

ZIONS BANCORPORATION /UT/
Form 10-Q
May 09, 2016

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

FORM 10-Q

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

For the quarterly period ended March 31, 2016

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 (I.R.S. Employer
incorporation or organization) Identification No.)

One South Main, 15th Floor 84133
Salt Lake City, Utah

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (801) 844-7637

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, without par value, outstanding at April 29, 2016 204,623,502 shares

ZIONS BANCORPORATION AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION
 ITEM 1. FINANCIAL STATEMENTS (Unaudited)
 ZIONS BANCORPORATION AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS

(In thousands, except shares)	March 31, 2016 (Unaudited)	December 31, 2015
ASSETS		
Cash and due from banks	\$517,803	\$798,319
Money market investments:		
Interest-bearing deposits	3,039,090	6,108,124
Federal funds sold and security resell agreements	1,587,212	619,758
Investment securities:		
Held-to-maturity, at amortized cost (approximate fair value \$636,484 and \$552,088)	631,646	545,648
Available-for-sale, at fair value	8,701,885	7,643,116
Trading account, at fair value	65,838	48,168
	9,399,369	8,236,932
Loans held for sale	108,764	149,880
Loans and leases, net of unearned income and fees	41,418,185	40,649,542
Less allowance for loan losses	611,894	606,048
Loans, net of allowance	40,806,291	40,043,494
Other noninterest-bearing investments	855,813	848,144
Premises and equipment, net	925,430	905,462
Goodwill	1,014,129	1,014,129
Core deposit and other intangibles	14,259	16,272
Other real estate owned	10,411	7,092
Other assets	901,342	916,937
	\$59,179,913	\$59,664,543
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing demand	\$21,872,274	\$22,276,664
Interest-bearing:		
Savings and money market	25,723,996	25,672,356
Time	2,071,688	2,130,680
Foreign	219,899	294,391
	49,887,857	50,374,091
Federal funds and other short-term borrowings	232,188	346,987
Long-term debt	802,448	812,366
Reserve for unfunded lending commitments	69,026	74,838
Other liabilities	562,657	548,742
Total liabilities	51,554,176	52,157,024
Shareholders' equity:		
Preferred stock, without par value, authorized 4,400,000 shares	828,490	828,490
Common stock, without par value; authorized 350,000,000 shares; issued and outstanding 204,543,707 and 204,417,093 shares	4,777,630	4,766,731
Retained earnings	2,031,270	1,966,910
Accumulated other comprehensive income (loss)	(11,653) (54,612)
Total shareholders' equity	7,625,737	7,507,519

\$59,179,913 \$59,664,543

See accompanying notes to consolidated financial statements.

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ZIONS BANCORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(In thousands, except per share amounts)	Three Months Ended	
	March 31, 2016	2015
Interest income:		
Interest and fees on loans	\$420,508	\$415,755
Interest on money market investments	7,029	5,218
Interest on securities	47,364	27,473
Total interest income	474,901	448,446
Interest expense:		
Interest on deposits	11,845	12,104
Interest on short- and long-term borrowings	10,214	18,996
Total interest expense	22,059	31,100
Net interest income	452,842	417,346
Provision for loan losses	42,145	(1,494)
Net interest income after provision for loan losses	410,697	418,840
Noninterest income:		
Service charges and fees on deposit accounts	41,261	41,194
Other service charges, commissions and fees	49,474	43,002
Wealth management income	7,954	7,615
Loan sales and servicing income	7,979	7,706
Capital markets and foreign exchange	5,667	5,501
Dividends and other investment income	4,639	9,372
Fair value and nonhedge derivative loss	(2,585)	(1,088)
Equity securities gains (losses), net	(550)	3,353
Fixed income securities gains (losses), net	28	(239)
Other	2,894	922
Total noninterest income	116,761	117,338
Noninterest expense:		
Salaries and employee benefits	258,338	243,519
Occupancy, net	29,779	29,339
Furniture, equipment and software	32,015	29,713
Other real estate expense, net	(1,329)	374
Credit-related expense	5,934	5,939
Provision for unfunded lending commitments	(5,812)	1,211
Professional and legal services	11,471	11,483
Advertising	5,628	6,975
FDIC premiums	7,154	8,119
Amortization of core deposit and other intangibles	2,014	2,358
Debt extinguishment cost	247	—
Other	50,134	53,947
Total noninterest expense	395,573	392,977
Income before income taxes	131,885	143,201
Income taxes	41,448	51,176
Net income	90,437	92,025
Dividends on preferred stock	(11,660)	(16,746)

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Net earnings applicable to common shareholders	\$78,777	\$75,279
Weighted average common shares outstanding during the period:		
Basic shares	203,967	202,603
Diluted shares	204,096	202,944
Net earnings per common share:		
Basic	\$0.38	\$0.37
Diluted	0.38	0.37

See accompanying notes to consolidated financial statements.

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ZIONS BANCORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(In thousands)	Three Months Ended March 31,	
	2016	2015
Net income for the period	\$90,437	\$92,025
Other comprehensive income, net of tax:		
Net unrealized holding gains on investment securities	32,168	486
Reclassification of HTM securities to AFS securities	—	10,938
Reclassification to earnings for realized net fixed income securities losses (gains)	(17) 148
Net unrealized gains (losses) on other noninterest-bearing investments	430	(364)
Net unrealized holding gains on derivative instruments	12,901	2,553
Reclassification adjustment for increase in interest income recognized in earnings on derivative instruments	(1,858)	(629)
Pension and postretirement	(665)	—
Other comprehensive income	42,959	13,132
Comprehensive income	\$133,396	\$105,157
See accompanying notes to consolidated financial statements.		

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ZIONS BANCORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In thousands, except shares and per share amounts)	Preferred stock	Common stock		Retained earnings	Accumulated other comprehensive income (loss)	Total shareholders' equity
		Shares	Amount			
Balance at December 31, 2015	\$828,490	204,417,093	\$4,766,731	\$1,966,910	\$(54,612)	\$7,507,519
Net income for the period				90,437		90,437
Other comprehensive income, net of tax					42,959	42,959
Net activity under employee plans and related tax benefits		126,614	10,899			10,899
Dividends on preferred stock				(11,660)		(11,660)
Dividends on common stock, \$0.06 per share				(12,350)		(12,350)
Change in deferred compensation				(2,067)		(2,067)
Balance at March 31, 2016	\$828,490	204,543,707	\$4,777,630	\$2,031,270	\$(11,653)	\$7,625,737
Balance at December 31, 2014	\$1,004,011	203,014,903	\$4,723,855	\$1,769,705	\$(128,041)	\$7,369,530
Net income for the period				92,025		92,025
Other comprehensive income, net of tax					13,132	13,132
Subordinated debt converted to preferred stock	21		(6)			15
Net activity under employee plans and related tax benefits		178,088	4,707			