement asset and liability amounts and their respective tax bases and are measured using enacted tax laws and rates. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are recognized subject to management's judgment that realization is more-likely-than-not.

Unrecognized tax benefits for uncertain tax positions relate primarily to state tax contingencies and are accounted for and disclosed in accordance with FASB Interpretation No. 48 ("FIN 48"), *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109.* We adopted FIN 48 effective January 1, 2007. See further discussion in Note 15.

Net Earnings per Common Share

Net earnings per common share is based on net earnings applicable to common shareholders which is net of the preferred stock dividend. Basic net earnings per common share is based on the weighted average outstanding common shares during each year. Diluted net earnings per common share is based on the weighted average outstanding common shares during each year, including common stock equivalents. Diluted net earnings per common share excludes common stock equivalents whose effect is antidilutive.

2. OTHER RECENT ACCOUNTING PRONOUNCEMENTS

Effective January 1, 2008, the Company will adopt SFAS No. 157, *Fair Value Measurements* and SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. SFAS 157 defines fair value, establishes a consistent framework for measuring fair value, and enhances disclosures about fair value measurements. Adoption of SFAS 157 has been delayed one year for the measurement of all nonfinancial assets and nonfinancial liabilities. The Company does not expect that the adoption of SFAS 157 will have a material effect on the consolidated financial statements. SFAS 159 allows for the option to report certain financial assets and liabilities at fair value initially and at subsequent measurement with changes in fair value included in earnings. The option may be applied instrument by instrument, but is on an irrevocable basis. The Company has determined to apply the fair value option to one available-for-sale trust preferred REIT CDO security and three retained interests on selected small business loan securitizations. In conjunction with the adoption of SFAS 159 on the selected REIT CDO security, the Company plans to implement a directional hedging program in an effort to hedge the credit exposure the Company has to homebuilders in its REIT CDO portfolio. The cumulative effect of adopting SFAS 159 is estimated to reduce the beginning balance of retained earnings at January 1, 2008 by approximately $11.5 million, comprised of a decrease of $11.7 million for the REIT CDO and an increase of $0.2 million for the three retained interests.

On December 4, 2007, the FASB issued SFAS No 141 (revised 2007), *Business Combinations*, and SFAS No. 160, *Accounting and Reporting of Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51*. These new standards will significantly change the financial accounting and reporting of business combination transactions and noncontrolling (or minority) interests in consolidated financial statements. Both Statements are effective for the first annual reporting period after December 31, 2008. Generally, adoption is prospective and early adoption is not permitted.

In April 2007, the FASB issued FASB Staff Position ("FSP") FIN 39-1, *Offsetting of Amounts Related to Certain Contracts*. FSP FIN 39-1 permits entities to offset fair value amounts recognized for the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) against fair value amounts recognized for derivative instruments executed with the same counterparty under a master netting arrangement. This new accounting guidance is effective for fiscal years beginning after November 15, 2007, with early application permitted. Management is evaluating the impact this FSP may have on the Company’s financial statements.

Additional recent accounting pronouncements are discussed where applicable throughout the Notes to Consolidated Financial Statements.

3. MERGER AND ACQUISITION ACTIVITY

Effective September 6, 2007, Amegy completed its acquisition for cash of Intercontinental Bank Shares Corporation ("Intercon"), including three branches located in San Antonio, Texas. Approximately $8.5 million in goodwill, $58 million in loans, and $105 million in deposits, including $98 million in core deposits, were added to the Company’s balance sheet.

Table of Contents

On January 17, 2007, we completed the acquisition of The Stockmen's Bancorp, Inc. ("Stockmen's"), headquartered in Kingman, Arizona. As of the date of acquisition, Stockmen's had approximately $1.2 billion of total assets, $1.1 billion of total deposits, and a total of 43 branches – 32 in Arizona and 11 in central California. Consideration of approximately $206.1 million consisted of 2.6 million shares of the Company's common stock plus a small amount of cash paid for fractional shares. Stockmen's parent company merged into the Parent and Stockmen's banking subsidiary merged into NBA. Effective November 2, 2007, NBA completed the sale of the 11 California branches, which included approximately $169 million of loans and $190 million of deposits, resulting in no gain or loss. As of December 31, 2007, after giving effect to the sale of the branches, the acquisition resulted in approximately $106.1 million of goodwill and $30.6 million of core deposit and other intangibles.

For 2007, merger related expense of $5.3 million consisted of $3.8 million for the Amegy and Intercon acquisitions, of which $2.8 million related to Amegy employment and retention agreements as the employees continued to render service. Approximately $1.0 million remains to be charged to operations in 2008 for these employment agreements. The remaining $1.5 million in 2007 was for the Stockmen's acquisition. For 2006 and 2005, substantially all of the $20.5 million and $3.3 million, respectively, related to the Amegy acquisition.

In October 2006, we acquired the remaining minority interests of P5, a provider of web-based claims reconciliation services. We had previously owned a majority interest in this investment. Net cash consideration of approximately $23.5 million was allocated $17.5 million to goodwill and $6.0 million to other intangible assets.

4. INVESTMENT SECURITIES

Investment securities are summarized as follows *(in thousands)*:

	December 31, 2007			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Held-to-maturity				
Municipal securities	$ 704,441	5,811	8,104	702,148
Available-for-sale				
U.S. Treasury securities	$ 52,281	731	12	53,000
U.S. government agencies and corporations:				
Agency securities	629,240	1,684	5,002	625,922
Agency guaranteed mortgage-backed securities	764,771	4,523	6,284	763,010
Small Business Administration loan-backed securities	788,509	505	18,134	770,880
Asset-backed securities:				
Trust preferred securities – banks and insurance	2,123,090	6,369	110,332	2,019,127
Trust preferred securities – real estate investment trusts	155,935	–	61,907	94,028
Small business loan-backed	182,924	318	1,168	182,074
Other	226,460	4,374	176	230,658
Municipal securities	220,159	1,881	71	221,969
	5,143,369	20,385	203,086	4,960,668
Other securities:				
Mutual funds	173,159	–	–	173,159
Stock	763	20	–	783
	$ 5,317,291	20,405	203,086	5,134,610

	December 31, 2006			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Held-to-maturity				
Municipal securities	$ 653,124	3,521	7,817	648,828
Available-for-sale				
U.S. Treasury securities	$ 42,546	268	375	42,439
U.S. government agencies and corporations:				
Agency securities	782,480	235	9,241	773,474
Agency guaranteed mortgage-backed securities	900,673	2,188	9,266	893,595
Small Business Administration loan-backed securities	907,372	2,387	8,355	901,404
Asset-backed securities:				
Trust preferred securities – banks and insurance	1,623,364	16,325	29,463	1,610,226
Trust preferred securities – real estate investment trusts	204,445	–	3,196	201,249
Small business loan-backed	194,164	679	1,374	193,469
Other	7,360	1,817	–	9,177
Municipal securities	225,839	1,651	134	227,356
	4,888,243	25,550	61,404	4,852,389
Other securities:				
Mutual funds	192,635	–	–	192,635
Stock	3,426	2,457	–	5,883
	$ 5,084,304	28,007	61,404	5,050,907

The amortized cost and estimated fair value of investment debt securities as of December 31, 2007 by contractual maturity are shown as follows. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties *(in thousands)*:

	Held-to-maturity		Available-for-sale	
	Amortized cost	Estimated fair value	Amortized cost	Estimated fair value
Due in one year or less	$ 53,955	53,745	837,850	832,976
Due after one year through five years	235,613	236,510	1,147,594	1,139,921
Due after five years through ten years	189,585	191,691	494,282	490,323
Due after ten years	225,288	220,202	2,663,643	2,497,448
	$ 704,441	702,148	5,143,369	4,960,668

The following is a summary of the amount of gross unrealized losses and the estimated fair value by length of time that the securities have been in an unrealized loss position *(in thousands)*:

[Table of Contents](#)

	December 31, 2007					
	Less than 12 months		12 months or more		Total	
	Gross unrealized losses	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses	Estimated fair value
Held-to-maturity						
Municipal securities	$ 6,308	49,252	1,796	167,971	8,104	217,223
Available-for-sale						
U.S. Treasury securities	$ 12	18,904	–	–	12	18,904
U.S. government agencies and corporations:						
Agency securities	19	15,219	4,983	153,465	5,002	168,684
Agency guaranteed mortgage-backed securities	571	82,323	5,713	345,593	6,284	427,916
Small Business Administration loan-backed securities	1,571	132,774	16,563	544,872	18,134	677,646
Asset-backed securities:						
Trust preferred securities – banks and insurance	80,340	1,530,433	29,992	403,463	110,332	1,933,896
Trust preferred securities – real estate investment trusts	61,907	60,869	–	–	61,907	60,869
Small business loan-backed	289	61,472	879	41,405	1,168	102,877
Other	176	188,247	–	–	176	188,247
Municipal securities	10	1,745	61	3,729	71	5,474
	$ 144,895	2,091,986	58,191	1,492,527	203,086	3,584,513

	December 31, 2006					
	Less than 12 months		12 months or more		Total	
	Gross unrealized losses	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses	Estimated fair value
Held-to-maturity						
Municipal securities	$ 762	81,497	7,055	291,781	7,817	373,278
Available-for-sale						
U.S. Treasury securities	$ 32	21,648	343	19,712	375	41,360
U.S. government agencies and corporations:						
Agency securities	1,088	284,179	8,153	255,988	9,241	540,167
Agency guaranteed mortgage-backed securities	2,536	185,137	6,730	377,427	9,266	562,564
Small Business Administration loan-backed securities	3,031	337,503	5,324	324,998	8,355	662,501
Asset-backed securities:						
Trust preferred securities – banks and insurance	2,010	241,506	27,453	694,835	29,463	936,341
Trust preferred securities – real estate investment trusts	1,586	90,859	1,610	75,390	3,196	166,249
Small business loan-backed	–	–	1,374	104,902	1,374	104,902
Municipal securities	39	15,564	95	2,597	134	18,161
	$ 10,322	1,176,396	51,082	1,855,849	61,404	3,032,245

The preceding disclosure of unrealized losses and the following discussion are presented pursuant to FSP FAS 115-1, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments*, issued in November 2005, and EITF Issue No. 03-1, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments*. FSP FAS 115-1 replaces the impairment evaluation guidance (paragraphs 10-18) of EITF 03-1; however, the disclosure requirements of EITF 03-1 remain in effect. The FSP addresses the determination of when an investment is considered impaired, whether the impairment is considered other-than-temporary, and the measurement of an impairment loss. The FSP also supersedes EITF Topic No. D-44, *Recognition of Other-Than-Temporary Impairment upon the Planned Sale of a Security Whose Cost Exceeds Fair Value*, and clarifies that an impairment loss should be recognized no later than when the impairment is deemed other-than-temporary, even if a decision to sell an impaired security has not been made.

U.S. Treasury securities

Unrealized losses relate to U.S. Treasury notes and were caused by changes in interest rates. The contractual terms of these investments range from less than one year to five years. Because we have the ability and intent to hold those investments until a recovery of fair value, which may be maturity, we do not consider these investments to be other-than-temporarily impaired at December 31, 2007.

U.S. Government agencies and corporations

Agency securities: Unrealized losses were caused by changes in interest rates. The agency securities consist of discount notes and medium term notes issued by the Federal Agricultural Mortgage Corporation ("FAMC"), Federal Home Loan Bank ("FHLB"), Federal Farm Credit Bank and Federal Home Loan Mortgage Corporation ("FHLMC"). These securities are fixed rate and were purchased at premiums or discounts. They have maturity dates from one to 30 years and have contractual cash flows guaranteed by agencies of the U.S. Government. Because the decline in fair value is attributable to changes in interest rates and not credit quality, and because we have the ability and intent to hold these investments until a recovery of fair value, which may be maturity, we do not consider these investments to be other-than-temporarily impaired at December 31, 2007.

Agency guaranteed mortgage-backed securities: Unrealized losses were caused by changes in interest rates. The agency mortgage-backed securities are comprised largely of fixed and variable rate residential mortgage-backed securities issued by the Government National Mortgage Association ("GNMA"), Federal National Mortgage Association ("FNMA"), FAMC or FHLMC. They have maturity dates from one to 30 years and have contractual cash flows guaranteed by agencies of the U.S. Government. Because the decline in fair value is attributable to changes in interest rates and not credit quality, and because we have the ability and intent to hold these investments until a recovery of fair value, which may be maturity, we do not consider these investments to be other-than-temporarily impaired at December 31, 2007.

Small Business Administration ("SBA") loan-backed securities: These securities were generally purchased at premiums with maturities from five to 25 years and have principal cash flows guaranteed by the SBA. Because the decline in fair value is not attributable to credit quality, and because we have the ability and intent to hold these investments until a recovery of fair value, which may be maturity, we do not consider these investments to be other-than-temporarily impaired at December 31, 2007.

Asset-backed securities

Trust preferred securities – banks and insurance: These collateralized debt obligation ("CDO") securities are investment grade rated pools of trust preferred securities related to banks and insurance companies. They are purchased at both fixed and variable rates generally at par. Unrealized losses were caused mainly by the following factors: (1) widening of credit spreads for asset-backed securities; (2) general illiquidity in the market for CDOs; (3) global disruptions in 2007 in the credit markets; and (4) increased supply of CDO secondary market securities from distressed sellers. These securities are reviewed quarterly according to our policy discussed in Note 1 to assess credit quality and to determine if any impairment is other-than-temporary. As a result of our review which noted no decline in fair value attributable to credit quality, and because we have the ability and intent to hold these investments until a recovery of fair value, which may be maturity, we do not consider these investments to be other-than-temporarily impaired at December 31, 2007.

Trust preferred securities – real estate investment trusts ("REITs"): These CDO securities are rated pools of trust preferred securities related to real estate investment trusts. They are purchased at both fixed and variable rates generally at par. Unrealized losses were caused mainly by severe deterioration in mortgage REITs and homebuilder loans in 2007 in addition to the same factors previously discussed for banks and insurance CDOs. Theses securities are reviewed quarterly according to our policy to assess credit quality and to determine if any impairment is other-than-temporary. As a result of our review, we recognized a pretax charge of approximately $108.6 million in the fourth quarter of 2007 for eight of these securities that were deemed to be other-than-temporarily impaired. This amount is included in the statement of income with the $158.2 million of "Impairment losses on available-for-sale securities and valuation losses on securities purchased from Lockhart Funding." Based on all available information, we do not consider the remaining securities to be other-than-temporarily impaired at December 31, 2007.

Small business loan-backed: These securities are also comprised of variable rate unrated commercial mortgage-backed securities from small business loan securitizations made by Zions Bank. The securities from the small business loan securitizations are reviewed quarterly according to our policy to assess credit quality and to determine if any impairment is other-than-temporary. Based on the above analysis and because we have the ability and intent to hold these investments until a recovery of fair value, which may be maturity, we do not consider these investments to be other-than-temporarily impaired at December 31, 2007.

Other asset-backed securities: The majority of these CDO securities were purchased from Lockhart in December 2007 as discussed in Note 6 and were adjusted to fair value. Approximately $112 million consist of certain structured asset-backed CDOs ("ABS CDOs") (also known as diversified structured finance CDOs) which have minimal exposure to subprime and home equity mortgage securitizations. Approximately $28 million of the collateral backing the ABS CDOs is subprime mortgage securitizations and $16 million is home equity credit line securitizations. They will be reviewed quarterly according to our policy to assess credit quality and determine if any impairment is other-than-temporary. Based on the above analysis and because we have the ability and intent to hold these investments until a recovery of fair value, which may be maturity, we do not consider these investments to be other-than-temporarily impaired at December 31, 2007.

Municipal securities

We classify these securities issued by state and political subdivisions as held-to-maturity ("HTM") and available-for-sale ("AFS"). The HTM securities are purchased directly from the municipalities and are generally not rated by a credit rating agency. The AFS securities are rated as investment grade by various credit rating agencies. Both the HTM and AFS securities are at fixed and variable rates with maturities from one to 25 years. Fair values of these securities are highly driven by interest rates. We perform annual or more frequent credit quality reviews as appropriate on these issues. Because the decline in fair value is attributable to changes in interest rates and not credit quality, and because we have the ability and intent to hold those investments until a recovery of fair value, which may be maturity, we do not consider these investments to be other-than-temporarily impaired at December 31, 2007.

In 2006, as a result of our review for other-than-temporary impairment on an equity investment, we recorded an impairment loss of approximately $2.5 million, which was included in equity securities gains (losses) in the statement of income.

At December 31, 2007 and 2006, respectively, 807 and 1,552 HTM and 774 and 623 AFS investment securities were in an unrealized loss position.

The following summarizes gains and losses recognized in the statement of income *(in millions)*:

	2007		2006		2005	
	Gross gains	Gross losses	Gross gains	Gross losses	Gross gains	Gross losses
Investment securities:						
Available-for-sale	$ 6.5	(159.5)	18.5	(17.4)	3.9	(2.8)
Other noninterest-bearing investments:						
Securities held by consolidated SBICs	20.1	(4.7)	26.3	(6.6)	6.1	(8.5)
Other	0.4	(0.3)	3.5	–	0.9	(0.1)
	27.0	(164.5)	48.3	(24.0)	10.9	(11.4)
Net gains (losses)		$ (137.5)		24.3		(0.5)
Statement of income:						
Equity securities gains (losses), net		$ 17.7		17.9		(1.3)
Fixed income securities gains, net		3.0		6.4		2.4
Impairment losses on available-for-sale securities and valuation losses on securities purchased from Lockhart Funding		(158.2)		–		(1.6)
		$ (137.5)		24.3		(0.5)

Losses of $158.2 million on available-for-sale securities in 2007 include the $108.6 million impairment loss for REIT CDOs discussed previously and the $49.6 million valuation loss from the purchase of certain Lockhart securities, as discussed in Note 6.

Adjusted for expenses, minority interest, and income taxes, consolidated net income includes income (losses) from consolidated Small Business Investment Companies ("SBICs") of approximately $3.4 million in 2007, $4.1 million in 2006, and $(2.2) million in 2005. The Company's remaining equity exposure to these investments, net of minority interest and SBA debt, was approximately $40.0 million and $49.1 million at December 31, 2007 and 2006, respectively.

As of December 31, 2007 and 2006, securities with an amortized cost of $2.7 billion and $2.9 billion, respectively, were pledged to secure public and trust deposits, advances, and for other purposes as required by law. As described in Note 11, securities are also pledged as collateral for security repurchase agreements.

5. LOANS AND ALLOWANCE FOR LOAN LOSSES

Loans are summarized as follows at December 31 *(in thousands)*:

	2007	2006
Loans held for sale	$ 207,943	252,818
Commercial lending:		
Commercial and industrial	9,810,991	8,422,094
Leasing	502,601	442,440
Owner occupied	7,603,727	6,260,224
Total commercial lending	17,917,319	15,124,758
Commercial real estate:		
Construction and land development	8,315,527	7,482,896
Term	5,275,576	4,951,654
Total commercial real estate	13,591,103	12,434,550
Consumer:		
Home equity credit line and other consumer real estate	2,203,345	1,850,371
1-4 family residential	4,205,693	4,191,953
Bankcard and other revolving plans	347,248	295,314
Other	451,457	456,942
Total consumer	7,207,743	6,794,580
Foreign loans	26,638	2,814
Other receivables	301,360	209,416
Total loans	$ 39,252,106	34,818,936

Owner occupied and commercial term loans included unamortized premium of approximately $127.6 million and $97.1 million at December 31, 2007 and 2006, respectively.

As of December 31, 2007 and 2006, loans with a carrying value of $6.4 billion and $3.7 billion, respectively, were included as blanket pledges of security for FHLB advances. Actual FHLB advances against these pledges were $2,853 million and $631 million at December 31, 2007 and 2006, respectively.

We sold loans totaling $1,125 million in 2007, $1,014 million in 2006, and $885 million in 2005 that were previously classified as held for sale. Income from loans sold, excluding servicing, was $26.9 million in 2007, $35.5 million in 2006, and $53.9 million in 2005. These income amounts include loans held for sale and loan securitizations, and exclude impairment losses on retained interests from loan securitizations.

Changes in the allowance for loan losses are summarized as follows *(in thousands)*:

	2007	2006	2005
Balance at beginning of year	$ 365,150	338,399	271,117
Allowance for loan losses of companies acquired	7,639	–	49,217
Allowance of loans sold with branches	(2,034)	–	–
Additions:			
Provision for loan losses	152,210	72,572	43,023
Recoveries	15,095	19,971	17,811
Deductions:			
Loan charge-offs	(78,684)	(65,792)	(42,769)
Balance at end of year	$ 459,376	365,150	338,399

Nonaccrual loans were $259 million and $67 million at December 31, 2007 and 2006, respectively. Loans past due 90 days or more as to interest or principal and still accruing interest were $77 million and $44 million at December 31, 2007 and 2006, respectively.

Our recorded investment in impaired loans was $226 million and $47 million at December 31, 2007 and 2006, respectively. Impaired loans of $103 million and $18 million at December 31, 2007 and 2006 required an allowance of $21 million and $6 million, respectively, which is included in the allowance for loan losses. Contractual interest due on impaired loans was $9.9 million in 2007, $3.3 million in 2006, and $2.6 million in 2005. Interest collected on these loans and included in interest income was $1.9 million in 2007, $0.6 million in 2006, and $0.3 million in 2005. The average recorded investment in impaired loans was $135 million in 2007, $39 million in 2006, and $33 million in 2005.

Concentrations of credit risk from financial instruments (whether on- or off-balance sheet) occur when groups of customers or counterparties have similar economic characteristics and are similarly affected by changes in economic or other conditions. Credit risk includes the loss that would be recognized subsequent to the reporting date if counterparties failed to perform as contracted. We have no significant exposure to any individual borrower. See Note 7 for a discussion of counterparty risk associated with the Company’s derivative transactions.

Most of our business activity is with customers located in the states of Utah, California, Texas, Arizona, Nevada, Colorado, Idaho, and Washington. The commercial loan portfolio is well diversified, consisting of 13 major industry classification groupings based on Standard Industrial Classification codes. As of December 31, 2007, the larger concentrations of risk were in the commercial, real estate, and construction portfolios. See discussion in Note 18 regarding commitments to extend additional credit.

In the latter half of 2007, the residential housing market deteriorated significantly in Arizona, California and Nevada. This resulted in increased credit risk for loans in these states related to residential land acquisition, development, and construction related business. In 2007, approximately 71% of the increase in both nonaccrual and impaired loans related to these states.

6. ASSET SECURITIZATIONS

SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, and related accounting pronouncements, provides accounting and reporting guidance for sales, securitizations, and servicing of receivables and other financial assets, secured borrowing and collateral transactions, and the extinguishment of liabilities.

We retain subordinated tranche interests or cash reserve accounts that serve as credit enhancements on our securitized loans. These retained interests provide us with rights to future cash flows arising after the investors in the securitizations have received the return for which they contracted, and after administrative and other expenses have been paid. The investors and the securitization entities have no recourse to other assets of the Company for failure of debtors to pay when due. Our retained interests are subject to credit, prepayment, and interest rate risks on the transferred loans and receivables.

The gain or loss on the sale of loans and receivables is the difference between the proceeds from the sale and the basis of the assets sold. The basis is determined by allocating the previous carrying amount between the assets sold and the retained interests, based on their relative fair values at the date of transfer. Fair values are based upon market prices at the time of sale for the assets and the estimated present value of future cash flows for the retained interests.

We previously sold home equity loans for cash to a revolving securitization structure for which we retain servicing responsibilities and receive servicing fees. On an annualized basis, these fees approximate 0.5% of the outstanding loan balances. We recognized income excluding servicing fees from these securitizations of $2.3 million in 2007, $4.7 million in 2006, and $6.3 million in 2005. In December 2006, we discontinued selling these loans into the revolving securitization structure.

We have also sold small business loans in prior years to securitization structures. Annualized servicing fees approximate 1% of the outstanding loan balances for these securitizations. For most small business loan sales, we do not establish a servicing asset because the lack of an active market does not make it practicable to estimate the fair value of servicing. No small business loan securitizations were completed during 2007 or 2006. We recognized a pretax gain of $2.6 million for a securitization completed in 2005.

Key economic assumptions used for measuring the retained interests at the date of sale in 2006 and 2005 for securitizations were as follows:

	Home equity loans	Small business loans
2006(2):		
Prepayment method	na(1)	na(2)
Annualized prepayment speed	na(1)	na(2)
Weighted average life (in months)	11	na(2)
Expected annual net loss rate	0.10%	na(2)
Residual cash flows discounted at	15.0%	na(2)
2005:		
Prepayment method	na(1)	CPR(3)
Annualized prepayment speed	na(1)	4 – 15 Ramp in 25 months(4)
Weighted average life (in months)	12	69
Expected annual net loss rate	0.10%	0.40%
Residual cash flows discounted at	15.0%	15.0%

(1) The weighted average life assumption includes consideration of prepayment to determine the fair value of the capitalized residual cash flows.
(2) Loan securitization sales were not made in 2007 and were not made for small business loans in 2006.
(3) "Constant Prepayment Rate."
(4) Annualized prepayment speed begins at 4% and increases at equal increments to 15% in 25 months.

Certain cash flows between the Company and the securitization structures are summarized as follows *(in millions)*:

	2007	2006	2005
Proceeds from new securitizations	$ –	–	707
Proceeds from loans sold into revolving securitizations	–	174	412
Servicing fees received	17	23	23
Other cash flows received on retained interests(1)	84	94	86
Total	$ 101	291	1,228

(1) Represents total cash flows received from retained interests other than servicing fees. Other cash flows include cash from interest-only strips and cash above the minimum required level in cash collateral accounts.

We recognize interest income on retained interests in small business loan securitizations in accordance with the provisions of EITF Issue No. 99-20, *Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets* ("EITF 99-20"). Interest income thus recognized, excluding revolving securitizations which are accounted for similar to trading securities, was $10.6 million in 2007, $12.7 million in 2006, and $17.7 million in 2005.

EITF 99-20 requires periodic updates of the assumptions used to compute estimated cash flows for retained interests and a comparison of the net present value of these cash flows to the carrying value. We comply with EITF 99-20 by quarterly evaluating and updating our assumptions including the default assumptions as compared to historical credit losses and the credit loss expectation of the portfolio, and our prepayment speed assumptions as compared to historical prepayment speeds and the prepayment rate expectation. We also evaluate the discount rate on retained interest securities based on the analysis required by EITF 99-20. An impairment charge is required if the estimated market yield is lower than the current accretable yield and the security has a fair value less than its carrying value. Based on adjustments to assumptions for prepayment speeds, discount rates, and expected credit losses, we recorded impairment losses totaling $12.6 million in 2007 and $7.1 million in 2006 on the value of the retained interests from certain small business loan securitizations.

Servicing fee income on all securitizations was $17.2 million in 2007, $23.3 million in 2006, and $22.7 million in 2005. All amounts of pretax gains, impairment losses, interest income, and servicing fee income are included in loan sales and servicing income in the statement of income.

Key economic assumptions for all securitizations outstanding at December 31, 2007 and the sensitivity of the current fair value of capitalized residual cash flows to immediate 10% and 20% adverse changes in those assumptions are as follows at December 31, 2007 *(in millions of dollars and annualized percentage rates)*:

		Home equity loans	Small business loans
Carrying amount/fair value of capitalized residual cash flows		$ 0.8	49.8
Weighted average life (in months)		13.6	31 - 41
Prepayment speed assumption		na(1)	20.0% - 26.0%
Decrease in fair value due to adverse change	10%	$ 0.1	1.2
	20%	$ 0.1	2.2
Expected credit losses		0.10%	0.50% - 1.00%
Decrease in fair value due to adverse change	10%	$ < 0.1	1.6
	20%	$ < 0.1	3.2
Residual cash flows discount rate		12.0%	16.0%
Decrease in fair value due to adverse change	10%	$ < 0.1	1.1
	20%	$ < 0.1	2.2

(1) The weighted average life assumption includes consideration of prepayment to determine the fair value of the capitalized residual cash flows.

These sensitivities are hypothetical and should be used with caution. As the figures indicate, changes in fair value based on variations in assumptions cannot be extrapolated, as the relationship of the change in assumption to the change of fair value may not be linear. Also, the effect of a variation in one assumption is in reality, likely to further cause changes in other assumptions, which might magnify or counteract the sensitivities.

At December 31, 2007 and 2006, the weighted average expected static pool credit losses for small business loans were 1.23% and 0.95%. Static pool losses are calculated by summing the actual and projected future credit losses and dividing them by the original balance of each pool of assets.

Table of Contents

The following table presents quantitative information about delinquencies and net credit losses for those categories of loans for which securitizations existed at December 31. The Company only securitizes loans originated or purchased by Zions Bank. Therefore, only loans and related delinquencies and net credit losses of commonly managed Zions Bank loans are included *(in millions)*:

	Principal balance December 31,		Principal balance of loans past due 30+ days(1) December 31,		Net credit losses(2)		
	2007	2006	2007	2006	2007	2006	2005
Home equity loans	$ 852.5	726.0	0.4	0.4	(0.1)	0.2	(0.1)
Small business loans	4,093.5	3,677.0	78.6	37.8	6.7	3.2	2.3
Total loans managed or securitized – Zions Bank	4,946.0	4,403.0	79.0	38.2	6.6	3.4	2.2
Less loans securitized – Zions Bank(3)	1,401.8	2,051.0					
Loans held in portfolio – Zions Bank	$ 3,544.2	2,352.0					

(1) Loans greater than 30 days past due based on end of period total loans.
(2) Net credit losses are charge-offs net of recoveries and are based on total loans outstanding.
(3) Represents the principal amount of the loans. Interest-only strips and other retained interests held for securitized assets are excluded because they are recognized separately.

Zions Bank provides a liquidity facility for a fee to Lockhart Funding, LLC ("Lockhart"), an off-balance sheet qualifying special-purpose entity ("QSPE") securities conduit. Lockhart purchases floating rate U.S. Government and AAA-rated securities with funds from the issuance of asset-backed commercial paper. Zions Bank also provides interest rate hedging support and administrative and investment advisory services for a fee.

Pursuant to the Liquidity Agreement, Zions Bank is required to purchase securities from Lockhart to provide funds for Lockhart to repay maturing commercial paper upon Lockhart's inability to access a sufficient amount of funding in the commercial paper market, or upon a commercial paper market disruption as specified in governing documents for Lockhart. Pursuant to the governing documents, including the Liquidity Agreement, if any security in Lockhart is downgraded below AA-, or the downgrade of one or more securities results in more than ten securities having ratings of AA+ to AA-, Zions Bank must either 1) place its letter of credit on the security, 2) obtain credit enhancement from a third party, or 3) purchase the security from Lockhart at book value. Zions Bank may incur losses if it is required to purchase securities from Lockhart when the fair value of the securities at the time of purchase is less than book value.

The commitment of Zions Bank to Lockhart is the lesser of the size of the liquidity facility of $6.12 billion at December 31, 2007, or the book value of Lockhart's securities portfolio, which was approximately $2.1 billion at December 31, 2007. Lockhart is limited in size by program agreements, agreements with rating agencies, and the size of the liquidity facility.

During the fourth quarter of 2007, Zions Bank purchased $895 million of securities and interest at book value from Lockhart pursuant to the Liquidity Agreement. Of these purchases, $840 million were required when Lockhart was unable to access a sufficient amount of funding in the commercial paper market and $55 million resulted from rating downgrades. Zions Bank recorded valuation losses of approximately $49.6 million, which were included in the statement of income with the $158.2 million of "Impairment losses on available-for-sale securities and valuation losses on securities purchased from Lockhart Funding." The $2.1 billion book value of the remaining Lockhart's securities portfolio exceeded the fair value of the securities by approximately $22 million at December 31, 2007 and $40 million at January 31, 2008.

In 2005, Zions Bank purchased a $12.4 million bond security from Lockhart as a result of a rating downgrade for which Zions Bank recorded a valuation loss of $1.6 million. Zions Bank recognized a gain of $0.8 million in 2006 when the security was sold and included the amount in fixed income securities gains in the statement of income.

During the third and fourth quarters of 2007 in the midst of disruptions in the credit markets and as allowed by the governing documents, the Company purchased asset-backed commercial paper from Lockhart. The average amount of commercial paper included in money market investments for the fourth quarter of 2007 was approximately $763 million. The amount of purchased commercial paper outstanding at December 31, 2007 was approximately $710 million. If at any given time the Company were to own more than 90% of Lockhart's outstanding commercial paper (beneficial interest), Lockhart would cease to be a QSPE and the Company would be required to consolidate Lockhart in its financial statements.

On February 6, 2008, Zions Bank purchased $126 million of securities from Lockhart. Of these purchases, a $5 million security resulted from a rating downgrade for which Zions Bank recorded a valuation loss of approximately $0.8 million. The remaining $121 million of securities were purchased when Lockhart was unable to access a sufficient amount of funding in the commercial paper market. These securities consisted of securitizations of small business loans from Zions Bank and their purchase resulted in no gain or loss. Upon dissolution of the securitization trusts, these loans were recorded on the Company's balance sheet.

In 2006, the FASB issued SFAS No. 155, *Accounting for Certain Hybrid Financial Instruments, an amendment of FASB Statements No. 133 and 140*, and SFAS No. 156, *Accounting for Servicing of Financial Assets, an amendment of FASB Statement No. 140.* Among other things, SFAS 155 amends SFAS 140 by eliminating the prohibition on a QSPE from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. SFAS 156 permits either measuring recorded servicing rights at fair value and including changes in earnings or amortizing servicing rights with periodic assessment for impairment or increasing the related obligation. Adoption of these Statements did not have a material effect on the Company's financial statements.

7. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

SFAS 133, as currently amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities.

As required by SFAS 133, we record all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative and the resulting designation. Derivatives used to hedge the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives used to hedge the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges.

For derivatives designated as fair value hedges, changes in the fair value of the derivative are recognized in earnings together with changes in the fair value of the related hedged item. The net amount, if any, representing hedge ineffectiveness, is reflected in earnings. For derivatives designated as cash flow hedges, the effective portion of changes in the fair value of the derivative are recorded in other comprehensive income and recognized in earnings when the hedged transaction affects earnings. The ineffective portion of changes in the fair value of cash flow hedges is recognized directly in earnings. We assess the effectiveness of each hedging relationship by comparing the changes in fair value or cash flows on the derivative hedging instrument with the changes in fair value or cash flows on the designated hedged item or transaction. For derivatives not designated as hedges, changes in fair value are recognized in earnings.

Our objective in using derivatives is to add stability to interest income or expense, to modify the duration of specific assets or liabilities as we consider necessary, and to manage exposure to interest rate movements or other identified risks. To accomplish this objective, we use interest rate swaps as part of our cash flow hedging strategy. These derivatives are used to hedge the variable cash flows associated with designated commercial loans and investment securities. We use fair value hedges to manage interest rate exposure to certain long-term debt. As of December 31, 2007, no derivatives were designated for hedges of investments in foreign operations.

Exposure to credit risk arises from the possibility of nonperformance by counterparties. These counterparties primarily consist of financial institutions that are well established and well capitalized. We control this credit risk through credit approvals, limits, pledges of collateral, and monitoring procedures. No losses on derivative instruments have occurred as a result of counterparty nonperformance. Nevertheless, the related credit risk is considered and measured when and where appropriate. We have no significant exposure to credit default swaps.

Interest rate swap agreements designated as cash flow hedges involve the receipt of fixed-rate amounts in exchange for variable-rate payments over the life of the agreements without exchange of the underlying principal amount. Fair value hedges are used to swap certain long-term debt from fixed-rate to floating rate. Derivatives not designated as hedges, including basis swap agreements, are not speculative and are used to manage our exposure to interest rate movements and other identified risks, but do not meet the strict hedge accounting requirements of SFAS 133.

Selected information with respect to notional amounts, recorded fair values, and related income (expense) of derivative instruments is summarized as follows *(in thousands)*:

	December 31, 2007			Year ended December 31, 2007			December 31, 2006			Year ended December 31, 2006		
	Notional amount	Fair value Asset	Fair value Liability	Interest income (expense)	Other income (expense)	Offset to interest expense	Notional amount	Fair value Asset	Fair value Liability	Interest income (expense)	Other income (expense)	Offset to interest expense
Cash flow hedges												
Interest rate swaps	$ 3,400,000	133,954	–	(39,114)			3,275,000	7,942	44,385	(39,984)		
Nonhedges												
Interest rate swaps	323,934	508	508		(123)		385,948	2,258	2,258		(369)	
Interest rate swaps for customers	1,924,115	28,752	28,752		4,049		1,108,225	9,198	9,198		2,442	
Energy commodity swaps for customers	1,047,928	66,393	66,393		710		320,725	7,302	7,302		504	
Basis swaps	2,815,000	409	8,349		(14,629)		3,030,000	2,652	48		1,008	
	6,110,977	96,062	104,002		(9,993)		4,844,898	21,410	18,806		3,585	
Fair value hedges												
Long-term debt and other borrowings	1,400,000	77,436	–			1,989	1,400,000	22,397	–			1,018
Total	$ 10,910,977	307,452	104,002	(39,114)	(9,993)	1,989	9,519,898	51,749	63,191	(39,984)	3,585	1,018

Interest rate swaps and energy commodity swaps for customers result from a service we provide. Upon issuance, all of these customer swaps are immediately "hedged" by offsetting derivative contracts, such that the Company minimizes its net risk exposure resulting from such transactions. Fee income from customer swaps is included in other service charges, commissions and fees. As with other derivative instruments, we have credit risk for any nonperformance by counterparties.

Other income (expense) from nonhedge interest rate and basis swaps is included in trading and nonhedge derivative income in the statement of income. Interest income on fair value hedges is used to offset interest expense on long-term debt. The change in net unrealized gains or losses for derivatives designated as cash flow hedges is separately disclosed in the statement of changes in shareholders' equity and comprehensive income.

Amounts for hedge ineffectiveness on the Company's cash flow hedging relationships are included in trading and nonhedge derivative income. These amounted to a gain of approximately $0.3 million in 2007 and a loss of $0.9 million in 2005. There was no hedge ineffectiveness in 2006.

The remaining balances of any derivative instruments terminated prior to maturity, including amounts in accumulated other comprehensive income for swap hedges, are amortized generally on a straight-line basis to interest income or expense over the period to their previously stated maturity dates.

Amounts reported in accumulated other comprehensive income related to derivatives are reclassified to interest income as interest payments are received on variable rate loans and investment securities. The change in net unrealized gains or losses on cash flow hedges discussed above reflects a reclassification of net unrealized gains or losses from accumulated other comprehensive income to interest income, as disclosed in Note 14. For 2008, we estimate that an additional $20 million of gains will be reclassified.

8. PREMISES AND EQUIPMENT

Premises and equipment are summarized as follows at December 31 *(in thousands)*:

	2007	2006
Land	$ 169,941	151,997
Buildings	380,337	346,389
Furniture and equipment	528,411	485,712
Leasehold improvements	117,822	108,861
Total	1,196,511	1,092,959
Less accumulated depreciation and amortization	540,799	483,487
Net book value	$ 655,712	609,472

9. GOODWILL AND OTHER INTANGIBLE ASSETS

Core deposit and other intangible assets and related accumulated amortization are as follows at December 31 *(in thousands)*:

	Gross carrying amount		Accumulated amortization		Net carrying amount	
	2007	2006	2007	2006	2007	2006
Core deposit intangibles	$ 287,973	262,674	(167,102)	(134,292)	120,871	128,382
Customer relationships and other intangibles	52,350	46,246	(23,728)	(12,494)	28,622	33,752
	$ 340,323	308,920	(190,830)	(146,786)	149,493	162,134

The amount of amortization expense of core deposit and other intangible assets is separately reflected in the statement of income. At December 31, 2007, we had $0.8 million of other intangible assets with indefinite lives.

Table of Contents

Estimated amortization expense for core deposit and other intangible assets is as follows for the five years succeeding December 31, 2007 *(in thousands)*:

2008	$ 32,522
2009	24,441
2010	20,796
2011	15,329
2012	12,650

Changes in the carrying amount of goodwill by operating segment are as follows *(in thousands)*:

	Zions Bank	CB&T	Amegy	NBA	NSB	Vectra	TCBW	Other	Consolidated Company
Balance as of December 31, 2005	$ 21,299	382,119	1,248,070	62,397	21,051	151,465	–	1,187	1,887,588
Goodwill acquired during the year	600							17,457	18,057
Tax benefit realized from share-based awards converted in acquisition			(4,298)						(4,298)
Purchase accounting adjustments			(830)						(830)
Balance as of December 31, 2006	21,899	382,119	1,242,942	62,397	21,051	151,465	–	18,644	1,900,517
Goodwill acquired during the year	1,624		8,477	106,128					116,229
Goodwill of subsidiary sold	(1,785)								(1,785)
Tax benefit realized from share-based awards converted in acquisition			(2,069)						(2,069)
Goodwill reclassified		(3,095)	(284)						(3,379)
Balance as of December 31, 2007	$ 21,738	379,024	1,249,066	168,525	21,051	151,465	–	18,644	2,009,513

The acquisition of P5 in 2006 resulting in $17.5 million of goodwill is discussed further in Note 3. The acquisitions of Intercon (by Amegy) and Stockmen's in 2007 resulting in goodwill of $8.5 million and $106.1 million, respectively, are discussed further in Note 3. The tax benefits realized from share-based awards are discussed in Note 17.

The $3.1 million reclassification of goodwill at CB&T was to other liabilities and resulted from the recognition under FIN 48 of the remaining acquired state net operating loss carryforward benefits following the completion of a state tax examination in 2007. There was no impact on net income.

During the fourth quarter of 2007, we completed the annual goodwill impairment review required by SFAS 142 and did not recognize any impairment losses for 2007.

The 2005 impairment loss on goodwill of $0.6 million shown in the statement of income removed all of the goodwill related to Zions Bank International Ltd. ("ZBI"), an odd-lot bond trading operation, due to the Company's decision to restructure and ultimately close the London office in 2005. The restructuring charges of $2.4 million in 2005 relate to the ZBI restructuring.

10. DEPOSITS

At December 31, 2007, the scheduled maturities of all time deposits were as follows *(in thousands)*:

2008	$ 7,417,771
2009	361,493
2010	137,377
2011	66,611
2012	82,932
Thereafter	879
	$ 8,067,063

At December 31, 2007, the contractual maturities of domestic time deposits with a denomination of $100,000 and over were as follows: $1,852 million in 3 months or less, $1,246 million over 3 months through 6 months, $1,022 million over 6 months through 12 months, and $272 million over 12 months.

Domestic time deposits $100,000 and over were $4.4 billion and $4.3 billion at December 31, 2007 and 2006, respectively. Foreign time deposits $100,000 and over were $1,113 million and $945 million at December 31, 2007 and 2006, respectively.

Deposit overdrafts reclassified as loan balances were $35 million and $48 million at December 31, 2007 and 2006, respectively.

11. SHORT-TERM BORROWINGS

Selected information for certain short-term borrowings is as follows *(in thousands)*:

	2007	2006	2005
Federal funds purchased:			
Average amount outstanding	$ 2,166,652	1,747,256	1,456,531
Weighted average rate	5.06%	5.06%	3.02%
Highest month-end balance	$ 2,865,076	2,586,072	1,683,509
Year-end balance	2,463,460	1,993,483	1,255,662
Weighted average rate on outstandings at year-end	3.84%	5.16%	3.97%
Security repurchase agreements:			
Average amount outstanding	$ 1,044,465	1,090,452	850,510
Weighted average rate	3.73%	3.33%	2.30%
Highest month-end balance	$ 1,298,112	1,225,107	1,027,658
Year-end balance	1,298,112	934,057	1,027,658
Weighted average rate on outstandings at year-end	3.07%	3.60%	2.62%

These short-term borrowings generally mature in less than 30 days. Our participation in security repurchase agreements is on an overnight or term basis. Certain overnight agreements are performed with sweep accounts in conjunction with a master repurchase agreement. In this case, securities under our control are pledged for and interest is paid on the collected balance of the customers' accounts. For term repurchase agreements, securities are transferred to the applicable counterparty. The counterparty, in certain instances, is contractually entitled to sell or repledge securities accepted as collateral. As of December 31, 2007, overnight security repurchase agreements were $690 million and term security repurchase agreements were $608 million.

FHLB short-term advances and other borrowings one year or less are summarized as follows at December 31 *(in thousands)*:

	2007	2006
FHLB short-term advances, 4.33% – 5.31%	$ 2,725,000	501,000
Federal Reserve auction borrowings, 4.25% – 4.55%	450,000	–
Other	6,990	16,925
	$ 3,181,990	517,925

Table of Contents

At December 31, 2007, the average remaining maturities of FHLB short-term advances were 15 days and remaining maturities of Federal Reserve borrowings were three days.

The FHLB advances are borrowed by banking subsidiaries under their lines of credit, which are secured under blanket pledge arrangements. The subsidiaries maintain unencumbered collateral with a carrying amount adjusted for the types of collateral pledged, equal to at least 100% of outstanding advances. At December 31, 2007, the amount available for additional FHLB advances was approximately $3.5 billion. An additional $1.3 billion could be borrowed upon the pledging of additional available collateral.

The Federal Reserve borrowings were made by Zions Bank under a new program announced in December 2007 by the Federal Reserve Board to make 28 day loans available through an auction process. Amounts that the Company's banking subsidiaries can borrow are based upon the amount of collateral pledged to the Federal Reserve Bank. At December 31, 2007, the amount available for additional Federal Reserve borrowings was approximately $2.3 billion. An additional $5.7 billion could be borrowed upon the pledging of additional available collateral.

The Company also had short-term commercial paper outstanding at December 31, 2007 of $297.9 million at rates ranging from 4.46% to 5.43% and $220.5 million outstanding at December 31, 2006.

12. FEDERAL HOME LOAN BANK LONG-TERM ADVANCES AND OTHER BORROWINGS

FHLB long-term advances and other borrowings over one year are summarized as follows at December 31 *(in thousands)*:

	2007	2006
FHLB long-term advances, 3.66% – 7.30%	$ 127,612	130,058
SBA notes payable, 5.49% – 8.64%	–	7,000
	$ 127,612	137,058

The weighted average interest rate on FHLB advances outstanding was 5.7% at December 31, 2007 and 2006.

Interest expense on FHLB advances and other borrowings over one year was $7.5 million in 2007, $8.6 million in 2006, and $11.5 million in 2005.

Maturities of FHLB advances and other borrowings with original maturities over one year are as follows at December 31, 2007 *(in thousands)*:

2008	$ 2,594
2009	1,795
2010	101,619
2011	2,592
2012	1,521
Thereafter	17,491
	$ 127,612

Table of Contents

13. LONG-TERM DEBT

Long-term debt at December 31 is summarized as follows *(in thousands)*:

	2007	2006
Junior subordinated debentures related to trust preferred securities	$ 462,033	467,850
Subordinated notes	1,547,727	1,492,082
Senior medium-term notes	450,655	394,984
Capital lease obligations and other	2,839	2,805
	$ 2,463,254	2,357,721

The preceding amounts represent the par value of the debt adjusted for any unamortized premium or discount or other basis adjustments including the value of associated hedges.

Junior subordinated debentures related to trust preferred securities primarily include Zions Capital Trust B ("ZCTB"), Amegy Statutory Trusts I, II and III ("Amegy Trust I, II or III"), and Stockmen's Statutory Trusts II and III ("Stockmen's Trust II or III") as follows at December 31, 2007 *(in thousands)*:

	Balance	Interest rate	Early redemption	Maturity
ZCTB	$ 293,815	8.00%	Currently redeemable	Sep 2032
Amegy Trust I	51,547	3mL+2.85%(1) (8.54%)	Dec 2008	Dec 2033
Amegy Trust II	36,083	3mL+1.90%(1) (7.26%)	Oct 2009	Oct 2034
Amegy Trust III	61,856	3mL+1.78%(1) (7.47%)	Dec 2009	Dec 2034
Stockmen's Trust II	7,759	3mL+3.15%(1) (8.01%)	Mar 2008	Mar 2033
Stockmen's Trust III	7,838	3mL+2.89%(1) (7.88%)	Mar 2009	Mar 2034
Intercontinental Statutory Trust I	3,135	3mL+2.85%(1) (8.54%)	Mar 2009	Mar 2034
	$ 462,033			

(1) Designation of "3mL" is three-month LIBOR (London Interbank Offer Rate); effective interest rate at December 31, 2007 is shown in parenthesis.

The junior subordinated debentures are issued by the Company and relate to a corresponding series of trust preferred security obligations issued by the trusts. The trust obligations are in the form of capital securities subject to mandatory redemption upon repayment of the junior subordinated debentures by the Company. The sole assets of the trusts are the junior subordinated debentures.

Interest distributions are made quarterly at the same rates earned by the trusts on the junior subordinated debentures; however, we may defer the payment of interest on the junior subordinated debentures. Early redemption of the debentures begins at the date indicated and requires the approval of banking regulators. The debentures for ZCTB are direct and unsecured obligations of the Company and are subordinate to other indebtedness and general creditors. The debentures for Amegy Trust I, II and III are direct and unsecured obligations of Amegy and are subordinate to other indebtedness and general creditors. The debentures for Stockmen's Trust II and III are unsecured obligations assumed by the Company in connection with the acquisition of Stockmen's by NBA. The Company has unconditionally guaranteed the obligations of ZCTB with respect to its trust preferred securities to the extent set forth in the applicable guarantee agreement. Amegy has unconditionally guaranteed the obligations of Amegy Trust I, II and III with respect to their respective series of trust preferred securities to the extent set forth in the applicable guarantee agreements.

Table of Contents

The Company incurred a debt extinguishment cost of $7.3 million when it redeemed certain junior subordinated debentures with the proceeds from the issuance of preferred stock in December 2006.

Subordinated notes consist of the following at December 31, 2007 *(in thousands)*:

Interest rate	Balance	Par amount	Maturity
5.65%	$ 318,109	300,000	May 2014
6.00%	533,083	500,000	Sep 2015
5.50%	621,535	600,000	Nov 2015
3mL+1.25%(1) (6.50%)	75,000	75,000	Sep 2014
	$ 1,547,727		

(1) Designation of "3mL" is three-month LIBOR; effective interest rate at December 31, 2007 is shown in parenthesis.

These notes are unsecured and are not redeemable prior to maturity. Interest is payable semiannually. We hedged the fixed-rate notes with LIBOR-based floating interest rate swaps whose recorded fair values aggregated $77.4 million and $22.4 million at December 31, 2007 and 2006, respectively. We account for all swaps associated with long-term debt as fair value hedges in accordance with SFAS 133, as discussed in Note 7. We issued the 5.50% notes in November 2005 in connection with our acquisition of Amegy, which is discussed in Note 3. The floating rate notes were issued by Amegy.

Senior medium-term notes consist of the following at December 31 *(in thousands)*:

Interest rate	Balance	Par amount	Early redemption	Maturity
3mL+0.12%(1) (5.36%)	$ 18,025	18,025	na	Apr 2008
3mL+0.12%(1) (5.11%)	137,000	137,000	na	Sep 2008
3mL+1.5%(1) (6.64%)	295,630	295,630	Dec 2008	Dec 2009
	$ 450,655			

(1) Designation of "3mL" is three-month LIBOR; effective interest rate at December 31, 2007 is shown in parenthesis.

These notes have been issued under a shelf registration filed with the Securities and Exchange Commission ("SEC"). They are unsecured and require quarterly interest payments. Proceeds from the issuance of these notes were used generally to retire previous indebtedness of senior and subordinated notes.

Interest expense on long-term debt was $145.4 million in 2007, $159.6 million in 2006, and $104.9 million in 2005. Interest expense was reduced by $2.0 million in 2007, $1.0 million in 2006, and $8.9 million in 2005 as a result of the associated hedges.

Maturities on long-term debt are as follows for the years succeeding December 31, 2007 *(in thousands)*:

	Consolidated	Parent only
2008	$ 155,833	155,025
2009	296,469	295,630
2010	843	
2011	104	
2012	–	
Thereafter	1,932,394	1,704,570
	$ 2,385,643	2,155,225

Table of Contents

These maturities do not include basis adjustments and the associated hedges. The Parent only maturities at December 31, 2007 include $309.3 million of junior subordinated debentures payable to ZCTB and Stockmen's Trust II and III after 2012.

14. SHAREHOLDERS' EQUITY

In December 2006, we issued 240,000 shares of our Series A Floating-Rate Non-Cumulative Perpetual Preferred Stock with an aggregate liquidation preference of $240 million, or $1,000 per share. The preferred stock was offered in the form of 9,600,000 depositary shares with each depositary share representing a 1/40th ownership interest in a share of the preferred stock. In general, preferred shareholders are entitled to receive asset distributions before common shareholders; however, preferred shareholders have no preemptive or conversion rights, and only limited voting rights pertaining generally to amendments to the terms of the preferred stock or the issuance of senior preferred stock as well as the right to elect two directors in the event of certain defaults. The preferred stock is not redeemable prior to December 15, 2011, but will be redeemable subsequent to that date at the Company's option at the liquidation preference value plus any declared but unpaid dividends. The preferred stock dividend reduces earnings available to common shareholders and is computed at an annual rate equal to the greater of three-month LIBOR plus 0.52%, or 4.0%. Dividend payments are made quarterly in arrears on the 15th day of March, June, September, and December.

In 2007, we repurchased 3,933,128 common shares at a cost of $318.8 million. We have not repurchased any common shares since August 16, 2007. At December 31, 2007, approximately $56.3 million remained under the current $400 million stock repurchase authorization approved by the Board of Directors in December 2006. At that time, the stock repurchase program was resumed following a suspension since July 2005 upon the announcement of the Company's acquisition of Amegy. Under this authorization, we repurchased 308,359 common shares in December 2006 at a cost of $25.0 million. We repurchased 1,159,522 common shares in 2005 at a cost of $80.7 million. Repurchased shares are included in stock redeemed and retired in the statements of changes in shareholders' equity and comprehensive income. We also repurchased $3.2 million in 2007 and $1.5 million in both 2006 and 2005 of common shares related to the Company's restricted stock employee incentive program.

Table of Contents

Changes in accumulated other comprehensive income (loss) are summarized as follows *(in thousands)*:

	Net unrealized gains (losses) on investments, retained interests and other	Net unrealized gains (losses) on derivative instruments	Pension and post-retirement	Total
Balance, December 31, 2004	$ 19,774	(9,493)	(18,213)	(7,932)
Other comprehensive loss, net of tax:				
Net realized and unrealized holding losses, net of income tax benefit of $17,580	(28,380)			(28,380)
Foreign currency translation	(1,507)			(1,507)
Reclassification for net realized gains recorded in operations, net of income tax expense of $408	(659)			(659)
Net unrealized losses on derivative instruments, net of reclassification to operations of $7,101 and income tax benefit of $25,474		(40,771)		(40,771)
Minimum pension liability, net of income tax benefit of $2,426			(3,794)	(3,794)
Other comprehensive loss	(30,546)	(40,771)	(3,794)	(75,111)
Balance, December 31, 2005	(10,772)	(50,264)	(22,007)	(83,043)
Other comprehensive income (loss), net of tax:				
Net realized and unrealized holding losses, net of income tax benefit of $4,759	(7,684)			(7,684)
Foreign currency translation	715			715
Reclassification for net realized gains recorded in operations, net of income tax expense of $391	(630)			(630)
Net unrealized gains on derivative instruments, net of reclassification to operations of $(39,984) and income tax expense of $4,572		8,548		8,548
Pension and postretirement, net of income tax expense of $4,055			6,245 (1)	6,245
Other comprehensive income (loss)	(7,599)	8,548	6,245	7,194
Balance, December 31, 2006	(18,371)	(41,716)	(15,762)	(75,849)
Other comprehensive income (loss), net of tax:				
Net realized and unrealized holding losses, net of income tax benefit of $112,622	(181,815) (2)			(181,815)
Foreign currency translation	(6)			(6)
Reclassification for net realized losses recorded in operations, net of income tax benefit of $61,510	91,426 (2)			91,426
Net unrealized gains on derivative instruments, net of reclassification to operations of $(39,114) and income tax expense of $67,375		106,929		106,929
Pension and postretirement, net of income tax expense of $395			480	480
Other comprehensive income (loss)	(90,395)	106,929	480	17,014
Balance, December 31, 2007	$ (108,766)	65,213	(15,282)	(58,835)

(1) Includes the net effect of $18 thousand from adopting SFAS 158, as discussed in Note 20.
(2) Includes the net after-tax effect of approximately $94.7 million from impairment and valuation losses on securities, as discussed in Notes 4 and 6.

Deferred compensation at year-end consists of the cost of the Company's common stock held in rabbi trusts established for certain employees and directors. We consolidate the fair value of invested assets of the trusts along with the total obligations and include them in other assets and other liabilities, respectively, in the balance sheet. At December 31, 2007 and 2006, total invested assets were approximately $74.3 million and $54.8 million and total obligations were approximately $85.6 million and $64.4 million, respectively.

Upon the adoption of SFAS 123R in 2006, we reclassified deferred compensation of $11.1 million to common stock. This consisted of $3.9 million for the value of Amegy's nonvested restricted stock and stock options and $7.2 million for the unearned portion of restricted stock issued by the Company during 2005.

15. INCOME TAXES

Income taxes (benefit) are summarized as follows *(in thousands)*:

	2007	2006	2005
Federal:			
Current	$ 351,215	261,423	244,152
Deferred	(132,541)	7,705	(26,234)
	218,674	269,128	217,918
State:			
Current	43,224	47,158	51,628
Deferred	(26,161)	1,664	(6,128)
	17,063	48,822	45,500
	$ 235,737	317,950	263,418

Income tax expense computed at the statutory federal income tax rate of 35% reconciles to actual income tax expense as follows *(in thousands)*:

	2007	2006	2005
Income tax expense at statutory federal rate	$ 258,124	319,523	259,660
State income taxes, net	19,696	31,734	29,575
Uncertain state tax positions under FIN 48, including interest and penalties	(8,605)	–	–
Nondeductible expenses	4,141	5,299	2,138
Nontaxable income	(25,268)	(25,905)	(19,905)
Tax credits and other taxes	(7,267)	(5,999)	(5,722)
Other	(5,084)	(6,702)	(2,328)
	$ 235,737	317,950	263,418

Table of Contents

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31 are presented below *(in thousands)*:

	2007	2006
Gross deferred tax assets:		
Book loan loss deduction in excess of tax	$ 178,874	142,117
Pension and postretirement	12,536	13,343
Deferred compensation	55,563	42,050
Deferred loan fees	2,897	3,040
Accrued severance costs	2,799	3,023
Loan sales	15,819	23,467
Security investments and derivative market adjustments	95,546	7,270
Equity investments	6,868	2,286
Other	12,267	10,336
	383,169	246,932
Valuation allowance	(4,261)	(4,510)
Total deferred tax assets	378,908	242,422
Gross deferred tax liabilities:		
Core deposits and purchase accounting	(52,963)	(42,609)
Premises and equipment, due to differences in depreciation	(1,713)	(3,535)
FHLB stock dividends	(14,179)	(13,781)
Leasing operations	(81,794)	(79,490)
Prepaid expenses	(5,680)	(5,583)
Prepaid pension reserves	(4,930)	(4,387)
Other	(6,394)	(9,549)
Total deferred tax liabilities	(167,653)	(158,934)
Net deferred tax assets	$ 211,255	83,488

The amount of net deferred tax assets is included with other assets on the balance sheet. We analyze the deferred tax assets to determine whether a valuation allowance is required based on the more-likely-than-not criteria that such assets will be realized principally through future taxable income. This criteria takes into account the history of growth in earnings and the prospects for continued growth and profitability. The valuation allowance shown at both December 31, 2007 and 2006 is for net operating loss carryforwards included in the Company's 2006 acquisition of the remaining minority interests of P5, as discussed in Note 3. The amount of the carryforwards was approximately $11.1 million at December 31, 2007 and the tax effect has been included in deferred tax assets. Establishment of this allowance was based on P5's operating history using the criteria previously discussed. We have also determined that a valuation allowance is not required for any other deferred tax assets.

In 2004, we signed an agreement that confirmed and implemented our award of a $100 million allocation of tax credit authority under the Community Development Financial Institutions Fund established by the U.S. Government. The program allows us to invest up to $100 million in a wholly-owned subsidiary, which makes qualifying loans and investments. In return, we receive federal income tax credits that are recognized over seven years, including the year in which the funds were invested in the subsidiary. We recognize these tax credits for financial reporting purposes in the same year the tax benefit is recognized in our tax return. As of December 31, 2007 and 2006, we had invested $100 million and $90 million, respectively, which resulted in tax credits that reduced income tax expense by approximately $5.6 million in 2007, $4.5 million in 2006, and $4.0 million in 2005.

Effective January 1, 2007, we adopted FASB Interpretation No. 48 ("FIN 48"), *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109*. FIN 48, as amended, prescribes a more-likely-than-not threshold for the financial statement recognition of uncertain tax positions and clarifies the definition of settlement with the taxing authority. It also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

We have a FIN 48 liability for unrecognized tax benefits relating to uncertain tax positions primarily for various state tax contingencies in several jurisdictions. As a result of adopting FIN 48, we reduced this liability by approximately $10.4 million at January 1, 2007 and recognized a cumulative effect adjustment as an increase to retained earnings. A reconciliation of the 2007 beginning and ending amount of gross unrecognized tax benefits subsequent to the cumulative effect adjustment is as follows *(in thousands)*:

Balance at January 1, 2007	$ 46,341
Tax positions related to current year:	
Additions	1,708
Reductions	–
Tax positions related to prior years:	
Additions	–
Reductions	(8,277)
Settlements with taxing authorities	–
Lapses in statutes of limitations	(10,055)
Balance at December 31, 2007	$ 29,717

The December 31, 2007 balance of the Company's FIN 48 liability includes approximately $19.1 million (net of the federal tax benefit on state issues) related to unrecognized tax benefits that, if recognized, would affect the effective tax rate. Gross unrecognized tax benefits that may decrease during the 12 months subsequent to December 31, 2007 could range up to approximately $13.3 million as a result of the resolution of various state tax positions.

During 2007 in addition to increases to the FIN 48 liability, certain state tax issues were resolved through the closing of various state statutes of limitations and tax examinations. This allowed us to reduce the FIN 48 liability and recognize the tax benefit in operations. For 2007, the net reduction to income tax expense, including related interest and penalties, was approximately $8.6 million.

Interest and penalties related to unrecognized tax benefits are included in income tax expense in the statement of income. In 2007, the net amount of interest and penalties recognized in the statement of income was a benefit of approximately $1.7 million. At December 31, 2007 and 2006, accrued interest and penalties recognized in the balance sheet, net of any federal and/or state tax benefits, were approximately $4.1 million and $5.8 million, respectively.

The Company and its subsidiaries file income tax returns in U.S. federal and various state jurisdictions. The Company is no longer subject to income tax examinations for years prior to 2004 for federal returns, and generally prior to 2003 for state returns.

16. NET EARNINGS PER COMMON SHARE

Basic and diluted net earnings per common share based on the weighted average outstanding shares are summarized as follows *(in thousands, except per share amounts)*:

	2007	2006	2005
Basic:			
Net earnings applicable to common shareholders	$ 479,422	579,290	480,121
Weighted average common shares outstanding	107,365	106,057	91,187
Net earnings per common share	$ 4.47	5.46	5.27
Diluted:			
Net earnings applicable to common shareholders	$ 479,422	579,290	480,121
Weighted average common shares outstanding	107,365	106,057	91,187
Effect of dilutive common stock options and other stock awards	1,158	1,971	1,807
Weighted average diluted common shares outstanding	108,523	108,028	92,994
Net earnings per common share	$ 4.42	5.36	5.16

17. SHARE-BASED COMPENSATION

We have a stock option and incentive plan which allows us to grant stock options and restricted stock to employees and nonemployee directors. The total shares authorized under the plan are 8,900,000 of which 5,367,875 shares are available for future grant as of December 31, 2007.

Prior to January 1, 2006, we accounted for share-based compensation under the recognition and measurement provisions of Accounting Principles Board Opinion No. 25 ("APB 25"), *Accounting for Stock Issued to Employees*, and related Interpretations, as permitted by SFAS No. 123, *Accounting for Stock-Based Compensation*. Accordingly, we did not record any compensation expense for stock options, as the exercise price of the option was equal to the quoted market price of the stock on the date of grant.

Effective January 1, 2006, we adopted SFAS No. 123R, *Share-Based Payment*, which requires all share-based payments to employees, including grants of employee stock options, to be recognized in the statement of income based on their fair values. This accounting utilizes a "modified grant-date" approach in which the fair value of an equity award is estimated on the grant date without regard to service or performance vesting conditions. We adopted SFAS 123R using the "modified prospective" transition method. Under this transition method, compensation expense is recognized beginning January 1, 2006 based on the requirements of SFAS 123R for all share-based payments granted after December 31, 2005, and based on the requirements of SFAS 123 for all awards granted to employees prior to January 1, 2006 that remain unvested as of that date. Results of operations for prior years have not been restated.

The adoption of SFAS 123R, compared to the previous accounting for share-based compensation under APB 25, reduced 2006 income before income taxes and minority interest by $17.5 million, net income by $12.5 million, and both basic and diluted net earnings per common share by $0.12.

Table of Contents

The impact on net income and net earnings per common share if we had applied the recognition provisions of SFAS 123 to stock options for 2005 was as follows *(in thousands, except per share amounts)*:

Net income, as reported	$ 480,121
Deduct: Total share-based compensation expense determined under fair value based method for stock options, net of related tax effects	(9,793)
Pro forma net income	$ 470,328
Net earnings per common share:	
Basic – as reported	$ 5.27
Basic – pro forma	5.16
Diluted – as reported	5.16
Diluted – pro forma	5.08

As required by SFAS 123R and discussed further in Note 14, upon adoption in 2006, we reclassified $11.1 million of unearned compensation related to restricted stock from deferred compensation to common stock.

We classify all share-based awards as equity instruments. Substantially all awards have graded vesting which is recognized on a straight-line basis over the vesting period. As of December 31, 2007, compensation expense not yet recognized for nonvested share-based awards was approximately $52.3 million, which is expected to be recognized over a weighted average period of 1.3 years.

Stock Options

Stock options granted to employees vest at the rate of one third each year and expire seven years after the date of grant. Stock options granted to nonemployee directors vest in increments from six months to three and a half years and expire ten years after the date of grant.

In 2005, we discontinued our broad-based employee stock option plan under which options were made available to substantially all employees; however, existing options continue to vest at the rate of one third each year and expire four years after the date of grant.

Following are the expense, cash flow, and tax effects related to stock options on the Company’s financial statements from the adoption of SFAS 123R *(in thousands)*:

	2007	2006
Compensation expense:		
Additional amount recorded	$ 15,828	17,542
Reduction of income tax expense	4,987	4,968
Cash flows received from exercise of stock options	59,473	79,511
Tax benefit realized from reduction of income taxes payable:		
Reduction of goodwill for tax benefit of vested stock options converted in the Amegy acquisition and exercised during the year	$ 2,069	4,189
Included in common stock as net stock options exercised	10,365	11,769
Reduction of deferred tax assets and current income tax expense	1,038	1,323
Total tax benefit	$ 13,472	17,281

The additional compensation expense is included in salaries and employee benefits in the statement of income with the corresponding increase included in common stock in shareholders’ equity.

Table of Contents

For 2005, the tax benefit realized as a reduction of income taxes payable and included in common stock was $13.5 million.

On October 22, 2007, the Company announced it had received notification from the SEC that its patent-pending Employee Stock Option Appreciation Rights Securities ("ESOARS") was sufficiently designed as a market-based method for valuing employee stock options under SFAS 123R. The SEC staff did not object to the Company’s view that the market-clearing price of ESOARS in the Company’s auction conducted May 4-7, 2007 was a reasonable estimate of the fair value of the underlying employee stock options.

The Company used the results of that auction to value its employee stock options granted on May 4, 2007. The value established was $12.06 per option, which the Company estimated was approximately 14% below its Black-Scholes model valuation on that date. The number of stock options granted on that date were 963,680, or 91.4% of the total stock options granted in 2007. The Company used the ESOARS value for the remainder of 2007 in determining compensation expense for this grant of stock options, and recorded the related estimated future ESOARS settlement obligation as a liability in the balance sheet.

For all other stock options granted in 2007, and previously in 2006 and 2005, the Company used the Black-Scholes option pricing model to estimate the fair values of stock options in determining compensation expense. The following summarizes the weighted average of fair value and the significant assumptions used in applying the Black-Scholes model for options granted:

	2007	2006	2005
Weighted average of fair value for options granted	$ 15.15	15.02	15.33
Weighted average assumptions used:			
Expected dividend yield	2.0%	2.0%	2.0%
Expected volatility	17.0%	18.0%	25.0%
Risk-free interest rate	4.42%	4.95%	3.95%
Expected life (in years)	5.4	4.1	4.1

The methodology used to estimate the fair values of stock options is consistent with the estimates used for the 2005 pro forma presentation previously shown. The assumptions for expected dividend yield, expected volatility and expected life reflect management’s judgment and include consideration of historical experience. Expected volatility is based in part on historical volatility. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods corresponding with the expected life of the option.

Table of Contents

The following summarizes our stock option activity for the three years ended December 31, 2007:

	Number of shares	Weighted average exercise price
Balance at December 31, 2004	7,633,775	$ 51.98
Granted	912,905	71.37
Assumed in acquisition	1,559,693	47.44
Exercised	(1,872,753)	50.00
Expired	(519,521)	66.53
Forfeited	(216,533)	55.46
Balance at December 31, 2005	7,497,566	52.79
Granted	979,274	81.14
Exercised	(1,631,012)	49.43
Expired	(52,398)	50.00
Forfeited	(106,641)	62.89
Balance at December 31, 2006	6,686,789	57.62
Granted	1,054,772	82.82
Exercised	(1,681,742)	80.88
Expired	(136,805)	58.37
Forfeited	(112,031)	75.00
Balance at December 31, 2007	5,810,983	64.82
Outstanding stock options exercisable as of:		
December 31, 2007	3,866,627	$ 57.15
December 31, 2006	4,409,971	50.73
December 31, 2005	4,663,707	49.04

We issue new authorized shares for the exercise of stock options. The total intrinsic value of stock options exercised was approximately $59.0 million in 2007 and $50.8 million in 2006.

Additional selected information on stock options at December 31, 2007 follows:

	Outstanding stock options			Exercisable stock options	
Exercise price range	Number of shares	Weighted average exercise price	Weighted average remaining contractual life (years)	Number of shares	Weighted Average Exercise Price
$ 0.32 to $ 19.99	42,929	$ 9.03	1.1 (1)	42,929	$ 9.03
$ 20.00 to $ 39.99	121,888	28.72	1.6	121,888	28.72
$ 40.00 to $ 49.99	692,261	44.49	3.0	692,261	44.49
$ 50.00 to $ 54.99	775,509	53.66	1.5	774,528	53.66
$ 55.00 to $ 59.99	1,149,961	56.86	3.8	1,110,797	56.82
$ 60.00 to $ 64.99	140,795	61.67	1.9	134,647	61.58
$ 65.00 to $ 69.99	165,471	67.38	5.5	145,816	67.42
$ 70.00 to $ 74.99	703,783	70.91	4.7	441,185	70.87
$ 75.00 to $ 79.99	116,126	75.92	5.0	86,399	75.87
$ 80.00 to $ 81.99	910,780	81.14	5.5	305,511	81.12
$ 82.00 to $ 83.38	991,480	83.25	6.4	10,666	83.31
	5,810,983	64.82	4.2 (1)	3,866,627	57.15

(1) The weighted average remaining contractual life excludes 31,077 stock options that do not have a fixed expiration date. They expire between the date of termination and one year from the date of termination, depending upon certain circumstances.

For outstanding stock options at December 31, 2007 and 2006, the aggregate intrinsic value was $5.7 million and $166.0 million, respectively. For exercisable stock options at December 31, 2007 and 2006, the aggregate intrinsic value was $5.7 million and $139.9

million and the weighted average remaining contractual life was 3.3 years and 3.4 years, respectively, excluding the stock options previously noted without a fixed expiration date.

The previous tables do not include stock options for employees to purchase common stock of our subsidiaries, TCBO and NetDeposit. At December 31, 2007 for TCBO, there were options to purchase 115,000 shares at exercise prices from $20.00 to $20.58. At December 31, 2007, there were 1,038,000 issued and outstanding shares of TCBO common stock. For NetDeposit, there were options to purchase 10,701,626 shares at exercise prices from $0.29 to $1.00. At December 31, 2007, there were 142,348,414 issued and outstanding shares of NetDeposit common stock. TCBO and NetDeposit options are included in the previous pro forma disclosure.

Restricted Stock

Restricted stock issued vests generally over four years. During the vesting period, the holder has full voting rights and receives dividend equivalents. Compensation expense for issuances of restricted stock was $12.4 million in 2007, $6.8 million in 2006, and $1.7 million in 2005. The corresponding increase to shareholders' equity is included in common stock. Compensation expense was determined based on the number of restricted shares issued and the market price of our common stock at the issue date.

The following summarizes our restricted stock activity for the three years ended December 31, 2007:

	Number of shares	Weighted average issue price
Nonvested restricted shares at December 31, 2004	10,000	$ 61.07
Issued	168,134	70.81
Assumed in acquisition	143,504	57.45
Vested	(114,162)	56.41
Forfeited	(3,493)	70.90
Nonvested restricted shares at December 31, 2005	203,983	68.99
Issued	293,650	80.14
Vested	(53,471)	71.29
Forfeited	(24,029)	76.09
Nonvested restricted shares at December 31, 2006	420,133	77.54
Issued	357,961	71.91
Vested	(115,852)	76.95
Forfeited	(27,180)	76.42
Nonvested restricted shares at December 31, 2007	635,062	74.54

The total fair value of restricted stock vesting during the year was $9.4 million in 2007, $4.3 million in 2006, and was not significant in 2005. The amount of tax benefit realized as a reduction of income taxes payable from the vesting of restricted stock was $3.8 million in 2007 and $1.9 million in 2006.

18. COMMITMENTS, GUARANTEES, CONTINGENT LIABILITIES, AND RELATED PARTIES

We use certain derivative instruments and other financial instruments in the normal course of business to meet the financing needs of our customers, to reduce our own exposure to fluctuations in interest rates, and to make a market in U.S. government, agency, corporate, and municipal securities. These financial instruments involve, to varying degrees, elements of credit, liquidity, and interest rate risk in excess of the amount recognized in the balance sheet. Derivative instruments are discussed in Note 7.

FASB Interpretation No. 45 ("FIN 45"), *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*, establishes guidance for guarantees and related obligations. Financial and performance standby letters of credit are guarantees that come under the provisions of FIN 45.

Contractual amounts of the off-balance sheet financial instruments used to meet the financing needs of our customers are as follows at December 31 *(in thousands)*:

	2007	2006
Commitments to extend credit	$ 16,648,056	16,714,742
Standby letters of credit:		
Financial	1,317,304	1,157,205
Performance	351,150	330,056
Commercial letters of credit	49,346	132,615

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require the payment of a fee. The amount of collateral obtained, if deemed necessary by us upon extension of credit, is based on our credit evaluation of the counterparty. Types of collateral vary, but may include accounts receivable, inventory, property, plant and equipment, and income-producing properties.

While establishing commitments to extend credit creates credit risk, a significant portion of such commitments is expected to expire without being drawn upon. As of December 31, 2007, $5.8 billion of commitments expire in 2008. We use the same credit policies and procedures in making commitments to extend credit and conditional obligations as we do for on-balance sheet instruments. These policies and procedures include credit approvals, limits, and monitoring.

We issue standby and commercial letters of credit as conditional commitments generally to guarantee the performance of a customer to a third party. The guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions. Standby letters of credit include remaining commitments of $1,042 million expiring in 2008 and $627 million expiring thereafter through 2027. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. We generally hold marketable securities and cash equivalents as collateral supporting those commitments for which collateral is deemed necessary. At December 31, 2007, the carrying value recorded by the Company as a liability for these guarantees was $7.1 million.

Certain mortgage loans sold have limited recourse provisions for periods ranging from three months to one year. The amount of losses resulting from the exercise of these provisions has not been significant.

At December 31, 2007, we had commitments to make venture and other noninterest-bearing investments of $101.7 million. These obligations have no stated maturity.

The contractual or notional amount of financial instruments indicates a level of activity associated with a particular class of financial instrument and is not a reflection of the actual level of risk. As of December 31, 2007 and 2006, the regulatory risk-weighted values assigned to all off-balance sheet financial instruments and derivative instruments described herein were $7.0 billion and $6.7 billion, respectively.

At December 31, 2007, we were required to maintain cash balances of $38.7 million with the Federal Reserve Banks to meet minimum balance requirements in accordance with Federal Reserve Board regulations.

As of December 31, 2007, the Parent has guaranteed approximately $300.6 million of debt issued by our subsidiaries, as discussed in Note 13. See Note 6 for the discussion of Zions Bank's commitment of $6.12 billion at December 31, 2007 to Lockhart, which is a QSPE conduit.

In October 2007, Visa Inc. completed a reorganization in contemplation of its initial public offering ("IPO") expected to occur in 2008. As part of that reorganization, certain of the Company's subsidiary banks received shares of common stock of Visa Inc. The Company's subsidiary banks are also obligated as member banks under indemnification agreements to share in losses from certain litigation ("Covered Litigation") of Visa. Although Visa is expected to set aside a portion of its proceeds from the IPO to fund any adverse settlements from the Covered Litigation, recent guidance from the SEC staff indicates that Visa member banks should record a liability for the fair value of any contingent obligation under the Covered Litigation. Estimation of the proportionate share for the Company's subsidiary banks is extremely difficult and highly judgmental. The Company has recorded a total accrual of approximately $8.1 million, which is an estimate of the fair value of the contingent obligation. This accrual is included in other noninterest expense in the statement of income. Also, in accordance with generally accepted accounting principles and the recent SEC guidance, the Company's subsidiary banks have not recognized any value for their investment in Visa.

We are a defendant in various legal proceedings arising in the normal course of business. We do not believe that the outcome of any such proceedings will have a material effect on our results of operations, financial position, or liquidity.

We have commitments for leasing premises and equipment under the terms of noncancelable capital and operating leases expiring from 2008 to 2046. Premises leased under capital leases at December 31, 2007 were $1.7 million and accumulated amortization was $1.1 million. Amortization applicable to premises leased under capital leases is included in depreciation expense.

Future aggregate minimum rental payments under existing noncancelable operating leases at December 31, 2007 are as follows *(in thousands)*:

2008	$ 44,178
2009	42,481
2010	38,659
2011	32,500
2012	28,691
Thereafter	165,172
	$ 351,681

Future aggregate minimum rental payments have been reduced by noncancelable subleases as follows: $2.9 million in 2008, $2.3 million in 2009, $2.7 million in 2010, $2.4 million in 2011, $1.9 million in 2012, and $8.5 million thereafter. Aggregate rental expense on operating leases amounted to $54.0 million in 2007, $51.5 million in 2006, and $41.6 million in 2005.

We have a lease agreement on our corporate headquarters which provided for a rent holiday through December 31, 2006 while the building was being reconstructed. The reconstruction began in March 2005 and the lease term of this operating lease began in October 2005. We recorded and deferred rent expense during the rent holiday at applicable lease rates based on our occupancy of the building. We also recorded leasehold improvements funded by the landlord incentive and amortize them over their estimated useful lives or the term of the lease, whichever is shorter. The amount of deferred rent, including the leasehold improvements, is amortized using the straight-line method over the term of the lease, in accordance with applicable accounting and other SEC guidance.

We have no material related party transactions requiring disclosure. In the ordinary course of business, the Company and its banking subsidiaries extend credit to related parties, including executive officers, directors, principal shareholders, and their associates and related interests. These related party loans are made in compliance with applicable banking regulations under substantially the same terms as comparable third-party lending arrangements.

19. REGULATORY MATTERS

We are subject to various regulatory capital requirements administered by federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory – and possibly additional discretionary – actions by regulators that, if undertaken, could have a direct material effect on our financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, we must meet specific capital guidelines that involve quantitative measures of our assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. Our capital amounts and classification are also subject to qualitative judgments by regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require us to maintain minimum amounts and ratios (set forth in the following table) of Total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier I capital (as defined) to average assets (as defined). We believe, as of December 31, 2007, that we meet all capital adequacy requirements to which we are subject.

As of December 31, 2007, our capital ratios exceeded the minimum capital levels, and we are considered well capitalized under the regulatory framework for prompt corrective action. Our subsidiary banks also met the well capitalized minimum. To be categorized as well capitalized, we must maintain minimum Total risk-based, Tier I risk-based, and Tier I leverage ratios as set forth in the table. There are no conditions or events that we believe have changed our regulatory category.

Dividends declared by our banking subsidiaries in any calendar year may not, without the approval of the appropriate federal regulator, exceed their net earnings for that year combined with their net earnings less dividends paid for the preceding two years. We are also required to maintain the banking subsidiaries at the well capitalized level. At December 31, 2007, our banking subsidiaries had approximately $304.1 million available for the payment of dividends under the foregoing restrictions.

Table of Contents

The actual capital amounts and ratios for the Company and its three largest banking subsidiaries are as follows *(in thousands)*:

	Actual		Minimum for capital adequacy purposes		To be well capitalized	
	Amount	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
As of December 31, 2007:						
Total capital (to risk-weighted assets)						
The Company	$ 5,547,973	11.68%	$ 3,801,256	8.00%	$ 4,751,570	10.00%
Zions First National Bank	1,622,137	10.75	1,206,859	8.00	1,508,574	10.00
California Bank & Trust	1,088,798	11.58	752,253	8.00	940,316	10.00
Amegy Bank N.A.	1,178,538	10.94	861,581	8.00	1,076,977	10.00
Tier I capital (to risk-weighted assets)						
The Company	3,596,234	7.57	1,900,628	4.00	2,850,942	6.00
Zions First National Bank	1,032,562	6.84	603,430	4.00	905,144	6.00
California Bank & Trust	689,380	7.33	376,126	4.00	564,190	6.00
Amegy Bank N.A.	742,630	6.90	430,791	4.00	646,186	6.00
Tier I capital (to average assets)						
The Company	3,596,234	7.37	1,463,464	3.00	2,439,106	5.00
Zions First National Bank	1,032,562	6.22	498,409	3.00	830,681	5.00
California Bank & Trust	689,380	6.97	296,545	3.00	494,242	5.00
Amegy Bank N.A.	742,630	7.58	294,038	3.00	490,064	5.00
As of December 31, 2006:						
Total capital (to risk-weighted assets)						
The Company	$ 5,293,253	12.29%	$ 3,445,531	8.00%	$ 4,306,914	10.00%
Zions First National Bank	1,469,553	11.30	1,040,178	8.00	1,300,223	10.00
California Bank & Trust	1,200,874	11.50	835,632	8.00	1,044,541	10.00
Amegy Bank N.A.	916,454	10.35	708,239	8.00	885,299	10.00
Tier I capital (to risk-weighted assets)						
The Company	3,437,413	7.98	1,722,766	4.00	2,584,148	6.00
Zions First National Bank	944,487	7.26	520,089	4.00	780,134	6.00
California Bank & Trust	751,100	7.19	417,816	4.00	626,724	6.00
Amegy Bank N.A.	636,517	7.19	354,120	4.00	531,180	6.00
Tier I capital (to average assets)						
The Company	3,437,413	7.86	1,312,658	3.00	2,187,763	5.00
Zions First National Bank	944,487	6.50	435,736	3.00	726,227	5.00
California Bank & Trust	751,100	7.36	306,240	3.00	510,401	5.00
Amegy Bank N.A.	636,517	7.64	249,864	3.00	416,441	5.00

20. RETIREMENT PLANS

SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)*, requires an entity to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in the balance sheet and to recognize changes in that funded status through other comprehensive income in the years in which changes occur. While the Statement does not change the determination of net periodic benefit cost included in net income, it does expand disclosure requirements about certain effects on net periodic benefit cost that may arise in subsequent fiscal years. We adopted SFAS 158 as of December 31, 2006.

We have a qualified noncontributory defined benefit pension plan which was amended January 1, 2003 after which new employees were not allowed to participate. All service-related benefit accruals for existing participants ceased as of that date with certain grandfathering exceptions. Benefits vest under the plan upon completion of five years of vesting service. Plan assets consist principally of corporate equity securities, mutual fund investments, and cash investments. Plan benefits are defined as a lump-sum cash value or an annuity at retirement age.

The following presents the change in benefit obligation, change in fair value of plan assets, and funded status of the pension plan and amounts recognized in the balance sheet as of the measurement date of December 31 *(in thousands)*:

Table of Contents

	2007	2006
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 155,084	157,404
Service cost	384	499
Interest cost	8,564	8,624
Actuarial gain	(2,328)	(3,242)
Benefits paid	(8,891)	(8,201)
Benefit obligation at end of year	152,813	155,084
Change in fair value of plan assets:		
Fair value of plan assets at beginning of year	141,294	124,288
Actual return on plan assets	8,832	15,207
Employer contribution	–	10,000
Benefits paid	(8,891)	(8,201)
Fair value of plan assets at end of year	141,235	141,294
Funded status	$ (11,578)	(13,790)
Amounts recognized in balance sheet:		
Liability for pension benefits	$ (11,578)	(13,790)
Accumulated other comprehensive loss	24,591	25,221
Accumulated other comprehensive loss consists of:		
Net loss	24,591	25,221

The liability for pension/postretirement benefits is included in other liabilities in the balance sheet.

The amount of net loss in accumulated other comprehensive loss at December 31, 2007 expected to be recognized as an expense component of net periodic benefit cost in 2008 is approximately $1.0 million. The accumulated benefit obligation for the pension plan was $152.5 million and $154.7 million as of December 31, 2007 and 2006, respectively. Contributions to the plan are based on actuarial recommendation and pension regulations.

The following presents the components of net periodic benefit cost (credit) for the plan *(in thousands)*:

	2007	2006	2005
Service cost	$ 384	499	557
Interest cost	8,564	8,624	8,630
Expected return on plan assets	(11,618)	(10,250)	(10,211)
Amortization of net actuarial loss	1,089	1,999	1,850
Net periodic benefit cost (credit)	$ (1,581)	872	826

Weighted average assumptions for the plan are as follows:

	2007	2006	2005
Used to determine benefit obligation at year-end:			
Discount rate	6.00%	5.65%	5.60%
Rate of compensation increase	4.25	4.25	4.25
Used to determine net periodic benefit cost for the years ended December 31:			
Discount rate	5.65	5.60	5.75
Expected long-term return on plan assets	8.30	8.50	8.60
Rate of compensation increase	4.25	4.25	4.25

The discount rate reflects the yields available on long-term, high-quality fixed-income debt instruments with cash flows similar to the obligations of the plan, reset annually on the measurement date. The expected long-term rate of return on plan assets is based on a review of the target asset allocation of the plan. This rate is intended to approximate the long-term rate of return that we anticipate receiving on the plan's investments, considering the mix of the assets that the plan holds as investments, the expected return of these underlying investments, the diversification of these investments, and the rebalancing strategy employed. An expected long-term rate of return is assumed for each asset class and an underlying inflation rate assumption is determined. The projected rate of compensation increases is management's estimate of future pay increases that the remaining eligible employees will receive until their retirement.

Weighted average asset allocations at December 31 for the plan are as follows:

	2007	**2006**
Equity securities	3%	5%
Mutual funds:		
Equity funds	12	14
Debt funds	19	18
Other:		
Insurance company separate accounts – equity investments	60	60
Guaranteed deposit account	6	3
	100%	100%

The plan's investment strategy is predicated on its investment objectives and the risk and return expectations of asset classes appropriate for the plan. Investment objectives have been established by considering the plan's liquidity needs and time horizon and the fiduciary standards under ERISA. The asset allocation strategy is developed to meet the plan's long-term needs in a manner designed to control volatility and to reflect risk tolerance. Current target allocation percentages are 75% invested in equities and 25% invested in fixed income assets.

Equity securities consist of 93,808 shares of Company common stock with a fair value of $4.4 million at December 31, 2007 and 91,606 shares with a fair value of $7.6 million at December 31, 2006. Dividends received by the plan were approximately $161 thousand in 2007 and $143 thousand in 2006.

Benefit payments to pension plan participants, which reflect expected future service as appropriate, are estimated as follows for the years succeeding December 31, 2007 *(in thousands)*:

2008	$ 8,580
2009	9,190
2010	9,880
2011	8,945
2012	10,281
Years 2013 - 2017	51,796

Amegy also had a defined benefit pension plan which was terminated during 2007 at a net cost approximating the existing liability.

We also have unfunded nonqualified supplemental retirement plans for certain current and former employees. The following presents the change in benefit obligation, change in fair value of plan assets, and funded status of these plans and amounts recognized in the balance sheet as of the measurement date of December 31 *(in thousands)*:

	2007	2006
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 13,052	13,415
Interest cost	693	719
Actuarial gain	(205)	(236)
Benefits paid	(904)	(846)
Settlements	(841)	–
Benefit obligation at end of year	11,795	13,052
Change in fair value of plan assets:		
Fair value of plan assets at beginning of year	–	–
Employer contributions	1,745	846
Benefits paid and settlements	(1,745)	(846)
Fair value of plan assets at end of year	–	–
Funded status	$ (11,795)	(13,052)
Amounts recognized in balance sheet:		
Liability for pension benefits	$ (11,795)	(13,052)
Accumulated other comprehensive loss	1,500	1,995
Accumulated other comprehensive loss consists of:		
Net loss	$ 702	1,057
Prior service cost	798	922
Transition liability	–	16
	$ 1,500	1,995

The amounts in accumulated other comprehensive loss at December 31, 2007 expected to be recognized as an expense component of net periodic benefit cost in 2008 are estimated as follows *(in thousands)*:

Net gain	$ (28)
Prior service cost	125
	$ 97

The following presents the components of net periodic benefit cost for these plans *(in thousands)*:

	2007	2006	2005
Interest cost	$ 693	719	730
Amortization of net actuarial (gain) loss	149	(10)	(16)
Amortization of prior service cost	124	124	124
Amortization of transition liability	16	16	16
Net periodic benefit cost	$ 982	849	854

Weighted average assumptions applicable for these plans are the same as the pension plan. Each year, Company contributions to these plans are made in amounts sufficient to meet benefit payments to plan participants. These benefit payments are estimated as follows for the years succeeding December 31, 2007 *(in thousands)*:

2008	$ 1,821
2009	1,053
2010	1,086
2011	1,152
2012	1,082
Years 2013 - 2017	4,331

We are also obligated under several other supplemental retirement plans for certain current and former employees. At December 31, 2007 and 2006, our liability was $5.1 million and $5.4 million, respectively, for these plans.

We also sponsor an unfunded defined benefit health care plan that provides postretirement medical benefits to certain full-time employees who met minimum age and service requirements. The plan is contributory with retiree contributions adjusted annually, and contains other cost-sharing features such as deductibles and coinsurance. Plan coverage is provided by self-funding or health maintenance organizations (HMOs) options. Reductions in our obligations to provide benefits resulting from cost sharing changes have been applied to reduce the plan's unrecognized transition obligation. In 2000, we increased our contribution toward retiree medical coverage and permanently froze our contributions. Retirees pay the difference between the full premium rates and our capped contribution.

The following table presents the change in benefit obligations, change in fair value of plan assets, and funded status of the plan and amounts recognized in the balance sheet as of the measurement date of December 31 *(in thousands)*:

	2007	2006
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 5,919	6,454
Service cost	105	101
Interest cost	318	326
Actuarial gain	(18)	(337)
Benefits paid	(596)	(625)
Benefit obligation at end of year	5,728	5,919
Change in fair value of plan assets:		
Fair value of plan assets at beginning of year	–	–
Employer contributions	596	625
Benefits paid	(596)	(625)
Fair value of plan assets at end of year	–	–
Funded status	$ (5,728)	(5,919)
Amounts recognized in balance sheet:		
Liability for postretirement benefits	$ (5,728)	(5,919)
Accumulated other comprehensive loss	(1,090)	(1,341)
Accumulated other comprehensive loss consists of:		
Net gain	(1,090)	(1,341)

The amount of net gain in accumulated other comprehensive loss at December 31, 2007 expected to be recognized as a component of net periodic benefit cost in 2008 is approximately $218 thousand.

The following presents the components of net periodic benefit cost for the plan *(in thousands)*:

	2007	2006	2005
Service cost	$ 105	101	118
Interest cost	318	326	357
Amortization of net actuarial gain	(268)	(333)	(357)
Net periodic benefit cost	$ 155	94	118

Table of Contents

Weighted average assumptions for the plan are as follows:

	2007	2006	2005
Used to determine benefit obligation at year-end:			
Discount rate	6.00%	5.65%	5.60%
Used to determine net periodic benefit cost for the years ended December 31:			
Discount rate	5.65	5.60	5.75

Because our contribution rate is capped, there is no effect on the plan from assumed increases or decreases in health care cost trends. Each year, Company contributions to the plan are made in amounts sufficient to meet benefit payments to plan participants. These benefit payments are estimated as follows for the years succeeding December 31, 2007 *(in thousands)*:

2008	$ 573
2009	556
2010	541
2011	525
2012	511
Years 2013 - 2017	2,321

We have a 401(k) and employee stock ownership plan ("Payshelter") under which employees select from several investment alternatives. Employees can contribute up to 80% of their earnings subject to the annual maximum allowed contribution. The Company matches 100% of the first 3% of employee contributions and 50% of the next 2% of employee contributions. Matching contributions are invested in the Company’s common stock and amounted to $19.8 million in 2007, $17.3 million in 2006, and $12.4 million in 2005.

The Payshelter plan also has a noncontributory profit sharing feature which is discretionary and may range from 0% to 6% of eligible compensation based upon the Company’s return on average common equity for the year. The contribution percentage was 3.25% for 2007 and 4% for 2006, and the related profit sharing expense was $17.0 million and $17.9 million, respectively. The profit sharing contribution is invested in the Company’s common stock.

Table of Contents

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value and estimated fair value of principal financial instruments are summarized as follows *(in thousands)*:

	December 31, 2007		December 31, 2006	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Financial assets:				
Cash and due from banks	$ 1,855,155	1,855,155	1,938,810	1,938,810
Money market investments	1,500,208	1,500,208	369,276	369,276
Investment securities	5,860,900	5,858,607	5,767,467	5,763,171
Loans and leases, net of allowance	38,628,403	38,975,714	34,302,406	34,311,063
Derivatives (included in other assets)	307,452	307,452	51,749	51,749
Total financial assets	$ 48,152,118	48,497,136	42,429,708	42,434,069
Financial liabilities:				
Demand, savings, and money market deposits	$ 26,593,376	26,593,376	25,869,197	25,869,197
Time deposits	6,953,951	7,017,862	6,560,023	6,574,080
Foreign deposits	3,375,426	3,374,886	2,552,526	2,551,651
Securities sold, not yet purchased	224,269	224,269	175,993	175,993
Federal funds purchased and security repurchase agreements	3,761,572	3,761,572	2,927,540	2,927,540
Derivatives (included in other liabilities)	104,002	104,002	63,191	63,191
Commercial paper, FHLB advances and other borrowings	3,607,452	3,613,520	875,490	880,630
Long-term debt	2,463,254	2,493,832	2,357,721	2,384,806
Total financial liabilities	$ 47,083,302	47,183,319	41,381,681	41,427,088

Financial Assets

The estimated fair value approximates the carrying value of cash and due from banks and money market investments. For investment securities, the fair value is based on quoted market prices where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments or a discounted cash flow model based on established market rates. The fair value of loans is estimated by discounting future cash flows using the LIBOR yield curve adjusted by a factor which reflects the credit and interest rate risk inherent in the loan.

Financial Liabilities

The estimated fair value of demand, savings, and money market deposits is the amount payable on demand at the reporting date. SFAS No. 107, *Disclosures about Fair Value of Financial Instruments*, requires the use of the carrying value because the accounts have no stated maturity and the customer has the ability to withdraw funds immediately. The estimated fair value of securities sold not yet purchased, federal funds purchased, and security repurchase agreements also approximates the carrying value. The fair value of time and foreign deposits is estimated by discounting future cash flows using the LIBOR yield curve. Commercial paper is issued for short terms of duration. The fair value of fixed rate FHLB advances is estimated by discounting future cash flows using the LIBOR yield curve. Variable rate FHLB advances reprice with changes in market rates; as such, their carrying amounts approximate fair value. Other borrowings are not significant. The estimated fair value of long-term debt is based on discounting cash flows using the LIBOR yield curve plus credit spreads.

Derivative Instruments

The fair value of the derivatives reflects the estimated amounts that we would receive or pay to terminate these contracts at the reporting date based upon pricing or valuation models applied to current market information. Interest rate swaps are valued using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates derived from observed market interest rate curves.

Off-Balance Sheet Financial Instruments

The fair value of commitments to extend credit and letters of credit, based on fees currently charged for similar commitments, is not significant.

Limitations

These fair value disclosures represent our best estimates, based on relevant market information and information about the financial instruments. Fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of the various instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in the above methodologies and assumptions could significantly affect the estimates.

Further, certain financial instruments and all nonfinancial instruments are excluded from applicable disclosure requirements. Therefore, the fair value amounts shown in the table do not, by themselves, represent the underlying value of the Company as a whole.

22. OPERATING SEGMENT INFORMATION

We manage our operations and prepare management reports and other information with a primary focus on geographical area. As of December 31, 2007, we operate eight community/regional banks in distinct geographical areas. Performance assessment and resource allocation are based upon this geographical structure. The operating segment identified as "Other" includes the Parent, Zions Management Services Company ("ZMSC"), certain nonbank financial service and financial technology subsidiaries, other smaller nonbank operating units, TCBO (see Note 1), and eliminations of transactions between segments. Results for Amegy in 2005 only include the month of December.

ZMSC provides internal technology and operational services to affiliated operating businesses of the Company. ZMSC charges most of its costs to the affiliates on an approximate break-even basis.

The accounting policies of the individual operating segments are the same as those of the Company as described in Note 1. Transactions between operating segments are primarily conducted at fair value, resulting in profits that are eliminated for reporting consolidated results of operations. Operating segments pay for centrally provided services based upon estimated or actual usage of those services.

Table of Contents

The following is a summary of selected operating segment information for the years ended December 31, 2007, 2006 and 2005 *(in millions)*:

	Zions Bank	CB&T	Amegy	NBA	NSB	Vectra	TCBW	Other	Consolidated Company
2007:									
Net interest income	$ 551.4	434.8	331.3	250.8	182.5	96.9	35.1	(0.8)	1,882.0
Provision for loan losses	39.1	33.5	21.2	30.5	23.3	4.0	0.3	0.3	152.2
Net interest income after provision for loan losses	512.3	401.3	310.1	220.3	159.2	92.9	34.8	(1.1)	1,729.8
Impairment losses on available-for-sale securities and valuation losses on securities purchased from Lockhart Funding	(59.7)	(79.2)	–	–	–	–	–	(19.3)	(158.2)
Other noninterest income	236.8	87.3	126.7	33.4	32.9	28.1	2.5	22.8	570.5
Noninterest expense	463.2	230.8	295.6	142.4	111.8	86.3	14.4	60.1	1,404.6
Income (loss) before income taxes and minority interest	226.2	178.6	141.2	111.3	80.3	34.7	22.9	(57.7)	737.5
Income tax expense (benefit)	72.2	71.2	46.7	43.5	27.9	12.5	7.5	(45.7)	235.8
Minority interest	0.2	–	0.1	–	–	–	–	7.7	8.0
Net income (loss)	153.8	107.4	94.4	67.8	52.4	22.2	15.4	(19.7)	493.7
Preferred stock dividend	–	–	–	–	–	–	–	14.3	14.3
Net earnings applicable to common shareholders	$ 153.8	107.4	94.4	67.8	52.4	22.2	15.4	(34.0)	479.4
Assets	$ 18,446	10,156	11,675	5,279	3,903	2,667	947	(126)	52,947
Net loans and leases(1)	12,997	7,792	7,902	4,585	3,231	1,987	509	85	39,088
Deposits	11,644	8,082	8,058	3,871	3,304	1,752	608	(396)	36,923
Shareholder’s equity:									
Preferred equity	–	–	–	–	–	–	–	240	240
Common equity	1,048	1,067	1,932	581	261	329	67	(232)	5,053
Total shareholder’s equity	1,048	1,067	1,932	581	261	329	67	8	5,293

Table of Contents

	Zions Bank	CB&T	Amegy	NBA	NSB	Vectra	TCBW	Other	Consolidated Company
2006:									
Net interest income	$ 472.3	469.4	304.7	214.9	197.5	94.2	33.6	(21.9)	1,764.7
Provision for loan losses	19.9	15.0	7.8	16.3	8.7	4.2	0.5	0.2	72.6
Net interest income after provision for loan losses	452.4	454.4	296.9	198.6	188.8	90.0	33.1	(22.1)	1,692.1
Noninterest income	263.7	80.7	114.9	25.4	31.2	26.8	2.0	6.5	551.2
Noninterest expense	426.1	244.6	283.5	103.0	110.8	85.0	13.9	63.5	1,330.4
Income (loss) before income taxes and minority interest	290.0	290.5	128.3	121.0	109.2	31.8	21.2	(79.1)	912.9
Income tax expense (benefit)	98.1	117.9	39.5	47.8	38.1	11.7	7.0	(42.1)	318.0
Minority interest	0.1	–	1.8	–	–	–	–	9.9	11.8
Net income (loss)	191.8	172.6	87.0	73.2	71.1	20.1	14.2	(46.9)	583.1
Preferred stock dividend	–	–	–	–	–	–	–	3.8	3.8
Net earnings applicable to common shareholders	$ 191.8	172.6	87.0	73.2	71.1	20.1	14.2	(50.7)	579.3
Assets	$14,823	10,416	10,366	4,599	3,916	2,385	808	(343)	46,970
Net loans and leases(1)	10,702	8,092	6,352	4,066	3,214	1,725	428	89	34,668
Deposits	10,450	8,410	7,329	3,695	3,401	1,712	513	(528)	34,982
Shareholder’s equity:									
Preferred equity	–	–	–	–	–	–	–	240	240
Common equity	972	1,123	1,805	346	273	314	56	(142)	4,747
Total shareholder’s equity	972	1,123	1,805	346	273	314	56	98	4,987
2005:									
Net interest income	$ 407.9	451.4	25.5	187.6	171.3	89.1	29.6	(1.0)	1,361.4
Provision for loan losses	26.0	9.9	–	5.2	(0.4)	1.6	1.0	(0.3)	43.0
Net interest income after provision for loan losses	381.9	441.5	25.5	182.4	171.7	87.5	28.6	(0.7)	1,318.4
Noninterest income	269.2	75.0	9.0	21.5	31.0	26.6	1.6	3.0	436.9
Noninterest expense	391.1	243.9	23.7	97.8	106.2	86.8	12.6	50.7	1,012.8
Impairment loss on goodwill	0.6	–	–	–	–	–	–	–	0.6
Income (loss) before income taxes and minority interest	259.4	272.6	10.8	106.1	96.5	27.3	17.6	(48.4)	741.9
Income tax expense (benefit)	85.4	109.7	3.3	42.1	33.4	9.7	5.5	(25.7)	263.4
Minority interest	(0.1)	–	–	–	–	–	–	(1.5)	(1.6)
Net income (loss)	$ 174.1	162.9	7.5	64.0	63.1	17.6	12.1	(21.2)	480.1
Assets	$12,651	10,896	9,350	4,209	3,681	2,324	789	(1,120)	42,780
Net loans and leases(1)	8,510	7,671	5,389	3,698	2,846	1,539	402	72	30,127
Deposits	9,213	8,896	6,905	3,599	3,171	1,636	442	(1,220)	32,642
Shareholder’s equity	836	1,072	1,768	299	244	299	50	(331)	4,237

(1) Net of unearned income and fees, net of related costs.

Table of Contents

23. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Financial information by quarter for 2007 and 2006 is as follows *(in thousands, except per share amounts)*:

	Quarters				
	First	Second	Third	Fourth	Year
2007:					
Gross interest income	$ 770,451	789,614	817,742	827,519	3,205,326
Net interest income	457,083	469,347	476,637	478,885	1,881,952
Provision for loan losses	9,111	17,763	55,354	69,982	152,210
Noninterest income:					
Impairment losses on available-for-sale securities and valuation losses on securities purchased from Lockhart Funding	–	–	–	(158,208)	(158,208)
Securities gains, net	8,899	113	11,130	596	20,738
Other noninterest income	136,515	141,228	134,693	137,378	549,814
Noninterest expense	351,979	347,612	352,031	352,966	1,404,588
Income before income taxes and minority interest	241,407	245,313	215,075	35,703	737,498
Net income	153,258	159,214	135,732	45,541	493,745
Preferred stock dividend	3,603	3,607	3,770	3,343	14,323
Net earnings applicable to common shareholders	149,655	155,607	131,962	42,198	479,422
Net earnings per common share:					
Basic	$ 1.38	1.44	1.24	0.40	4.47
Diluted	1.36	1.43	1.22	0.39	4.42
2006:					
Gross interest income	$ 638,655	686,616	731,553	761,297	2,818,121
Net interest income	422,847	436,327	446,511	459,039	1,764,724
Provision for loan losses	14,512	17,022	14,363	26,675	72,572
Noninterest income:					
Securities gains, net	801	3,392	14,743	5,321	24,257
Other noninterest income	127,687	134,119	130,586	134,560	526,952
Noninterest expense	324,455	333,028	330,028	342,926	1,330,437
Income before income taxes and minority interest	212,368	223,788	247,449	229,319	912,924
Net income	137,633	145,310	153,674	146,508	583,125
Preferred stock dividend	–	–	–	3,835	3,835
Net earnings applicable to common shareholders	137,633	145,310	153,674	142,673	579,290
Net earnings per common share:					
Basic	$ 1.30	1.37	1.45	1.34	5.46
Diluted	1.28	1.35	1.42	1.32	5.36

Table of Contents

24. PARENT COMPANY FINANCIAL INFORMATION

CONDENSED BALANCE SHEETS
DECEMBER 31, 2007 AND 2006

(In thousands)	2007	2006
ASSETS		
Cash and due from banks	$ 2,003	1,907
Interest-bearing deposits	85,399	183,497
Investment securities – available-for-sale, at fair value	388,045	422,041
Loans, net of unearned fees of $33 and allowance for loan losses of $52	475	–
Other noninterest-bearing investments	72,427	62,830
Investments in subsidiaries:		
Commercial banks and bank holding company	5,293,994	4,899,646
Other operating companies	81,087	58,266
Nonoperating – Zions Municipal Funding, Inc.(1)	446,785	429,126
Receivables from subsidiaries:		
Commercial banks	1,407,500	1,294,452
Other	1,865	13,420
Other assets	179,552	83,432
	$ 7,959,132	7,448,617
LIABILITIES AND SHAREHOLDERS' EQUITY		
Other liabilities	$ 95,698	104,312
Commercial paper	337,840	220,507
Subordinated debt to affiliated trusts	309,412	324,709
Long-term debt	1,923,382	1,812,066
Total liabilities	2,666,332	2,461,594
Shareholders' equity:		
Preferred stock	240,000	240,000
Common stock	2,212,237	2,230,303
Retained earnings	2,910,692	2,602,189
Accumulated other comprehensive loss	(58,835)	(75,849)
Deferred compensation	(11,294)	(9,620)
Total shareholders' equity	5,292,800	4,987,023
	$ 7,959,132	7,448,617

(1) Zions Municipal Funding, Inc. is a wholly-owned nonoperating subsidiary whose sole purpose is to hold a portfolio of municipal bonds, loans and leases.

Table of Contents

CONDENSED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005

(In thousands)	2007	2006	2005
Interest income:			
Commercial bank subsidiaries	$ 90,504	62,146	30,485
Other subsidiaries and affiliates	852	1,245	1,168
Other loans and securities	27,870	32,881	37,025
Total interest income	119,226	96,272	68,678
Interest expense:			
Affiliated trusts	25,925	25,964	25,966
Other borrowed funds	116,520	112,726	61,277
Total interest expense	142,445	138,690	87,243
Net interest loss	(23,219)	(42,418)	(18,565)
Provision for loan losses	50	(8)	(37)
Net interest loss after provision for loan losses	(23,269)	(42,410)	(18,528)
Other income:			
Dividends from consolidated subsidiaries:			
Commercial banks and bank holding company	460,200	431,000	261,250
Other operating companies	560	600	300
Equity and fixed income securities gains, net	2,882	8,180	1,534
Impairment losses on available-for-sale securities	(19,281)	–	–
Other income	8,498	2,730	3,522
	452,859	442,510	266,606
Expenses:			
Salaries and employee benefits	14,781	14,841	14,078
Other operating expenses	20,328	23,388	18,001
	35,109	38,229	32,079
Income before income tax benefit and undistributed income of consolidated subsidiaries	394,481	361,871	215,999
Income tax benefit	40,422	29,541	21,207
Income before equity in undistributed income of consolidated subsidiaries	434,903	391,412	237,206
Equity in undistributed income of consolidated subsidiaries:			
Commercial banks and bank holding company	52,962	190,756	239,821
Other operating companies	(11,778)	(15,302)	(12,081)
Nonoperating – Zions Municipal Funding, Inc.	17,658	16,259	15,175
Net income	493,745	583,125	480,121
Preferred stock dividend	14,323	3,835	–
Net earnings applicable to common shareholders	$ 479,422	579,290	480,121

Table of Contents

CONDENSED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005

(In thousands)	2007	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 493,745	583,125	480,121
Adjustments to reconcile net income to net cash provided by operating activities:			
Undistributed net income of consolidated subsidiaries	(58,842)	(191,713)	(242,915)
Equity and fixed income securities (gains), net	(2,882)	(8,180)	(1,534)
Impairment losses on available-for-sale securities	19,281	–	–
Other	(15,582)	34,160	40,048
Net cash provided by operating activities	435,720	417,392	275,720
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net (increase) decrease in interest-bearing deposits	98,098	(82,497)	3,774
Collection of advances to subsidiaries	97,333	18,706	28,320
Advances to subsidiaries	(201,862)	(702,581)	(131,600)
Proceeds from sales and maturities of equity and fixed income securities	82,439	166,085	42,958
Purchase of investment securities	(140,786)	–	(42,221)
Increase of investment in subsidiaries	(47,500)	(137,206)	(32,280)
Cash paid for acquisition	(879)	–	(609,523)
Other	(2,268)	(7,983)	(8,255)
Net cash used in investing activities	(115,425)	(745,476)	(748,827)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net change in commercial paper and other borrowings under one year	117,333	53,319	1,741
Proceeds from issuance of long-term debt	295,627	395,000	595,134
Payments on long-term debt	(274,957)	(248,425)	–
Proceeds from issuance of preferred stock	–	235,833	–
Proceeds from issuance of common stock	59,473	79,511	90,800
Payments to redeem common stock	(322,025)	(26,483)	(82,211)
Dividends paid on preferred stock	(14,323)	(3,835)	–
Dividends paid on common stock	(181,327)	(156,986)	(130,300)
Net cash provided by (used in) financing activities	(320,199)	327,934	475,164
Net increase (decrease) in cash and due from banks	96	(150)	2,057
Cash and due from banks at beginning of year	1,907	2,057	–
Cash and due from banks at end of year	$ 2,003	1,907	2,057

As of December 31, 2007, the Parent has lines of credit of $98 million with Amegy Bank and $55 million with CB&T. No amounts were outstanding at December 31, 2007. Interest on these lines is at a variable rate based on specified indices. Actual amounts that may be borrowed at any given time are based on determined collateral requirements.

The Parent paid interest of $141.9 million in 2007, $135.0 million in 2006, and $80.5 million in 2005.

Table of Contents

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) (1) Financial statements – the following consolidated financial statements of Zions Bancorporation and subsidiaries are filed as part of this Form 10-K/A under Item 8, Financial Statements and Supplementary Data:

(2) Financial statement schedules – All financial statement schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions, the required information is contained elsewhere in the Form 10-K, or the schedules are inapplicable and have therefore been omitted.

(3) List of Exhibits:

Exhibit Number	Description	
3.1	Restated Articles of Incorporation of Zions Bancorporation dated November 8, 1993, incorporated by reference to Exhibit 3.1 of Form S-4 filed on November 22, 1993.	*
3.2	Articles of Amendment to the Restated Articles of Incorporation of Zions Bancorporation dated April 30, 1997, incorporated by reference to Exhibit 3.2 of Form 10-K for the year ended December 31, 2002.	*
3.3	Articles of Amendment to the Restated Articles of Incorporation of Zions Bancorporation dated April 24, 1998, incorporated by reference to Exhibit 3.3 of Form 10-K for the year ended December 31, 2003.	*
3.4	Articles of Amendment to Restated Articles of Incorporation of Zions Bancorporation dated April 25, 2001, incorporated by reference to Exhibit 3.6 of Form S-4 filed July 13, 2001.	*
3.5	Articles of Amendment to the Restated Articles of Incorporation of Zions Bancorporation, dated December 5, 2006, incorporated by reference to Exhibit 3.1 of Form 8-K filed December 7, 2006.	*

3.6	Articles of Merger of The Stockmen's Bancorp, Inc. with and into Zions Bancorporation, effective January 17, 2007, incorporated by reference to Exhibit 3.6 of Form 10-K for the year ended December 31, 2006.	*
3.7	Amended and Restated Bylaws of Zions Bancorporation date May 4, 2007, incorporated by reference to Exhibit 3.2 of Form 8-K filed on May 9, 2007.	*
4.1	Senior Debt Indenture dated September 10, 2002 between Zions Bancorporation and J.P. Morgan Trust Company, N.A., as trustee, with respect to senior debt securities of Zions Bancorporation, incorporated by reference to Exhibit 4.1 of Form S-3ARS filed March 31, 2006.	*
4.2	Subordinated Debt Indenture dated September 10, 2002 between Zions Bancorporation and J.P. Morgan Trust Company, N.A., as trustee, with respect to subordinated debt securities of Zions Bancorporation, incorporated by reference to Exhibit 4.2 of Form S-3ARS filed March 31, 2006.	*
4.3	Junior Subordinated Indenture dated August 21, 2002 between Zions Bancorporation and J.P. Morgan Trust Company, N.A., as trustee, with respect to junior subordinated debentures of Zions Bancorporation, incorporated by reference to Exhibit 4.3 of Form S-3ARS filed March 31, 2006.	*
10.1	Zions Bancorporation Senior Management Value Sharing Plan, Award Period 2002-2005, incorporated by reference to Exhibit 10.7 of Form 10-K for the year ended December 31, 2002.	*
10.2	Zions Bancorporation 2003-2005 Value Sharing Plan, incorporated by reference to Exhibit 10.2 of Form 10-Q for the quarter ended March 31, 2003.	*
10.3	Form of Zions Bancorporation 2003-2005 Value Sharing Plan, Subsidiary Banks, incorporated by reference to Exhibit 10.3 of Form 10-Q for the quarter ended March 31, 2003.	*
10.4	Zions Bancorporation 2006-2008 Value Sharing Plan, incorporated by reference to Exhibit 10.1 of Form 10-Q for the quarter ended June 30, 2006.	*
10.5	Form of Zions Bancorporation 2006-2008 Value Sharing Plan, Subsidiary Banks, incorporated by reference to Exhibit 10.2 of Form 10-Q for the quarter ended June 30, 2006.	*
10.6	Amegy Bank of Texas 2007-2008 Value Sharing Plan, incorporated by reference to Exhibit 10.7 of Form 10-Q for the quarter ended June 30, 2007.	*
10.7	2005 Management Incentive Compensation Plan, incorporated by reference to Appendix II of the Proxy Statement contained in the Company's Schedule 14A filed on April 4, 2005.	*
10.8	Zions Bancorporation Restated Deferred Compensation Plan (Effective January 1, 2005), incorporated by reference to Exhibit 10.1 of Form 10-Q for the quarter ended September 30, 2006.	*

10.9	First Amendment to the Zions Bancorporation Restated Deferred Compensation Plan, dated January 9, 2007, incorporated by reference to Exhibit 10.5 of Form10-Q for the quarter ended June 30, 2007.	*
10.10	Zions Bancorporation Second Restated Deferred Compensation Plan for Directors (Effective January 1, 2005), incorporated by reference to Exhibit 10.3 of Form 10-Q for the quarter ended September 30, 2006.	*
10.11	Fourth Amended and Restated Amegy Bancorporation, Inc. Non-Employee Directors Deferred Fee Plan, incorporated by reference to Exhibit 10.4 of Form 10-Q for the quarter ended September 30, 2006.	*
10.12	First Amendment to the Amegy Bancorporation, Inc. Fourth Amended and Restated Non-Employee Directors Deferred Fee Plan.	**
10.13	Zions Bancorporation Restated Excess Benefit Plan (Effective January 1, 2005), incorporated by reference to Exhibit 10.2 of Form 10-Q for the quarter ended September 30, 2006.	*
10.14	First Amendment to the Zions Bancorporation Restated Excess Benefit Plan, dated January 9, 2007, incorporated by reference to Exhibit 10.6 of Form 10-Q for the quarter ended June 30, 2007.	*
10.15	Trust Agreement establishing the Zions Bancorporation Deferred Compensation Plan Trust by and between Zions Bancorporation and Cigna Bank & Trust Company, FSB effective October 1, 2002, incorporated by reference to Exhibit 10.10 of Form 10-K for the year ended December 31, 2006.	*
10.16	Amendment to the Trust Agreement establishing the Zions Bancorporation Deferred Compensation Plan Trust by and between Zions Bancorporation and Cigna Bank & Trust Company, FSB substituting Prudential Bank & Trust, FSB as the trustee, dated January 6, 2005, incorporated by reference to Exhibit 10.13 of Form 10-K for the year ended December 31, 2004.	*
10.17	Amendment to Trust Agreement Establishing the Zions Bancorporation Deferred Compensation Plans Trust, effective September 1, 2006, incorporated by reference to Exhibit 10.12 of Form 10-K for the year ended December 31, 2006.	*
10.18	Zions Bancorporation Deferred Compensation Plans Master Trust between Zions Bancorporation and Fidelity Management Trust Company, effective September 1, 2006, incorporated by reference to Exhibit 10.13 of Form 10-K for the year ended December 31, 2006.	*
10.19	Revised Schedule C to Zions Bancorporation Deferred Compensation Plans Master Trust between Zions Bancorporation and Fidelity Management Trust Company, effective September 13, 2006, incorporated by reference to Exhibit 10.14 of Form 10-K for the year ended December 31, 2006.	*
10.20	Zions Bancorporation Restated Pension Plan effective January 1, 2001, including amendments adopted through January 31, 2002.	**

Table of Contents

10.21	Amendment dated December 31, 2002 to Zions Bancorporation Restated Pension Plan, incorporated by reference to Exhibit 10.14 of Form 10-K for the year ended December 31, 2002.	*
10.22	Second Amendment to the Restated and Amended Zions Bancorporation Pension Plan dated September 4, 2003, incorporated by reference to Exhibit 10.1 of Form 10-Q for the quarter ended March 31, 2005.	*
10.23	Third Amendment to the Zions Bancorporation Pension Plan dated September 4, 2003, incorporated by reference to Exhibit 10.2 of Form 10-Q for the quarter ended March 31, 2005.	*
10.24	Fourth Amendment to the Restated and Amended Zions Bancorporation Pension Plan dated March 28, 2005, incorporated by reference to Exhibit 10.4 of Form 10-Q for the quarter ended March 31, 2005.	*
10.25	Zions Bancorporation Executive Management Pension Plan, incorporated by reference to Exhibit 10.8 of Form 10-K for the year ended December 31, 2002.	*
10.26	Zions Bancorporation Payshelter 401(k) and Employee Stock Ownership Plan, Established and Restated Effective January 1, 2003, incorporated by reference to Exhibit 10.1 of Form 10-Q for the quarter ended March 31, 2003.	*
10.27	First Amendment to the Zions Bancorporation Payshelter 401(k) and Employee Stock Ownership Plan, dated November 20, 2003, incorporated by reference to Exhibit 10.19 of Form 10-K for the year ended December 31, 2004.	*
10.28	Second Amendment to the Zions Bancorporation Payshelter 401(k) and Employee Stock Ownership Plan, dated December 31, 2003, incorporated by reference to Exhibit 10.20 of Form 10-K for the year ended December 31, 2004.	*
10.29	Third Amendment to the Zions Bancorporation Payshelter 401(k) and Employee Stock Ownership Plan, dated June 1, 2004, incorporated by reference to Exhibit 10.21 of Form 10-K for the year ended December 31, 2004.	*
10.30	Fourth Amendment to the Zions Bancorporation Payshelter 401(k) and Employee Stock Ownership Plan, dated March 18, 2005, incorporated by reference to Exhibit 10.31 of Form 10-Q for the quarter ended March 31, 2005.	*
10.31	Fifth Amendment to the Zions Bancorporation Payshelter 401(k) and Employee Stock Ownership Plan, dated February 28, 2006, incorporated by reference to Exhibit 10.1 of Form 10-Q for the quarter ended March 31, 2006.	*
10.32	Sixth Amendment to the Zions Bancorporation Payshelter 401(k) and Employee Stock Ownership Plan, dated July 31, 2006, incorporated by reference to Exhibit 10.4 of Form 10-Q for the quarter ended June 30, 2006.	*

10.33	Seventh Amendment to the Zions Bancorporation Payshelter 401(k) and Employee Stock Ownership Plan, dated December 28, 2006, incorporated by reference to Exhibit 10.28 of Form 10-K for the year ended December 31, 2006.	*
10.34	Eighth Amendment to the Zions Bancorporation Payshelter 401(k) and Employee Stock Ownership Plan, dated May 14, 2007, incorporated by reference to Exhibit 10.3 of Form 10-Q for the quarter ended June 30, 2007.	*
10.35	Ninth Amendment to the Zions Bancorporation Payshelter 401(k) and Employee Stock Ownership Plan, dated July 19, 2007, incorporated by reference to Exhibit 10.4 of Form 10-Q for the quarter ended June 30, 2007.	*
10.36	Zions Bancorporation Payshelter 401(k) and Employee Stock Ownership Plan Trust Agreement between Zions Bancorporation and Fidelity Management Trust Company, dated July 3, 2006, incorporated by reference to Exhibit 10.1 of Form 10-Q for the quarter ended March 31, 2007.	*
10.37	Amended and Restated Zions Bancorporation Key Employee Incentive Stock Option Plan, incorporated by reference to Exhibit 10.1 of Form 10-Q for the quarter ended June 30, 2004.	*
10.38	Amended and Restated Zions Bancorporation 1996 Non-Employee Directors Stock Option Plan.	**
10.39	Zions Bancorporation 1998 Non-Qualified Stock Option and Incentive Plan, as amended April 25, 2003, incorporated by reference to Exhibit 10.4 of Form 10-Q for the quarter ended March 31, 2003.	*
10.40	Zions Bancorporation 2005 Stock Option and Incentive Plan, incorporated by reference to Exhibit 4.7 of Form S-8 filed on May 6, 2005.	*
10.41	Amendment No. 1 to Zions Bancorporation 2005 Stock Option and Incentive Plan, incorporated by reference to Exhibit 10.1 of Form 10-Q for the quarter ended June 30, 2007.	*
10.42	Standard Stock Option Award Agreement, Zions Bancorporation 2005 Stock Option and Incentive Plan, incorporated by reference to Exhibit 10.5 of Form 10-Q for the quarter ended March 31, 2005.	*
10.43	Standard Directors Stock Option Award Agreement, Zions Bancorporation 2005 Stock Option and Incentive Plan, incorporated by reference to Exhibit 10.6 of Form 10-Q for the quarter ended March 31, 2005.	*
10.44	Restated Standard Restricted Stock Award Agreement, Zions Bancorporation 2005 Stock Option and Incentive Plan, incorporated by reference to Exhibit 10.2 of Form 10-Q for the quarter ended June 30, 2007.	*
10.45	Amegy Bancorporation (formerly Southwest Bancorporation of Texas, Inc.) 1996 Stock Option Plan, as amended and restated as of June 4, 2002.	**

10.46	Amegy Bancorporation 2004 Omnibus Incentive Plan, incorporated by reference to Appendix B to Amegy Bancorporation's Definitive Proxy Statement filed on March 25, 2004.	*
10.47	Form of Change in Control Agreement between the Company and Certain Executive Officers, including Harris H. Simmons, Doyle L. Arnold, A. Scott Anderson, and George M. Feiger, incorporated by reference to Exhibit 10.39 of Form 10-K for the year ended December 31, 2006.	*
10.48	Form of Change in Control Agreement between the Company and Certain Executive Officers, including Paul B. Murphy and Scott J. McLean.	**
10.49	Stock Purchase and Shareholder Agreement dated June 1, 2004 among Welman Holdings, Inc., the Company, Zions First National Bank and PSC Wealth Management, LLC, incorporated by reference to Exhibit 99.2 of Form 8-K filed April 1, 2005.	*
10.50	Employment Agreement dated as of June 1, 2004 between the Company and George M. Feiger, incorporated by reference to Exhibit 99.1 of Form 8-K filed April 1, 2005.	*
10.51	Employment Agreement between the Company and Paul B. Murphy, incorporated by reference to Exhibit 10.40 of Form 10-K for the year ended December 31, 2006.	*
10.52	Employment Agreement between the Company and Scott J. McLean, incorporated by reference to Exhibit 10.41 of Form 10-K for the year ended December 31, 2006.	*
10.53	Employment Agreement between the Company and Dallas Haun.	**
12	Ratio of Earnings to Fixed Charges.	**
21	List of Subsidiaries of Zions Bancorporation.	**
23	Consent of Independent Registered Public Accounting Firm (filed herewith).	**
31.1	Certification by Chief Executive Officer required by Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934 (filed herewith).	**
31.2	Certification by Chief Financial Officer required by Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934 (filed herewith).	**
32	Certification by Chief Executive Officer and Chief Financial Officer required by Sections 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 (15 U.S.C. 78m) and 18 U.S.C. Section 1350 (furnished herewith).	**

* Incorporated by reference
** Previously filed with Annual Report on Form 10-K on February 28, 2008

Certain instruments defining the rights of holders of long-term debt securities of the Registrant and its subsidiaries are omitted pursuant to Item 601(b)(4)(iii) of Regulation S-K. The Registrant hereby undertakes to furnish to the SEC, upon request, copies of any such instruments.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ZIONS BANCORPORATION

March 10, 2008

By /s/ DOYLE L. ARNOLD

DOYLE L. ARNOLD, **Vice Chairman and Chief Financial Officer**

Section 2: EX-23 (CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM)

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements of Zions Bancorporation of our reports dated February 28, 2008, with respect to the consolidated financial statements of Zions Bancorporation and the effectiveness of internal control over financial reporting of Zions Bancorporation, included in this Annual Report as amended on Form 10-K/A for the year ended December 31, 2007:

(i) Registration Statement (Form S-3 No. 033-58801) and related Prospectus pertaining to the Zions Bancorporation Dividend Reinvestment and Common Stock Purchase Plan;

(ii) Registration Statement (Form S-8 No. 333-36205) and related Prospectus pertaining to Zions Bancorporation Employee Investment Savings Plan, now known as the Zions Bancorporation Payshelter 401(k) and Employee Stock Ownership Plan;

(iii) Registration Statement (Form S-8 No. 333-68461) and related Prospectus pertaining to The Commerce Bancorporation 1995 Restated Incentive Compensation Plan;

(iv) Registration Statement (Form S-8 No. 333-74179) and related Prospectus pertaining to Zions Bancorporation 1996 Non-Employee Directors Stock Option Plan;

(v) Registration Statement (Form S-8 No. 333-79699) and related Prospectus pertaining to Zions Key Employee Incentive Stock Option Plan;

(vi) Registration Statement (Form S-8 No. 333-88477) and related Prospectus pertaining to Zions 1998 Non-Qualified Stock Option and Incentive Plan;

(vii) Registration Statement (Form S-8 No. 333-89611) and related Prospectus pertaining to Pioneer Bancorporation Non-Qualified Stock Option Plan;

(viii) Registration Statement (Form S-8 No. 333-124696) and related Prospectus pertaining to Zions Bancorporation 2005 Stock Option and Incentive Plan;

(ix) Registration Statement (Form S-8 No. 333-130222) and related Prospectus pertaining to Amegy Bancorporation 1989 Stock Option Plan, Amegy Bancorporation 1993 Stock Option Plan, as Amended and Restated, Amegy Bancorporation 1996 Stock Option Plan, as Amended and Restated, Amegy Bancorporation 1993 Stock Option and Incentive Plan, Amegy Bancorporation Restricted Stock Plan, Amegy Bancorporation Second Amended and Restated Non-Employee Directors Deferred Fee Plan, and Amegy Bancorporation 2004 Omnibus Incentive Plan; and

(x) Registration Statement (Form S-3 No. 333-132868) and related Prospectus pertaining to the offering of debt and equity securities of Zions Bancorporation.

/s/ ERNST & YOUNG LLP

Salt Lake City, Utah
March 10, 2008

Section 3: EX-31.1 (CERTIFICATION BY CHIEF EXECUTIVE OFFICER)

EXHIBIT 31.1

CERTIFICATION
Principal Executive Officer

I, Harris H. Simmons, certify that:

1. I have reviewed this amended annual report on Form 10-K/A of Zions Bancorporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 10, 2008

/s/ Harris H. Simmons
Harris H. Simmons, Chairman, President
and Chief Executive Officer

Section 4: EX-31.2 (CERTIFICATION BY CHIEF FINANCIAL OFFICER)

EXHIBIT 31.2

CERTIFICATION
Principal Financial Officer

I, Doyle L. Arnold, certify that:

1. I have reviewed this amended annual report on Form 10-K/A of Zions Bancorporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 10, 2008

/s/ Doyle L. Arnold
Doyle L. Arnold, Vice Chairman and
Chief Financial Officer

Section 5: EX-32 (CERTIFICATION BY CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER)

EXHIBIT 32

C E R T I F I C A T I O N

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. §1350, the undersigned officers of Zions Bancorporation (the "Company") hereby certify that, to the best of their knowledge, the Company's Annual Report as amended on Form 10-K/A for the year ended December 31, 2007 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 (15 U. S. C. 78m) and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 10, 2008

/s/ Harris H. Simmons
Name: Harris H. Simmons
Title: Chairman, President and
Chief Executive Officer

/s/ Doyle L. Arnold
Name: Doyle L. Arnold
Title: Vice Chairman and Chief
Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. §1350 and is not being filed as part of the Report or as a separate disclosure document.