

ZIONS BANCORPORATION /UT/
Form 10-Q
August 10, 2009
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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 June 30, 2009

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
(State or other jurisdiction)

of incorporation or organization)

ONE SOUTH MAIN, 15TH FLOOR

SALT LAKE CITY, UTAH
(Address of principal executive offices)

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

87-0227400
(I.R.S. Employer

Identification No.)

84133
(Zip Code)

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

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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 July 31, 2009

126,435,577 shares

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ZIONS BANCORPORATION AND SUBSIDIARIES

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ZIONS BANCORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except share amounts)	June 30, 2009 (Unaudited)	December 31, 2008	June 30, 2008 (Unaudited)
ASSETS			
Cash and due from banks	\$ 1,229,205	\$ 1,475,976	\$ 1,751,724
Money market investments:			
Interest-bearing deposits and commercial paper	1,005,060	2,332,759	504,314
Federal funds sold	390,619	83,451	274,456
Security resell agreements	57,476	286,707	484,487
Investment securities:			
Held-to-maturity, at adjusted cost (approximate fair value \$891,186, \$1,443,555 and \$1,730,104)	937,942	1,790,989	1,914,833
Available-for-sale, at fair value	3,903,895	2,676,255	2,817,682
Trading account, at fair value (includes \$0, \$538 and \$463 transferred as collateral under repurchase agreements)	78,608	42,064	51,670
	4,920,445	4,509,308	4,784,185
Loans held for sale	251,526	200,318	158,509
Loans:			
Loans and leases excluding FDIC-supported assets	40,654,802	41,791,237	41,874,224
FDIC-supported assets	874,773		
	41,529,575	41,791,237	41,874,224
Less:			
Unearned income and fees, net of related costs	130,042	132,499	159,756
Allowance for loan losses	1,248,055	686,999	548,958
Loans and leases, net of allowance	40,151,478	40,971,739	41,165,510
Other noninterest-bearing investments	1,046,131	1,044,092	1,153,933
Premises and equipment, net	703,613	687,096	656,013
Goodwill	1,017,385	1,651,377	2,009,511
Core deposit and other intangibles	121,675	125,935	132,481
Other real estate owned	293,857	191,792	125,186
Other assets	1,686,487	1,532,241	1,430,574
	\$ 52,874,957	\$ 55,092,791	\$ 54,630,883
LIABILITIES AND SHAREHOLDERS EQUITY			
Deposits:			
Noninterest-bearing demand	\$ 11,142,017	\$ 9,683,385	\$ 9,735,265
Interest-bearing:			
Savings and NOW	4,949,711	4,452,919	4,590,767
Money market	17,276,743	16,826,846	13,387,401
Time under \$100,000	2,845,893	2,974,566	2,466,082
Time \$100,000 and over	4,455,225	4,756,218	4,102,369

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Foreign	1,974,583	2,622,562	3,326,111
	42,644,172	41,316,496	37,607,995
Securities sold, not yet purchased	51,109	35,657	46,376
Federal funds purchased	1,169,809	965,835	2,379,055
Security repurchase agreements	565,975	899,751	1,010,325
Other liabilities	597,543	669,111	555,812
Commercial paper	1,019	15,451	137,200
Federal Home Loan Bank advances and other borrowings:			
One year or less	47,152	2,039,853	5,003,057
Over one year	18,882	128,253	129,474
Long-term debt	2,197,343	2,493,368	2,462,531
Total liabilities	47,293,004	48,563,775	49,331,825
Shareholders' equity:			
Preferred stock, without par value, authorized 3,000,000 shares	1,491,730	1,581,834	240,000
Common stock, without par value; authorized 350,000,000 shares; issued and outstanding 125,095,328, 115,344,813, and 107,518,975 shares	2,779,896	2,599,916	2,224,455
Retained earnings	1,668,608	2,433,363	2,981,062
Accumulated other comprehensive income (loss)	(368,164)	(98,958)	(158,325)
Deferred compensation	(14,138)	(14,459)	(13,662)
Controlling interest shareholders' equity	5,557,932	6,501,696	5,273,530
Noncontrolling interests	24,021	27,320	25,528
Total shareholders' equity	5,581,953	6,529,016	5,299,058
	\$ 52,874,957	\$ 55,092,791	\$ 54,630,883

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 June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Interest income:				
Interest and fees on loans	\$ 583,590	\$ 643,111	\$ 1,163,442	\$ 1,331,550
Interest on loans held for sale	3,082	2,699	5,838	5,716
Lease financing	4,735	5,767	9,328	11,585
Interest on money market investments	1,543	12,313	4,919	31,341
Interest on securities:				
Held-to-maturity taxable	9,367	15,730	28,275	18,185
Held-to-maturity nontaxable	5,796	6,224	12,061	12,653
Available-for-sale taxable	26,982	35,059	48,685	97,415
Available-for-sale nontaxable	1,778	1,870	3,456	3,762
Trading account	823	159	1,394	840
Total interest income	637,696	722,932	1,277,398	1,513,047
Interest expense:				
Interest on savings and money market deposits	64,949	80,144	139,502	184,131
Interest on time and foreign deposits	52,577	83,460	115,256	189,682
Interest on short-term borrowings	3,661	45,070	9,681	108,343
Interest on long-term borrowings	22,821	29,515	44,496	59,690
Total interest expense	144,008	238,189	308,935	541,846
Net interest income	493,688	484,743	968,463	971,201
Provision for loan losses	762,654	114,192	1,060,278	206,474
Net interest income after provision for loan losses	(268,966)	370,551	(91,815)	764,727
Noninterest income:				
Service charges and fees on deposit accounts	51,833	51,067	104,621	100,652
Other service charges, commissions and fees	40,291	42,362	78,518	84,343
Trust and wealth management income	8,750	10,284	15,915	19,977
Capital markets and foreign exchange	16,311	12,196	29,515	22,593
Dividends and other investment income	2,684	10,409	11,092	23,319
Loan sales and servicing income	7,040	8,516	12,891	16,326
Income (loss) from securities conduit	(149)	1,043	1,086	3,624
Fair value and nonhedge derivative income (loss)	20,316	(19,789)	24,320	(16,002)
Equity securities gains (losses), net	(619)	(8,121)	2,144	1,947
Fixed income securities gains, net	1,444	78	1,639	1,853
Impairment losses on investment securities:				
Impairment losses on investment securities	(71,515)	(38,761)	(237,131)	(79,546)
Noncredit-related losses on securities not expected to be sold (recognized in other comprehensive income)	29,546		112,489	
Net impairment losses on investment securities	(41,969)	(38,761)	(124,642)	(79,546)

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Valuation losses on securities purchased	(11,701)		(212,092)	(5,204)
Gains on swap termination and debt modification	466,333		466,333	
Acquisition related gains	22,977		22,977	
Other	1,803	3,088	5,765	9,490
Total noninterest income	585,344	72,372	440,082	183,372
Noninterest expense:				
Salaries and employee benefits	202,420			