

EX-99.1 2 lehmanbrotherspresentation.htm LEHMAN BROTHERS PRESENTATION

Lehman Brothers

Global Financial Services Conference



ZIONS BANCORPORATION

8 September 2008 ■ New York, NY

Forward-Looking Statements

This presentation contains statements that relate to the projected performance of Zions Bancorporation and elements of or affecting such performance, including statements with respect to the beliefs, plans, objectives, goals, guidelines, expectations, anticipations and estimates of management. These statements constitute forward-looking information within the meaning of the Private Securities Litigation Reform Act. Actual facts, determinations, results or achievements may differ materially from the statements provided in this presentation since such statements involve significant known and unknown risks and uncertainties. Factors that might cause such differences include, but are not limited to: competitive pressures among financial institutions; economic, market and business conditions, either nationally or locally in areas in which Zions Bancorporation conducts its operations, being less favorable than expected; changes in the interest rate environment reducing expected interest margins; changes in debt, equity and securities markets; adverse legislation or regulatory changes and other factors described in Zions Bancorporation's Annual Report on Form 10-K for the year ended December 31, 2007. In addition, the statements contained in this presentation are based on facts and circumstances as understood by management of the company on the date of this presentation, which may change in the future. Zions Bancorporation disclaims any obligation to update any statements or to publicly announce the result of any revisions to any of the forward-looking statements included herein to reflect future events, developments, determinations or understandings.

ZIONS BANCORPORATION

Today's Agenda

Current Issues

Credit

Lockhart Funding

Investment Portfolio

Net Interest Margin

Capital & Dividends

Outlook Summary

ZIONS BANCORPORATION

Strong Asset Quality Relative to Peers

NPAs as % of Total Assets



Note: Peer group defined as bank holding companies with assets >= \$10 billion.

Peer data source: D&W.

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Strong Asset Quality Relative to Peers

NCOs as % of Average Total Loans (Annualized)

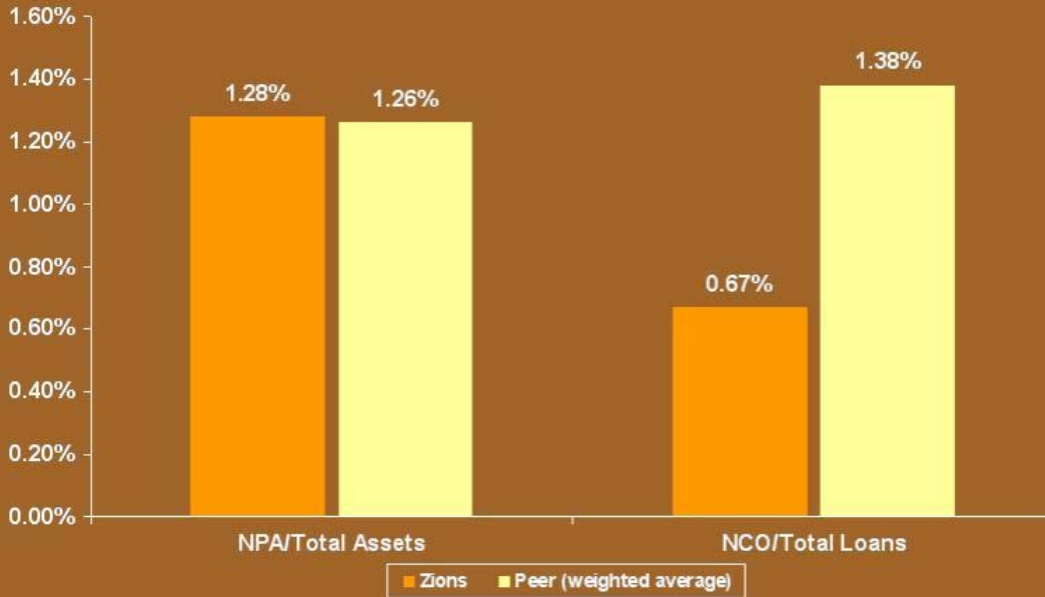


Note: Peer group defined as bank holding companies with assets >= \$10 billion.
Peer data source: S&P.

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Strong Asset Quality Relative to Peers

2nd Quarter NPA's/Assets and NCO's/Loans for Regional Peers*

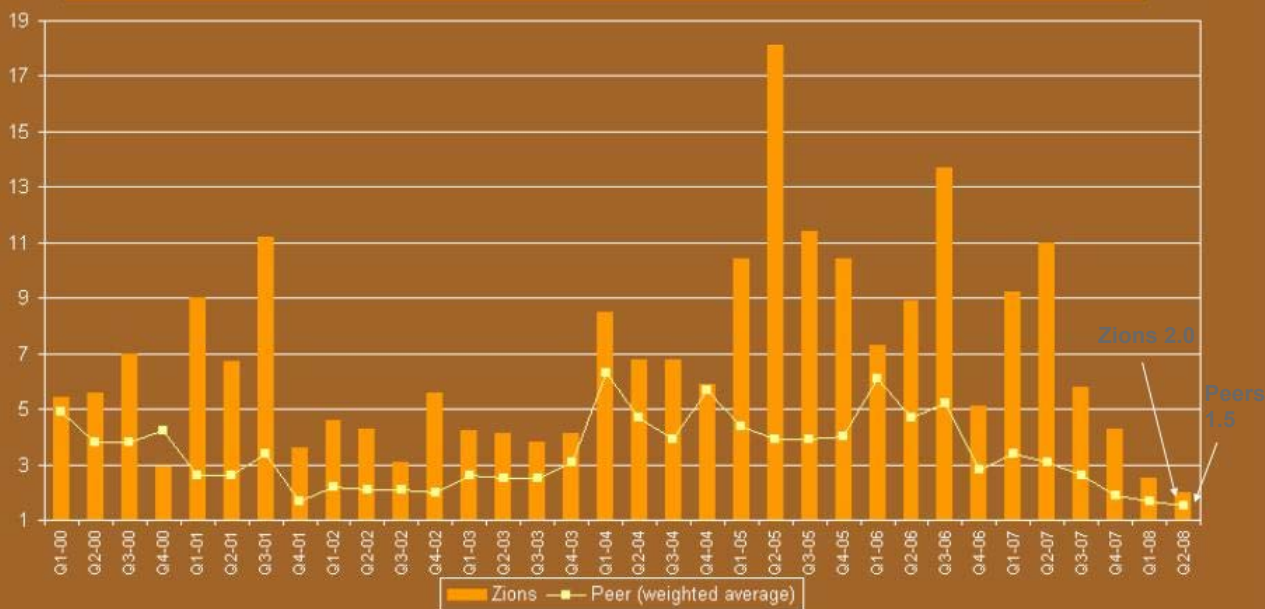


*Peer group defined as Bank Holding Companies with Total Assets between \$10 and \$200 billion (excluding Bank Street Corporation and Northern Trust Corporation)
Source: S&P.

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Strong Asset Quality Relative to Peers

Reserves / Net Charge Offs (Annualized)

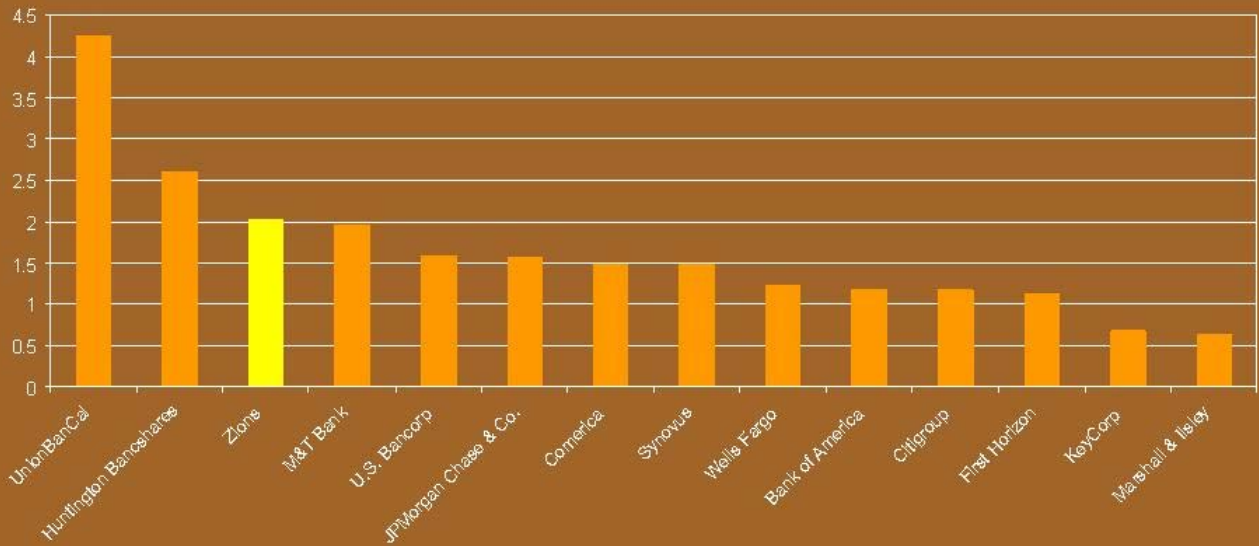


Note: Peer group defined as bank holding companies with assets >= \$10 billion.
Peer data source: SNL

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Strong Asset Quality Relative to Peers

2nd Quarter Reserves / Net Charge Offs (Annualized)

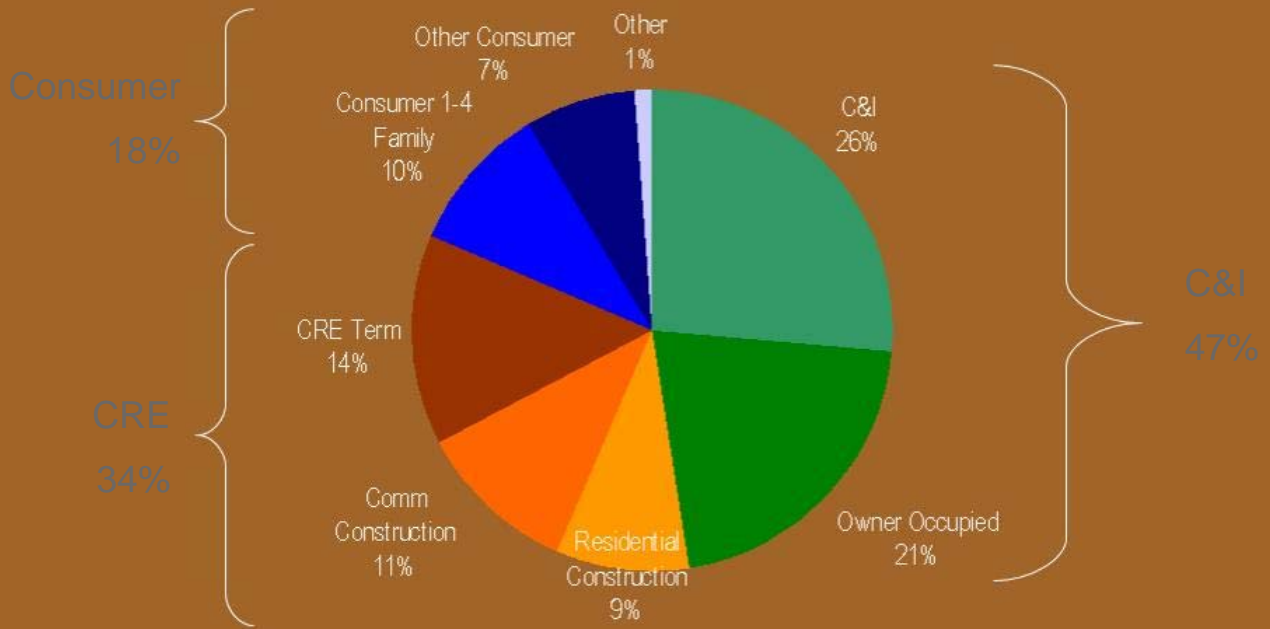


Source: SNL. As Reported NIM for selected banks (\$5-\$20 Billion Market Cap or Large Presence in the West)

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Loan Portfolio Diversification

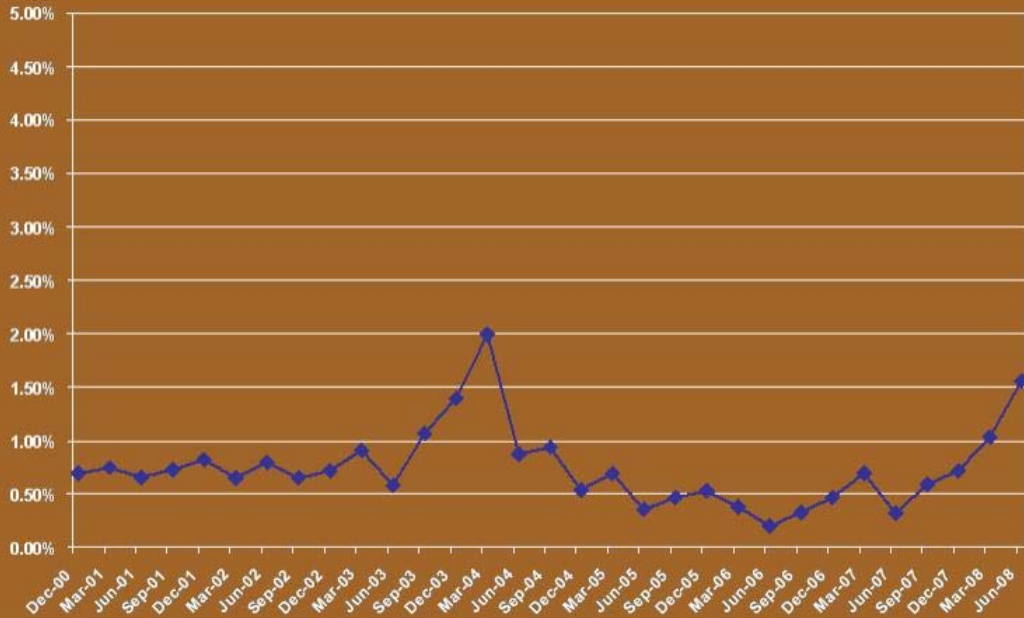
Loans by Purpose - 6/30/2008



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Residential Mortgage Loans

Total 30-Day+ Delinquency %



Total Outstanding: \$1.7 billion (6/30/08)

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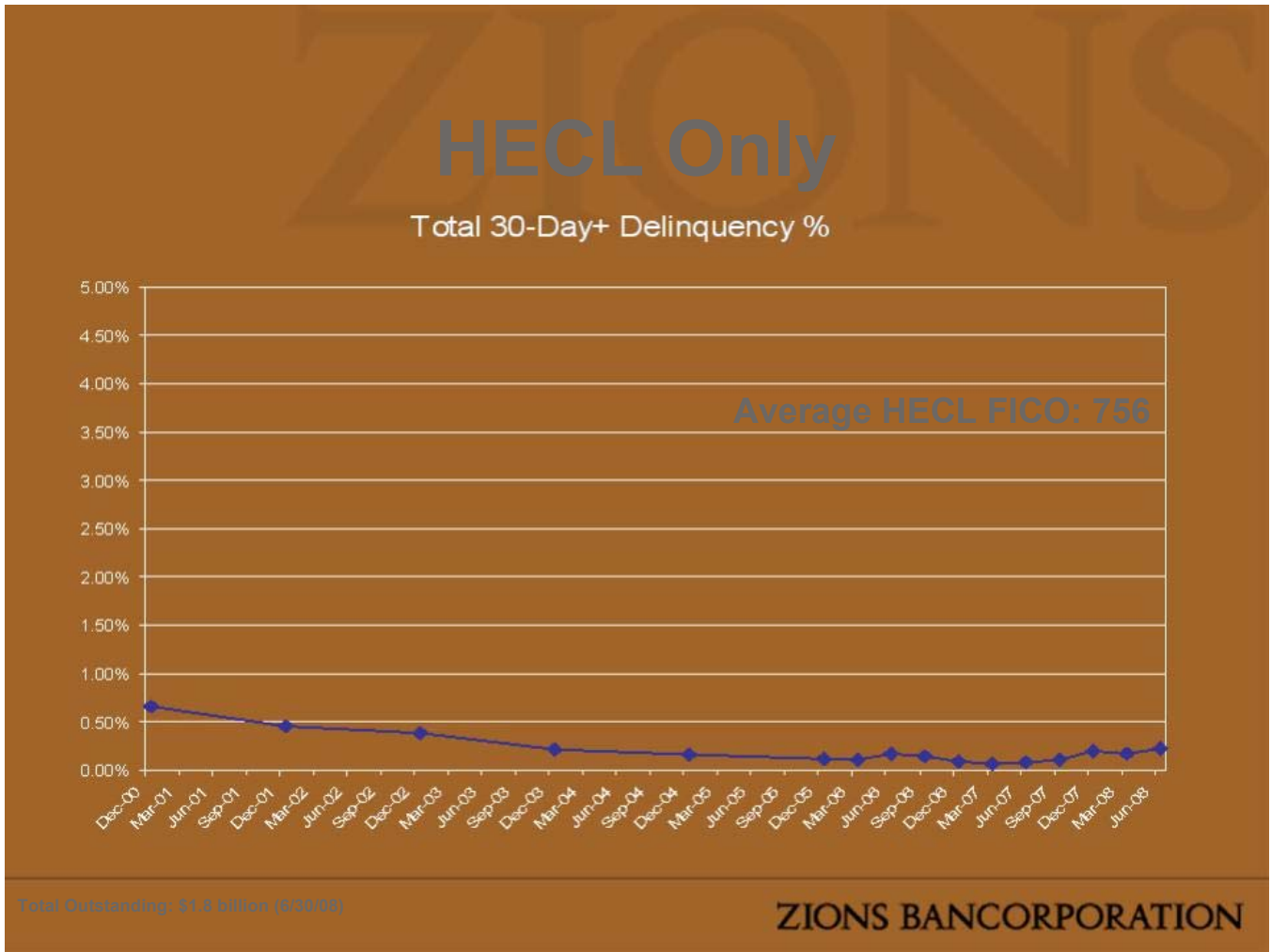
Bankcard

Total 30-Day+ Delinquency %



Total Outstanding: \$6.2 billion (6/30/08)

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Commercial & Industrial Loans

Total 30-Day+ Delinquency %



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Commercial Real Estate Loans

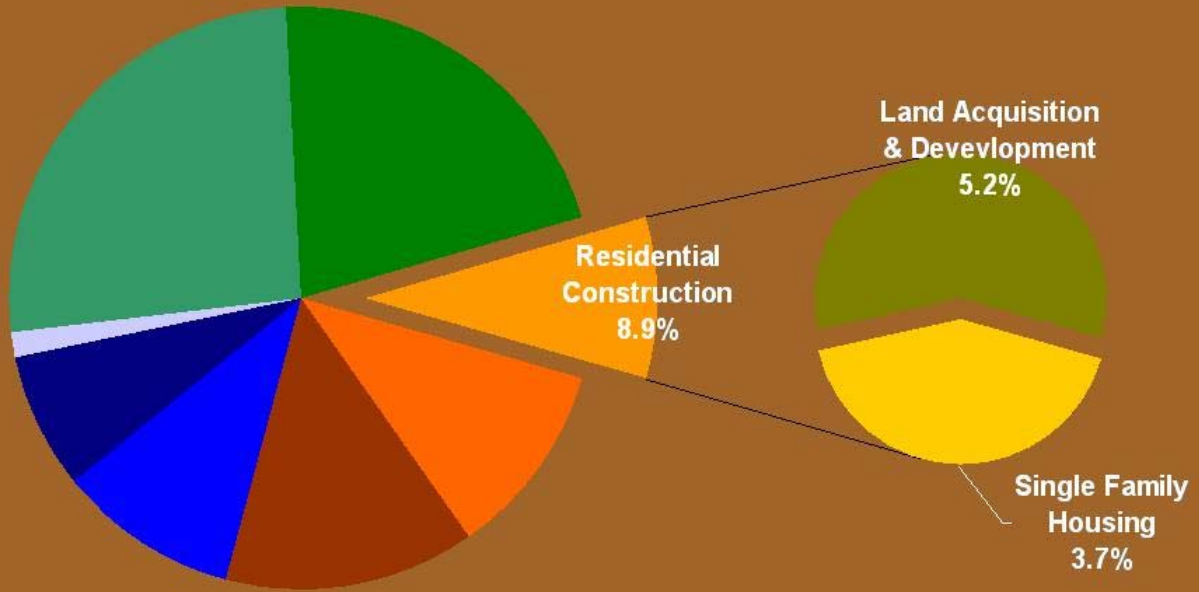
Total 30-Day+ Delinquency %



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Residential Construction Components

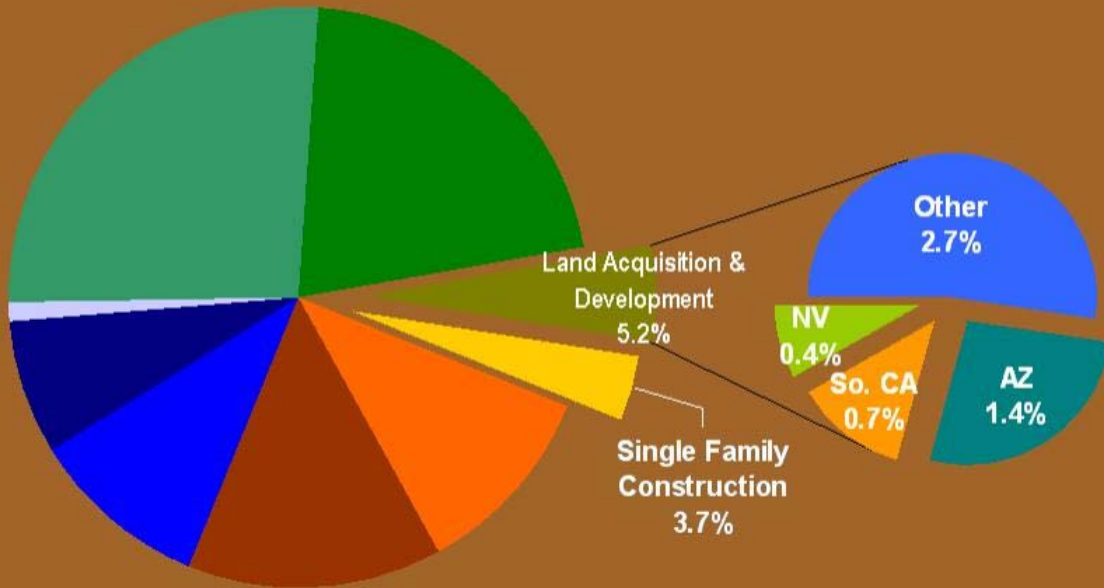
Loans by Purpose - 6/30/2008



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Land Acquisition & Dev. Components

Loans by Purpose by Geography - 6/30/2008



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Diversified CRE Portfolio

Loans by Product Type and Location - 06/30/08

Collateral Location	Arizona	Northern California	Southern California	Nevada	Colorado	Texas	Utah/Idaho	Washington/Oregon	Other	Total	Product as % Loan Type	Product as % Total CRE
Commercial Term												
Industrial	0.71%	0.62%	1.56%	0.19%	0.20%	0.39%	0.22%	0.09%	0.17%	4.04%	9.3%	4.0%
Office	0.99%	0.68%	1.72%	1.38%	0.92%	1.19%	1.47%	0.30%	1.52%	10.18%	23.5%	10.7%
Retail	0.89%	0.80%	1.80%	1.78%	0.41%	1.06%	0.37%	0.13%	0.78%	8.10%	18.7%	8.1%
Hotel/Motel	1.57%	0.62%	0.95%	0.67%	0.70%	0.88%	1.38%	0.17%	3.55%	10.49%	24.2%	10.5%
ASD	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%	0.00%	0.05%	0.1%	0.0%
Medical	0.48%	0.19%	0.24%	0.25%	0.04%	0.09%	0.11%	0.01%	0.02%	1.44%	3.3%	1.4%
Recreation/Restaurant	0.44%	0.03%	0.17%	0.15%	0.09%	0.09%	0.16%	0.00%	0.23%	1.36%	3.1%	1.4%
Multi-family	0.33%	0.21%	1.68%	0.28%	0.26%	0.78%	0.55%	0.08%	0.56%	4.74%	10.9%	4.7%
Other	0.51%	0.15%	0.86%	0.27%	0.11%	0.05%	0.54%	0.07%	0.39%	2.96%	6.8%	3.0%
Total Commercial Term	5.90%	3.39%	8.99%	4.38%	2.79%	4.42%	4.80%	0.89%	7.23%	43.34%	100.0%	43.3%
Location as % Total - Term	13.62%	7.83%	20.75%	11.50%	6.29%	10.19%	11.09%	2.05%	16.68%	100.00%		
Residential Construction												
Single Family Housing	2.69%	0.66%	1.61%	0.57%	0.85%	1.77%	1.97%	0.14%	0.36%	10.61%	18.7%	10.6%
Land Acquisition & Development	3.93%	0.91%	1.87%	1.21%	0.82%	3.22%	2.27%	0.14%	0.52%	14.78%	26.1%	14.8%
Total Residential Construction	6.61%	1.47%	3.48%	1.78%	1.67%	4.99%	4.24%	0.27%	0.88%	25.39%	44.8%	25.4%
Location as % Total Res. Const.	26.03%	5.78%	19.73%	7.03%	6.56%	19.63%	16.74%	1.07%	3.45%	100.00%		
Commercial Construction												
Industrial	0.36%	0.00%	0.22%	0.09%	0.02%	0.76%	0.06%	0.00%	0.02%	1.62%	2.9%	1.6%
Office	0.63%	0.02%	0.59%	0.66%	0.12%	0.48%	0.48%	0.11%	0.46%	3.54%	6.3%	3.5%
Retail	1.22%	0.03%	0.42%	1.16%	0.36%	3.89%	0.50%	0.05%	0.76%	8.18%	14.4%	8.2%
Hotel/Motel	0.16%	0.03%	0.09%	0.09%	0.03%	0.19%	0.26%	0.00%	0.20%	0.96%	1.7%	1.0%
ASD	1.55%	0.01%	0.04%	2.29%	0.38%	3.84%	0.96%	0.08%	0.63%	9.76%	17.2%	9.3%
Medical	0.13%	0.00%	0.13%	0.15%	0.00%	0.19%	0.07%	0.00%	0.41%	1.06%	1.9%	1.1%
Recreation/Restaurant	0.08%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.06%	0.1%	0.1%
Other	0.20%	0.00%	0.29%	0.13%	0.01%	0.01%	0.11%	0.02%	0.05%	0.81%	1.4%	0.8%
Apartments	0.55%	0.41%	0.60%	0.10%	0.21%	1.69%	0.15%	0.39%	1.16%	5.28%	9.3%	5.3%
Total Commercial Construction	4.86%	0.51%	2.48%	4.56%	1.13%	10.81%	2.59%	0.63%	3.70%	31.27%	55.2%	31.3%
Location as % Total Comm. Const.	15.54%	1.62%	7.92%	14.59%	3.60%	34.57%	8.30%	2.02%	11.84%	100.00%		
TOTAL CONSTRUCTION	11.47%	1.37%	5.96%	6.35%	2.79%	15.79%	6.84%	0.90%	4.58%	56.66%	100.0%	56.7%
Location as % Total Construction	20.25%	3.48%	10.53%	11.20%	4.93%	27.87%	12.07%	1.59%	8.08%	100.00%		
Location as % Total - CRE	17.38%	5.37%	14.36%	11.33%	5.52%	20.21%	11.64%	1.79%	11.80%	100.00%		

Average LTV: 55.7% (as of 6/30/2008)

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Actual CRE LTV Ratios*

Loans by Product Type and Location - 06/30/08

	ARIZONA	NORTHERN CALIFORNIA	SOUTHERN CALIFORNIA	COLORADO	NEVADA	TEXAS	UTAH/IDAHO	WASHINGTON / OREGON	OTHER	TOTAL
<i>Commercial Term</i>										
Industrial	57.2%	45.7%	50.1%	56.0%	59.3%	71.0%	70.8%	56.9%	69.6%	55.2%
Office	57.3%	62.6%	62.5%	28.3%	62.7%	20.3%	61.1%	53.5%	62.6%	50.9%
Retail	56.5%	53.2%	50.7%	57.2%	64.9%	64.6%	61.5%	55.3%	61.7%	58.8%
Hotel	53.1%	50.6%	56.6%	51.5%	41.6%	50.0%	57.6%	66.5%	52.6%	53.0%
Land Acq & Dev			65.5%					33.8%		46.5%
Medical	57.9%	74.3%	52.3%	54.8%	53.3%	69.6%	54.4%			57.0%
Recreation	53.2%	40.7%	41.3%	67.3%	63.2%	57.5%	72.7%		55.2%	53.5%
Multi Family	69.2%	58.3%	61.4%	32.3%	34.2%	53.4%	56.5%	57.0%	71.1%	54.7%
Other	45.2%	34.4%	49.7%	47.9%	54.1%	17.1%	59.6%	66.5%	46.1%	48.5%
Total Comm'l Term	54.9%	54.4%	55.1%	41.5%	56.3%	45.3%	59.4%	58.4%	56.0%	53.7%
<i>Residential Construction</i>										
Single Family	65.2%	67.5%	64.5%	62.6%	70.6%	71.6%	70.3%	77.0%	51.8%	66.7%
Condo	76.4%	38.4%	66.7%	58.7%	84.3%	52.6%	73.0%	22.0%	40.1%	55.8%
Lot Loan Investor	63.0%	69.7%	63.5%	41.8%	70.6%	51.6%	53.6%		59.1%	55.6%
Land Acq & Dev	44.0%	54.0%	57.4%	54.7%	63.9%	52.7%	47.4%	34.6%	55.2%	51.4%
Total Res Const	53.5%	55.2%	61.7%	55.9%	68.5%	56.2%	57.1%	34.5%	48.6%	56.8%
<i>Commercial Construction</i>										
Industrial	63.6%		69.9%	34.6%	40.1%	60.7%	56.9%		68.3%	59.8%
Office	68.0%	68.0%	46.3%	30.6%	67.4%	61.2%	68.4%	59.7%	55.2%	58.8%
Retail	51.8%		57.8%	61.6%	66.4%	54.2%	66.6%	66.1%	71.6%	58.8%
Hotel	58.8%	55.8%	66.2%	40.8%		50.8%	74.7%		57.4%	59.5%
Land Acq & Dev	58.8%	60.3%	49.4%	42.1%	47.0%	54.7%	57.1%	31.9%	74.0%	53.1%
Medical	68.7%		58.1%		68.8%	72.1%	69.6%		69.1%	67.9%
Recreation	75.4%									75.4%
Other	44.0%	66.0%	59.1%	41.0%	56.9%	63.9%	65.0%	45.7%	60.6%	55.9%
Multi Family	55.9%	61.5%	47.7%	27.1%	35.6%	54.7%	68.3%	43.0%	58.2%	52.8%
Total Comm'l Constr	57.4%	61.1%	52.8%	43.1%	57.1%	55.9%	65.0%	45.9%	63.8%	56.5%
Total Construction	55.7%	57.0%	56.4%	49.4%	60.1%	56.0%	61.1%	41.7%	65.8%	56.9%
Total CRE	55.5%	55.8%	56.0%	46.5%	58.7%	54.4%	60.6%	48.5%	58.7%	55.7%

*LTV for CRE loans with a commitment amount of \$100 or greater. Agreements in force, originated or renewed in a declining market, or upon adverse reclassification.

Average LTV: 55.7% (as of 6/30/2008)

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Loan-to-Value Comparison

For Residential A&D & Lot Loans reappraised between Jan 08 to Jun 08

	California Bank & Trust		National Bank of Arizona		Nevada State Bank		Zions Bancorporation Consolidated*	
	Jan-08	Jun-08	Jan-08	Jun-08	Jan-08	Jun-08	Jan-08	Jun-08
<i>Total Exposure/ Commitment Date</i>								
LTV**	44%	45%	36%	36%	39%	64%	42%	44%
Change in Appraisal Value	-13%		-21%		-41%		-16%	
Change in Exposure	-10%		-21%		-4%		-12%	

*65 of the 216 updated appraisals come from affiliates not shown on the table above (UT, CO, and TX).

**Jan-08 LTV's based on initial appraisal or reappraisal prior to Jan. 2008

Jun-08 LTV's based on most recent reappraisal post Jan. 2008

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Impact of Re-Margining

- In the 50 largest credits classified substandard or doubtful at any time during the past 9 months there have been
 - \$117 million in charge-offs
 - \$104 million in new equity through re-margining

Strong underwriting and credit management reduced losses almost by half

Note: Includes Top 20 substandard loans each quarter and all doubtful loans greater than \$1 million.

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Residential Land and Development Loans

6/30/2008

\$ Millions	Arizona	Nevada	California
Outstandings	\$537	\$165	\$367
Criticized and Classified	\$182	\$102	\$79
% Criticized and Classified	34%	62%	22%

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Select California Loan Exposures:

6/30/2008

\$ Millions	Inland Empire	Central Valley
Outstandings	\$48	\$42
Criticized and Classified	\$32	\$36
% Criticized and Classified	67%	86%

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Credit Quality Outlook

- Weakness in residential construction activity and land values in the Southwest expected to persist into 2009
- No current evidence of material spread of credit problems to other geographies or loan categories
- Some further increase in NPAs likely
- Provisions and Net Losses likely to remain at similar levels to 2nd Quarter 2008
- Charge-offs in California likely to decline

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Loan Growth Outlook

- Loan pricing continues to strengthen
- Managing balance sheet growth in the context of current capital generation and funding capabilities

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Today's Agenda

Current Issues

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Lockhart Funding

Investment Portfolio

Net Interest Margin

Capital & Dividends

Outlook Summary

ZIONS BANCORPORATION

Lockhart Funding

As of 6/30/08

	10/31/07	Corporate Purch. & Paydowns	06/30/08
AAA MBIA insured (small business loans originated by Zions)	\$1.2B	\$-1.2B	\$0.0B
AAA rated bank trust pref'd pools	\$1.1B	\$-0.6B	\$0.5B
US gov't & agencies	\$0.3B	\$-0.1B	\$0.2B
Other insured	\$0.2B	\$-0.1B	\$0.1B
Other structured	\$0.3B	\$-0.16B	\$0.04B
Total	\$3.1B	\$-2.2B	\$0.86B

GAAP capital impact if remaining Net Lockhart exposure is brought on the balance sheet (including impact of fair value marks): -12 bps

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Held to Maturity Securities

6/30/08
(in Billions)

	Amortized cost	Net unrealized gains (losses) recognized in OCI (1)(2)	Carrying value	Net unrealized gains (losses) not recognized in OCI (1)	Estimated fair value
HELD TO MATURITY:					
1 Municipal securities	\$ 692,956	\$ -	\$ 692,956	\$ (5,178)	\$ 687,778
2 Asset-backed securities:					
3 Trust preferred securities – banks and insurance					
4 A rated	1,148,225	(190,546)	957,679	(135,248)	822,431
5 BBB rated	227,583	(50,929)	176,654	(23,963)	152,691
	<u>1,375,808</u>	<u>(241,475)</u>	<u>1,134,333</u>	<u>(159,211)</u>	<u>975,122</u>
Trust preferred securities – real estate investment trusts					
6 AA rated	17,681	(4,916)	12,765	(4,764)	8,001
7 A rated	18,212	(3,900)	14,312	(4,313)	9,999
	<u>35,893</u>	<u>(8,816)</u>	<u>27,077</u>	<u>(9,077)</u>	<u>18,000</u>
Other					
8 AAA rated	42,203	(156)	42,047	(12,739)	29,308
9 A rated	22,622	(11,996)	10,626	1,318	11,944
10 BBB rated	8,577	(1,283)	7,294	158	7,452
	<u>73,402</u>	<u>(13,435)</u>	<u>59,967</u>	<u>(11,263)</u>	<u>48,704</u>
11 Other debt securities	500		500	-	500
12 Total Held to Maturity Securities	<u>2,178,559</u>	<u>(263,726)</u>	<u>1,914,833</u>	<u>(184,729)</u>	<u>1,730,104</u>
13 Total Investment Securities	<u>\$ 5,087,805</u>	<u>\$ (355,290)</u>	<u>\$ 4,732,515</u>	<u>\$ (184,729)</u>	<u>\$ 4,547,786</u>

(1) Net unrealized gains (losses) are pre-tax

(2) All fair value marks have been recognized through OCI

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Available for Sale Securities

6/30/08

(in Billions)

	Amortized cost	Net unrealized gains (losses) recognized in OCI (1)(2)	Carrying value	Net unrealized gains (losses) not recognized in OCI (1)	Estimated fair value
AVAILABLE FOR SALE:					
1 U.S. Treasury securities	40,403	677	41,080		41,080
2 U.S. government agencies and corporations:					
3 Agency securities	424,614	(386)	424,228		424,228
4 Agency guaranteed mortgage-backed securities	428,458	3,493	431,951		431,951
5 Small Business Administration loan-backed securities	723,224	(17,158)	706,066		706,066
6 Municipal securities	200,587	627	201,214		201,214
Asset-backed securities:					
7 Trust preferred securities – banks and insurance					
8 AAA rated	664,238	(57,215)	607,023		607,023
9 A rated	53,504	(10,746)	42,758		42,758
10 BBB rated	7,000	(1,843)	5,157		5,157
11 Not rated	28,819	3,163	31,982		31,982
	<u>753,561</u>	<u>(66,641)</u>	<u>686,920</u>		<u>686,920</u>
Trust preferred securities – real estate investment trusts					
12 Noninvestment grade	44,326	(3,637)	40,689		40,689
13 Small business loan-backed	12,622	51	12,673		12,673
Other					
14 AAA rated	42,808	(2,701)	40,107		40,107
15 AA rated	47,877	(5,237)	42,640		42,640
16 BBB rated	3,791	(159)	3,632		3,632
17 Noninvestment grade	17,967	(493)	17,474		17,474
18	<u>112,443</u>	<u>(8,590)</u>	<u>103,853</u>		<u>103,853</u>
19	<u>2,740,238</u>	<u>(91,564)</u>	<u>2,648,674</u>		<u>2,648,674</u>
Other securities:					
20 Mutual funds and stock	169,008	-	169,008		169,008
21 Total Available For Sale Securities	<u>2,909,246</u>	<u>(91,564)</u>	<u>2,817,682</u>		<u>2,817,682</u>

(1) Net unrealized gains (losses) are pre-tax

(2) All fair value marks have been recognized through OCI

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Securities Transferred to Held To Maturity

- \$1.500 billion of predominantly A-rated (or higher) Bank & Insurance Trust Preferred CDO securities transferred from AFS to HTM on April 30, 2008
 - \$1.227 billion fair value
 - \$273 million unrealized pre-tax losses from marks in OCI accrete back into tangible equity over remaining life of securities
- No other future impacts on OCI, earnings, and capital unless a security were to become Other Than Temporarily Impaired (OTTI)

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Net Interest Margin

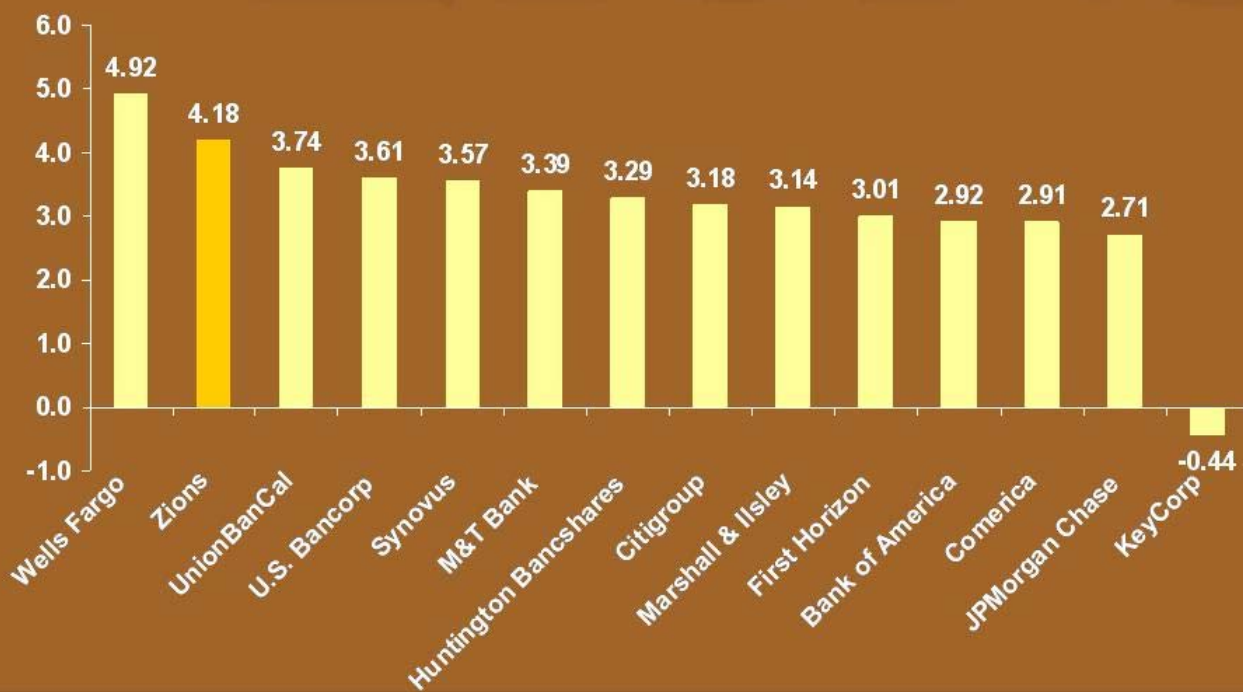
Capital & Dividends

Outlook Summary

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A High Net Interest Margin

2Q 2008 NIM for Selected Banks

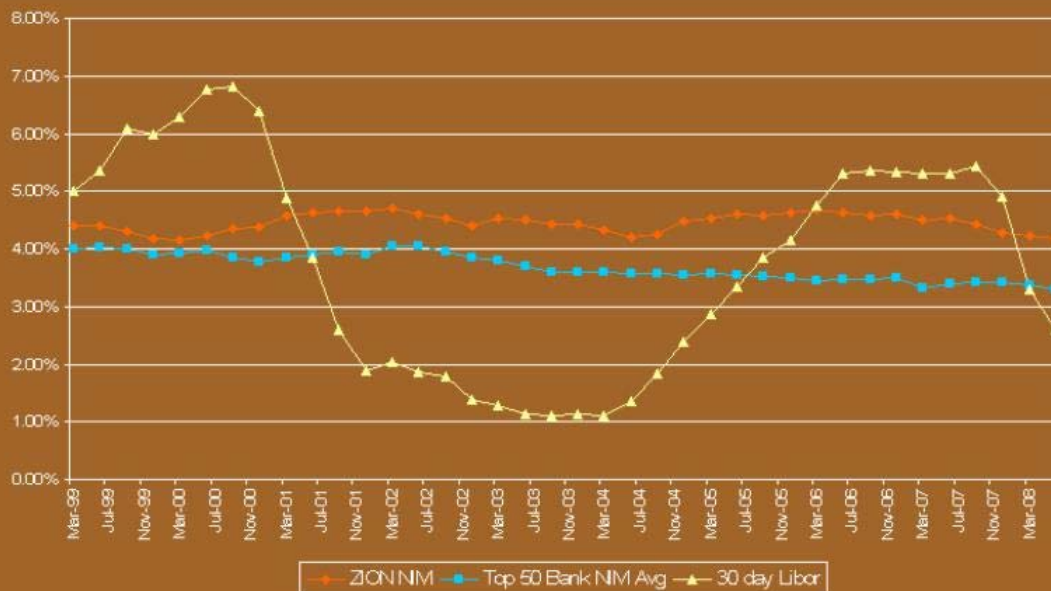


Source: DRI. As Reported NIM for selected banks (55-120 Billion Market Cap or Large Presence in the West)

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A Stable Net Interest Margin in a Volatile Environment

Zions NIM vs. 30-Day LIBOR



Source: SNL As Reported NIM (Top 50 Banks by Assets)
LIBOR is Quarter Average

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NIM Outlook

- Positives
 - Loan pricing
- Pressures
 - Continued strong competition for deposits
 - Weak core deposit growth
 - Adverse shifting of funding mix
 - Increasing NPA's
- Summary: Still some downward pressure

ZIONS BANCORPORATION

Today's Agenda

Current Issues

Credit

Lockhart Funding

Investment Portfolio

Net Interest Margin

Capital & Dividends

Outlook Summary

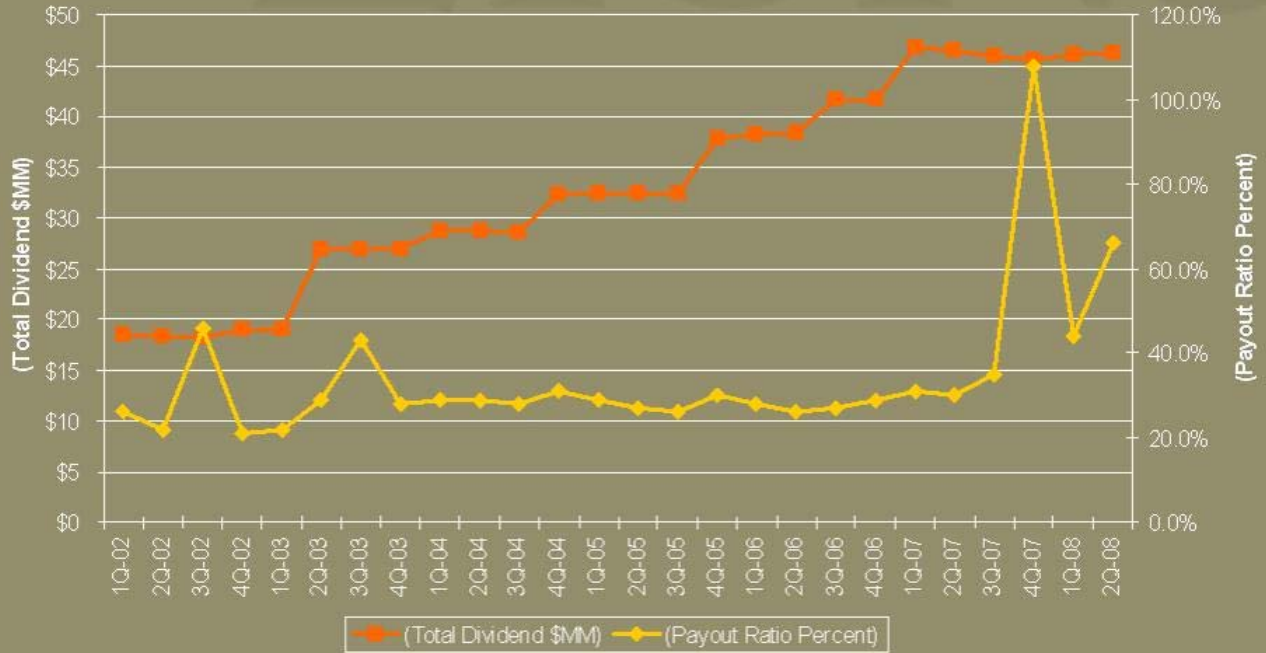
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Zions Bancorporation Actual / Pro Forma Capital Ratios

	Regulatory Well Capitalized	2Q08	2Q08 Pro Forma
Tangible Equity	NA	5.97%	6.06%
Tier 1 Leverage	4.00%	7.20%	7.29%
Tier 1 Risk Based	6.00%	7.45%	7.54%
Total Risk Based	10.00%	11.58%	11.67%

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Dividend Summary



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Outlook Summary

- Managing balance sheet growth in the context of current capital generation and funding capabilities
- Low cost deposit growth: Continues to be weak
- Security impairment charges may continue at 1H 2008 levels
- Credit costs: Similar to 2Q through year end, perhaps slight increase
- Net Interest Margin: Modest downward pressure
- Capital and Dividend:
 - Continue to look for opportunities to raise \$200-300 million of core capital
 - Mitigate growth constraints and strengthen capital ratios
 - Reasonable terms and conditions
 - We're sensitive to dilution
 - No plans to cut dividend

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Lehman Brothers
Global Financial Services Conference
6 September 2008

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