

ZIONS BANCORPORATION /UT/
Form 8-K
November 04, 2003

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the

Securities Exchange Act of 1934

November 4, 2003 (October 16, 2003)

Date of Report (Date of earliest event reported)

Zions Bancorporation

(Exact name of registrant as specified in its charter)

Utah
(State of incorporation)

0-2610
(Commission File Number)

87-0227400
(IRS Employer

Identification No.)

One South Main, Suite 1134, Salt Lake City, Utah
(Address of principal executive offices)

84111
(Zip Code)

(801) 524-4787

(Registrant's telephone number,

including area code)

N/A

(Former name or former address, if changed since last report)

ITEM 5. OTHER EVENTS

On October 16, 2003, Zions Bancorporation announced via press release its financial results for the quarter ended September 30, 2003. Excerpts from the press release are set forth below:

*****FOR IMMEDIATE RELEASE*****

FOR: ZIONS BANCORPORATION

Contact: Clark Hinckley

One South Main, Suite 1134

Tel: (801) 524-4787

Salt Lake City, Utah

October 16, 2003

Harris H. Simmons

Chairman/Chief Executive Officer

ZIONS BANCORPORATION REPORTS 2003 THIRD

QUARTER EARNINGS OF \$0.68 PER DILUTED SHARE

Results Include Impact of Several Key Strategic Actions

SALT LAKE CITY, October 16, 2003 Zions Bancorporation (Zions or the Company) (Nasdaq: ZION) today reported third-quarter net income of \$62.1 million, or \$0.68 per diluted share. This net income and earnings per share performance represented an increase of 57.4% and 58.1%, respectively, over the \$39.4 million, or \$0.43 per diluted share earned for the third quarter of 2002. Income from continuing operations was \$64.2 million for the third quarter of 2003, a decrease of 1.8% from the \$65.4 million reported for the third quarter of 2002. Income from continuing operations was \$0.71 per diluted share for the third quarter of 2003, unchanged from the third quarter of 2002.

Year-to-date net income for 2003 was \$242.2 million, or \$2.67 per diluted share compared to year-to-date net income of \$168.8 million, or \$1.83 per diluted share for 2002. Year-to-date income from continuing operations for 2003 was \$244.0 million, or \$2.69 per diluted share, an increase of 4.7% and 6.7%, respectively, over income from continuing operations of \$233.0 million, or \$2.52 per diluted share for year-to-date 2002.

Results for the third quarter of 2003 included the impact of several key strategic actions related to Zions' previously announced restructuring of Vectra Bank Colorado, the rationalization of branches in Zions Bank, restructuring of debt, and the final disposition of certain strategic investments. The impact of these items is summarized in the following table:

Impact of Strategic Actions

| | | Pre-Tax Amount | After-Tax Amount | Diluted EPS Impact |
|--|---|-------------------|---------------------|-----------------------|
| | | (\$ millions) | (\$ millions) | |
| Income Statement Line Item Affected | | | | |
| Vectra Restructuring | Impairment loss on goodwill | \$ (75.6) | \$ (75.6) | \$ (0.83) |
| | Restructuring charges | (0.6) | (0.4) | (0.01) |
| | Total Impact of Vectra | (76.2) | (76.0) | (0.84) |
| ZFNB Restructuring | Impairment losses on long-lived assets | (1.2) | (0.7) | (0.01) |
| Lexign Sale | Discontinued operations: Impairment | | | |
| | losses and loss on sale | (2.4) | (1.5) | (0.02) |
| Debt Extinguishment | Debt extinguishment cost | (24.2) | (15.0) | (0.16) |
| Sale of Equity Investments | Equity securities gains (losses), net [ICAP, plc] | 68.5 | 42.3 | 0.47 |
| | Equity securities gains (losses), net [Other] | 16.7 | 10.3 | 0.11 |
| | Total Sale of Equity Investments | 85.2 | 52.6 | 0.58 |
| Other Tax Effects of Above Items | Income taxes | N/A | 7.3 | 0.08 |
| Total Impact of Strategic Actions | | \$ (18.8) | \$ (33.3) | \$ (0.37) |

The \$75.6 million of impairment losses on goodwill are intangible losses that arise from write-downs of goodwill and do not impact tangible capital.

Loan and Deposit Growth

Loan growth for the quarter was modest, reflecting the improving but still soft economy and the Company's caution regarding aggressive loan growth in the current economic environment. On-balance-sheet net loans and leases at September 30, 2003 were \$19.4 billion. On-balance-sheet and sold loans being serviced were \$22.3 billion at September 30, 2003 and increased 4.7% from September 30, 2002 and 9.6% annualized from June 30, 2003.

Deposits at September 30, 2003 were \$20.9 billion, an increase of 7.2% over the balances reported one year ago. Deposits at September 30, 2003 increased at an annualized rate of 4.8% from the balances reported at the end of the second quarter of 2003.

Net Interest Income

For the quarter, taxable-equivalent net interest income of \$282.8 million increased 6.0% compared to \$266.7 million for the third quarter of 2002. For the third quarter of 2003, the net interest margin

was 4.39%, compared to 4.50% for the second quarter of 2003, and 4.53% for the third quarter of 2002.

Noninterest Income

For the third quarter of 2003, noninterest income was \$190.2 million compared to \$74.8 million for the third quarter of 2002. Excluding equity securities gains (losses) from both quarters, noninterest income for the third quarter of 2003 increased 11.3% from the third quarter of 2002.

Loan sales and servicing income included a gain on sale of \$2.4 million in the third quarter of 2003 resulting from the securitization of \$587 million of small business loans.

The third quarter of 2003 also included net equity securities gains of \$77.4 million compared to net equity securities losses of \$26.5 million for the third quarter of 2002. Equity securities gains during the third quarter of 2003 included the following:

| | Pre-Tax Amount | |
|---|----------------|--------------------|
| | (\$ millions) | Diluted EPS Impact |
| | _____ | _____ |
| Gain on sale of ICAP, plc stock | \$ 68.5 | \$ 0.47 |
| Gain on sale of other investments | 16.7 | 0.11 |
| Write-downs made by venture capital funds | (7.8) | (0.04)* |
| | _____ | _____ |
| Total | \$ 77.4 | \$ 0.54 |

*Net of income taxes and minority interest, the results of the venture capital funds reduced net income by \$3.5 million in the third quarter of 2003.

The gain on the sale of ICAP, plc was previously reported in an 8-K filed with the Securities and Exchange Commission on July 1, 2003.

Noninterest Expense

For the third quarter of 2003, noninterest expense was \$245.5 million compared to \$219.2 million for the third quarter of 2002. The third quarter of 2003 includes debt extinguishment cost of \$24.2 million. Excluding this item, noninterest expense increased 1.0% from the third quarter of 2002.

Vectra Bank Colorado Restructuring

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As previously noted, earlier this year the Company and Vectra management initiated a strategic review of Vectra Bank.

As a part of the restructuring of Vectra Bank Colorado, the Company offered 11 branches for sale during the quarter. The assets and liabilities to be sold were measured at their fair value less

estimated costs to sell based on bids, letters of intent received and negotiations to date. As a result, the Company recognized an impairment loss on goodwill of \$7.1 million on the branches held for sale. The loans and deposits associated with these branches at quarter end were \$153.9 million and \$133.0 million, respectively.

As a result of this restructuring and as previously communicated, Zions also performed a SFAS 142 impairment test on the retained operations of Vectra in the third quarter of 2003. As a result of this analysis, in which Zions was assisted by valuation consultants from KPMG LLP, Zions recognized an additional goodwill impairment charge of \$68.5 million. The SFAS 142 Step 1 fair value calculation resulted in a determination of modest impairment compared to current book value adjusted to exclude assets and liabilities associated with the branches being sold. The total \$68.5 million goodwill impairment included the adjustments resulting from the Step 2 measurement of the fair value of assets and liabilities.

The total goodwill impairment of \$75.6 million in the quarter is the sum of the \$7.1 million and \$68.5 million described above.

Sale of Lexign, Inc.

During the third quarter of 2003, Zions completed the sale of its subsidiary, Lexign, Inc., incurring a pretax loss on sale of \$2.4 million. However, the sale also triggered a tax capital loss that was recognizable only due to capital gains from the sale of equity investments during the quarter. This capital loss resulted in an income tax benefit of \$11.9 million, included in other tax effects in the table on page 2.

Asset Quality

The ratio of nonperforming assets to total loans and other real estate was 0.56% at September 30, 2003 compared to 0.61% at June 30, 2003 and 0.72% at September 30, 2002. For the third quarter of 2003, net loan and lease losses were \$18.4 million or 0.38% annualized of average loans, compared to \$17.2 million or 0.36% annualized for the second quarter of 2003 and \$21.3 million or 0.46% annualized for the third quarter of 2002. At \$281.3 million on September 30, 2003, the allowance for loan losses was 1.45% of total loans and 342% of nonperforming loans.

Provision for Loan Losses

For the third quarter of 2003, the provision for loan losses was \$18.3 million compared to \$18.2 million provided during the second quarter of 2003 and \$22.3 million provided during the third quarter of 2002. The provision reflects management's evaluation of its various portfolios, statistical

trends and other economic factors, and its desire to maintain a strong coverage of nonperforming assets in a continued uncertain economic environment in the markets in which it operates.

Capital Management

During the third quarter of 2003, Zions repurchased 352,983 shares of common stock at an average price of \$54.60 per share. Year-to-date 2003, Zions has repurchased 1,577,631 shares at an average price of \$48.00 per share. As of September 30, 2003, the Company had \$1.9 million remaining in its currently authorized share repurchase program. Weighted average common and common equivalent shares outstanding for the third quarter of 2003 were 90,810,743, compared to 90,586,065 for the second quarter of 2003 and 92,017,388 for the third quarter of 2002.

The Company's tangible common equity ratio increased to 6.55% at September 30, 2003, from 6.20% at June 30, 2003 and 6.09% at September 30, 2002.

Zions conducted a modified Dutch auction tender offer during the quarter in which tenders for \$197.4 million of notes were received. All tendered securities qualified as Tier 2 capital.

During the quarter Zions issued \$500 million of 6.00% subordinated notes due 2015. All of this debt issue qualifies as Tier 2 capital. The Company subsequently swapped this fixed rate debt for a Libor-based floating rate.

These debt issuances and redemptions had the net effect of increasing Tier 2 capital by approximately \$300 million.

About Zions Bancorporation

Zions Bancorporation is one of the nation's premier financial services companies, consisting of a collection of great banks in select high growth markets. Under local management teams and community identities, Zions operates over 400 full-service banking offices in Arizona, California, Colorado, Idaho, Nevada, New Mexico, Utah and Washington. In addition, Zions is a national leader in SBA lending, public finance advisory services, agricultural finance and electronic bond trading. The Company is included in the S&P 500 Index. Investor information and links to subsidiary banks can be accessed at www.zionsbancorporation.com.

Forward-Looking Information

This news release contains statements regarding the projected performance of Zions and its subsidiaries. These statements constitute forward-looking information within the meaning of the Private Securities Litigation Reform Act. Actual results of achievements may differ materially from the projections provided in this release since such projections 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 increasing significantly; economic conditions, either nationally or locally, in areas in which the Company conducts operations being less favorable than expected; and legislation or regulatory changes which adversely affect the ability of the combined Company to conduct business combinations or new operations. The Company disclaims any obligation to update such factors or to publicly announce the results of any revisions to any of the forward-looking statements included herein to reflect future events or developments.

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FINANCIAL HIGHLIGHTS

(Unaudited)

| (In thousands, except per share and ratio data) | Three Months Ended | | | Nine Months Ended | | |
|---|--------------------|------------|----------|-------------------|------------|----------|
| | September 30, | | | September 30, | | |
| | 2003 | 2002 | % Change | 2003 | 2002 | % Change |
| EARNINGS | | | | | | |
| Taxable-equivalent net interest income | \$ 282,776 | \$ 266,660 | 6.04% | \$ 834,550 | \$ 792,247 | 5.34% |
| Net interest income | 277,079 | 261,306 | 6.04% | 817,240 | 776,560 | 5.24% |
| Noninterest income | 190,176 | 74,815 | 154.20% | 387,342 | 270,246 | 43.33% |
| Provision for loan losses | 18,260 | 22,309 | (18.15)% | 53,960 | 56,104 | (3.82)% |
| Noninterest expense | 245,506 | 219,158 | 12.02% | 675,895 | 640,120 | 5.59% |
| Impairment loss on goodwill | 75,628 | | | 75,628 | | |
| Income before income taxes and minority interest | 127,861 | 94,654 | 35.08% | 399,099 | 350,582 | 13.84% |
| Income taxes | 66,511 | 31,772 | 109.34% | 161,861 | 120,744 | 34.05% |
| Minority interest | (2,849) | (2,486) | 14.60% | (6,745) | (3,211) | 110.06% |
| Income from continuing operations | 64,199 | 65,368 | (1.79)% | 243,983 | 233,049 | 4.69% |
| Loss on discontinued operations | (2,115) | (25,922) | 91.84% | (1,770) | (31,897) | 94.45% |
| Cumulative effect of change in accounting principle | | | | | (32,369) | 100.00% |
| Net income | 62,084 | 39,446 | 57.39% | 242,213 | 168,783 | 43.51% |
| PER COMMON SHARE | | | | | | |
| Net income (diluted) | 0.68 | 0.43 | 58.14% | 2.67 | 1.83 | 45.90% |
| Income from continuing operations (diluted) | 0.71 | 0.71 | | 2.69 | 2.52 | 6.75% |
| Loss on discontinued operations (diluted) | (0.03) | (0.28) | 89.29% | (0.02) | (0.34) | 94.12% |
| Dividends | 0.30 | 0.20 | 50.00% | 0.72 | 0.60 | 20.00% |
| Book value | | | | 27.66 | 25.86 | 6.96% |
| SELECTED RATIOS | | | | | | |
| Return on average assets | 0.86% | 0.59% | | 1.16% | 0.87% | |
| Return on average common equity | 9.89% | 6.51% | | 13.21% | 9.68% | |
| Efficiency ratio | 52.08% | 74.23% | | 55.42% | 64.57% | |
| Net interest margin | 4.39% | 4.53% | | 4.48% | 4.61% | |

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FINANCIAL HIGHLIGHTS (Continued)

(Unaudited)

| (In thousands, except share and ratio data) | Three Months Ended | | | Nine Months Ended | | |
|--|--------------------|---------------|----------|-------------------|---------------|----------|
| | September 30, | | | September 30, | | |
| | 2003 | 2002 | % Change | 2003 | 2002 | % Change |
| AVERAGE BALANCES | | | | | | |
| Total assets | \$ 28,696,504 | \$ 26,429,054 | 8.58 % | \$ 28,015,477 | \$ 26,081,737 | 7.41 % |
| Securities | 4,644,337 | 3,788,158 | 22.60 % | 4,308,192 | 3,922,040 | 9.85 % |
| Net loans and leases | 19,577,780 | 18,442,768 | 6.15 % | 19,252,293 | 18,024,954 | 6.81 % |
| Goodwill | 729,149 | 772,439 | (5.60)% | 729,769 | 747,888 | (2.42)% |
| Core deposit and other intangibles | 76,457 | 98,032 | (22.01)% | 79,148 | 102,559 | (22.83)% |
| Total deposits | 20,425,204 | 18,851,300 | 8.35 % | 20,074,737 | 18,252,378 | 9.98 % |
| Minority interest | 20,930 | 22,234 | (5.86)% | 22,293 | 20,725 | 7.57 % |
| Shareholders' equity | 2,489,613 | 2,404,871 | 3.52 % | 2,450,617 | 2,331,357 | 5.12 % |
| Weighted average common and common-equivalent shares outstanding | 90,810,743 | 92,017,388 | (1.31)% | 90,621,048 | 92,423,909 | (1.95)% |
| AT PERIOD END | | | | | | |
| Total assets | | | | \$ 27,604,188 | \$ 26,289,314 | 5.00 % |
| Securities | | | | 4,339,956 | 3,426,574 | 26.66 % |
| Net loans and leases | | | | 19,434,101 | 18,321,351 | 6.07 % |
| Sold loans being serviced | | | | 2,894,638 | 3,012,780 | (3.92)% |
| Allowance for loan losses | | | | 281,311 | 265,406 | 5.99 % |
| Goodwill | | | | 654,161 | 724,353 | (9.69)% |
| Core deposit and other intangibles | | | | 72,265 | 82,146 | (12.03)% |
| Total deposits | | | | 20,874,124 | 19,481,032 | 7.15 % |
| Minority interest | | | | 20,216 | 23,028 | (12.21)% |
| Shareholders' equity | | | | 2,485,971 | 2,357,601 | 5.44 % |
| Common shares outstanding | | | | 89,864,022 | 91,154,578 | (1.42)% |
| Average equity to average assets | 8.68% | 9.10% | | 8.75% | 8.94% | |
| Common dividend payout | 43.39% | 46.39% | | 26.79% | 32.62% | |
| Nonperforming assets | | | | 109,566 | 131,969 | (16.98)% |
| Loans past due 90 days or more | | | | 36,752 | 35,443 | 3.69 % |
| Nonperforming assets to net loans and leases, other real estate owned and other nonperforming assets at period end | | | | 0.56% | 0.72% | |

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ZIONS BANCORPORATION AND SUBSIDIARIES

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FINANCIAL HIGHLIGHTS (Continued)**(Unaudited)**

| | Three Months Ended | | | | |
|--|--------------------|------------|------------|--------------|---------------|
| | September 30, | June 30, | March 31, | December 31, | September 30, |
| | 2003 | | | 2002 | |
| EARNINGS | | | | | |
| Taxable-equivalent net interest income | \$ 282,776 | \$ 279,794 | \$ 271,980 | \$ 264,187 | \$ 266,660 |
| Net interest income | 277,079 | 273,953 | 266,208 | 258,582 | 261,306 |
| Noninterest income | 190,176 | 100,805 | 96,339 | 106,568 | 74,815 |
| Provision for loan losses | 18,260 | 18,150 | 17,550 | 15,775 | 22,309 |
| Noninterest expense | 245,506 | 216,403 | 213,964 | 218,808 | 219,158 |
| Impairment loss on goodwill | 75,628 | | | | |
| Income before income taxes and minority interest | 127,861 | 140,205 | 131,033 | 130,567 | 94,654 |
| Income taxes | 66,511 | 48,956 | 46,394 | 46,958 | 31,772 |
| Minority interest | (2,849) | (1,159) | (2,737) | (449) | (2,486) |
| Income from continuing operations | 64,199 | 92,408 | 87,376 | 84,058 | 65,368 |
| Income (loss) on discontinued operations | (2,115) | 17 | 328 | 3,437 | (25,922) |
| Net income | 62,084 | 92,425 | 87,704 | 87,495 | 39,446 |
| PER COMMON SHARE | | | | | |
| Net income (diluted) | 0.68 | 1.02 | 0.97 | 0.96 | 0.43 |
| Income from continuing operations (diluted) | 0.71 | 1.02 | 0.96 | 0.92 | 0.71 |
| Income (loss) on discontinued operations (diluted) | (0.03) | | 0.01 | 0.04 | (0.28) |
| Dividends | 0.30 | 0.21 | 0.21 | 0.20 | 0.20 |
| Book value | 27.66 | 27.63 | 26.74 | 26.17 | 25.86 |
| SELECTED RATIOS | | | | | |
| Return on average assets | 0.86% | 1.32% | 1.30% | 1.29% | 0.59% |
| Return on average common equity | 9.89% | 15.07% | 14.81% | 14.64% | 6.51% |
| Efficiency ratio | 52.08% | 56.96% | 58.11% | 60.03% | 74.23% |
| Net interest margin | 4.39% | 4.50% | 4.54% | 4.41% | 4.53% |

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FINANCIAL HIGHLIGHTS (Continued)

(Unaudited)

| (In thousands, except share and ratio data) | Three Months Ended | | | | |
|--|--------------------|---------------|---------------|---------------|------------------|
| | September 30, | June 30, | March 31, | December 31, | September 30, |
| | 2003 | | | 2002 | |
| AVERAGE BALANCES | | | | | |
| Total assets | \$ 28,696,504 | \$ 28,021,084 | \$ 27,313,646 | \$ 26,933,868 | \$ 26,429,054 |
| Securities | 4,644,337 | 4,360,357 | 3,911,833 | 3,686,626 | 3,788,158 |
| Net loans and leases | 19,577,780 | 19,207,484 | 18,964,880 | 18,378,151 | 18,442,768 |
| Goodwill | 729,149 | 730,067 | 730,101 | 732,292 | 772,439 |
| Core deposit and other intangibles | 76,457 | 79,314 | 81,731 | 86,368 | 98,032 |
| Total deposits | 20,425,204 | 19,874,701 | 19,918,741 | 19,637,467 | 18,851,300 |
| Minority interest | 20,930 | 22,991 | 22,981 | 22,276 | 22,234 |
| Shareholders' equity | 2,489,613 | 2,459,145 | 2,402,132 | 2,371,372 | 2,404,871 |
| Weighted average common and common-equivalent shares outstanding | 90,810,743 | 90,586,065 | 90,647,613 | 91,073,433 | 92,017,388 |
| AT PERIOD END | | | | | |
| Total assets | \$ 27,604,188 | \$ 27,805,628 | \$ 27,208,734 | \$ 26,565,689 | \$ 26,289,314 |
| Securities | 4,339,956 | 4,228,260 | 3,664,417 | 3,635,951 | 3,426,574 |
| Net loans and leases | 19,434,101 | 19,439,822 | 19,130,918 | 19,039,843 | 18,321,351 |
| Sold loans being serviced | 2,894,638 | 2,367,751 | 2,401,930 | 2,476,490 | 3,012,780 |
| Allowance for loan losses | 281,311 | 281,486 | 280,533 | 279,593 | 265,406 |
| Goodwill | 654,161 | 730,069 | 730,069 | 730,031 | 724,353 |
| Core deposit and other intangibles | 72,265 | 75,817 | 79,368 | 82,920 | 82,146 |
| Total deposits | 20,874,124 | 20,625,170 | 20,801,005 | 20,131,980 | 19,481,032 |
| Minority interest | 20,216 | 22,995 | 23,285 | 22,677 | 23,028 |
| Shareholders' equity | 2,485,971 | 2,479,421 | 2,412,504 | 2,373,843 | 2,357,601 |
| Common shares outstanding | 89,864,022 | 89,724,846 | 90,215,449 | 90,717,692 | 91,154,578 |
| Average equity to average assets | 8.68% | 8.78% | 8.79% | 8.80% | 9.10% |
| Common dividend payout | 43.39% | 20.47% | 21.70% | 20.79% | 46.39% |
| Nonperforming assets | 109,566 | 119,371 | 107,381 | 115,730 | 131,969 |
| Loans past due 90 days or more | 36,752 | 35,055 | 49,806 | 37,408 | 35,443 |
| Nonperforming assets to net loans and leases, other real estate owned and other nonperforming assets at period end | 0.56% | 0.61% | 0.56% | 0.61% | 0.72% |

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CONSOLIDATED BALANCE SHEETS

| | September 30, 2003 | December 31, 2002 | September 30, 2002 |
|---|--------------------------|----------------------|-----------------------|
| (In thousands, except share amounts) | (Unaudited) | | (Unaudited) |
| ASSETS | | | |
| Cash and due from banks | \$ 1,168,611 | \$ 1,087,296 | \$ 1,025,447 |
| Money market investments: | | | |
| Interest-bearing deposits | 618 | 1,690 | 1,091 |
| Federal funds sold | 9,349 | 96,077 | 239,055 |
| Security resell agreements | 479,465 | 444,995 | 958,098 |
| Investment securities: | | | |
| Available for sale, at market | 3,946,261 | 3,304,341 | 3,060,160 |
| Trading account, at market (includes \$108,772, \$110,886, and \$274,031 transferred as collateral under repurchase agreements) | 393,695 | 331,610 | 366,414 |
| | <u>4,339,956</u> | <u>3,635,951</u> | <u>3,426,574</u> |
| Loans: | | | |
| Loans held for sale | 216,026 | 289,499 | 250,062 |
| Loans, leases and other receivables | 19,313,092 | 18,843,006 | 18,165,833 |
| | <u>19,529,118</u> | <u>19,132,505</u> | <u>18,415,895</u> |
| Less: | | | |
| Unearned income and fees, net of related costs | 95,017 | 92,662 | 94,544 |
| Allowance for loan losses | 281,311 | 279,593 | 265,406 |
| | <u>19,152,790</u> | <u>18,760,250</u> | <u>18,055,945</u> |
| Other noninterest bearing investments | 573,726 | 601,641 | 601,292 |
| Premises and equipment, net | 403,090 | 393,630 | 386,730 |
| Goodwill | 654,161 | 730,031 | 724,353 |
| Core deposit and other intangibles | 72,265 | 82,920 | 82,146 |
| Other real estate owned | 27,424 | 31,608 | 12,625 |
| Other assets | 722,733 | 699,600 | 775,958 |
| | <u>\$ 27,604,188</u> | <u>\$ 26,565,689</u> | <u>\$ 26,289,314</u> |
| LIABILITIES AND SHAREHOLDERS EQUITY | | | |
| Deposits: | | | |
| Noninterest-bearing demand | \$ 5,726,664 | \$ 5,117,458 | \$ 4,932,736 |
| Interest-bearing: | | | |
| Savings and money market | 12,065,766 | 11,654,258 | 11,138,714 |
| Time under \$100,000 | 1,553,127 | 1,766,844 | 1,834,638 |
| Time \$100,000 and over | 1,327,629 | 1,402,189 | 1,459,621 |
| Foreign | 200,938 | 191,231 | 115,323 |
| | <u>20,874,124</u> | <u>20,131,980</u> | <u>19,481,032</u> |
| Securities sold, not yet purchased | 262,439 | 203,838 | 209,540 |
| Federal funds purchased | 904,839 | 819,807 | 672,962 |
| Security repurchase agreements | 690,910 | 861,177 | 756,426 |

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| | | | |
|---|----------------------|----------------------|----------------------|
| Accrued liabilities | 474,665 | 535,044 | 634,334 |
| Commercial paper | 109,771 | 291,566 | 339,575 |
| Federal Home Loan Bank advances and other borrowings: | | | |
| One year or less | 15,790 | 15,554 | 512,793 |
| Over one year | 233,027 | 240,698 | 241,135 |
| Long-term debt | 1,532,436 | 1,069,505 | 1,060,888 |
| | <u>25,098,001</u> | <u>24,169,169</u> | <u>23,908,685</u> |
| Minority interest | 20,216 | 22,677 | 23,028 |
| Shareholders' equity: | | | |
| Capital stock: | | | |
| Preferred stock, without par value; authorized 3,000,000 shares; issued and outstanding, none | | | |
| Common stock, without par value; authorized 350,000,000 shares; issued and outstanding 89,864,022, 90,717,692, and 91,154,578 shares | 991,866 | 1,034,888 | 1,048,803 |
| Retained earnings | 1,470,063 | 1,292,741 | 1,223,437 |
| Accumulated other comprehensive income | 27,028 | 46,214 | 85,361 |
| Shares held in trust for deferred compensation, at cost | (2,986) | | |
| | <u>2,485,971</u> | <u>2,373,843</u> | <u>2,357,601</u> |
| Total shareholders' equity | <u>2,485,971</u> | <u>2,373,843</u> | <u>2,357,601</u> |
| | <u>\$ 27,604,188</u> | <u>\$ 26,565,689</u> | <u>\$ 26,289,314</u> |

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ZIONS BANCORPORATION AND SUBSIDIARIES

Press Release Page 12

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

| | Three Months Ended | | Nine Months Ended | |
|--|--------------------|----------------|-------------------|------------------|
| | September 30, | | September 30, | |
| | 2003 | 2002 | 2003 | 2002 |
| (In thousands, except per share amounts) | | | | |
| Interest income: | | | | |
| Interest and fees on loans | \$ 293,997 | \$ 310,914 | \$ 889,212 | \$ 926,621 |
| Interest on loans held for sale | 2,005 | 1,802 | 6,735 | 6,729 |
| Lease financing | 5,512 | 5,146 | 14,525 | 15,948 |
| Interest on money market investments | 2,762 | 4,507 | 10,310 | 12,403 |
| Interest on securities: | | | | |
| Held to maturity taxable | | | | 2,292 |
| Available for sale taxable | 31,669 | 31,669 | 91,592 | 99,797 |
| Available for sale nontaxable | 7,167 | 6,816 | 21,919 | 19,823 |
| Trading account | 6,280 | 5,766 | 18,035 | 16,679 |
| Total interest income | 349,392 | 366,620 | 1,052,328 | 1,100,292 |
| Interest expense: | | | | |
| Interest on savings and money market deposits | 24,926 | 42,948 | 86,086 | 124,431 |
| Interest on time and foreign deposits | 16,896 | 27,353 | 56,630 | 89,605 |
| Interest on borrowed funds | 30,491 | 35,013 | 92,372 | 109,696 |
| Total interest expense | 72,313 | 105,314 | 235,088 | 323,732 |
| Net interest income | 277,079 | 261,306 | 817,240 | 776,560 |
| Provision for loan losses | 18,260 | 22,309 | 53,960 | 56,104 |
| Net interest income after provision for loan losses | 258,819 | 238,997 | 763,280 | 720,456 |
| Noninterest income: | | | | |
| Service charges and fees on deposit accounts | 33,747 | 30,368 | 97,266 | 88,154 |
| Loan sales and servicing income | 24,385 | 19,792 | 64,798 | 46,066 |
| Other service charges, commissions and fees | 23,288 | 20,469 | 66,675 | 60,829 |
| Trust and investment management income | 5,082 | 4,447 | 15,541 | 14,025 |
| Income from securities conduit | 7,345 | 5,188 | 21,276 | 13,850 |
| Dividends and other investment income | 7,008 | 10,373 | 20,836 | 26,603 |
| Market making, trading and nonhedge derivative income | 7,279 | 7,427 | 24,972 | 31,328 |
| Equity securities gains (losses), net | 77,425 | (26,452) | 65,061 | (25,268) |
| Fixed income securities gains (losses), net | (900) | 327 | (546) | 387 |
| Other | 5,517 | 2,876 | 11,463 | 14,272 |
| Total noninterest income | 190,176 | 74,815 | 387,342 | 270,246 |
| Noninterest expense: | | | | |

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| | | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| Salaries and employee benefits | 122,550 | 124,978 | 368,838 | 358,708 |
| Occupancy, net | 19,488 | 17,117 | 52,999 | 51,163 |
| Furniture and equipment | 16,612 | 15,609 | 48,296 | 47,762 |
| Legal and professional services | 6,944 | 5,639 | 17,977 | 17,883 |
| Postage and supplies | 6,351 | 6,377 | 19,662 | 20,461 |
| Advertising | 4,188 | 3,631 | 13,109 | 15,933 |
| Restructuring charges | 766 | 2,691 | 1,872 | 2,691 |
| Amortization of core deposit and other intangibles | 3,568 | 3,336 | 10,671 | 10,008 |
| Debt extinguishment cost | 24,210 | | 24,210 | |
| Impairment losses on long-lived assets | 1,620 | 3,977 | 2,534 | 3,977 |
| Other | 39,209 | 35,803 | 115,727 | 111,534 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total noninterest expense | 245,506 | 219,158 | 675,895 | 640,120 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Impairment loss on goodwill | 75,628 | | 75,628 | |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Income from continuing operations before income taxes and minority interest | 127,861 | 94,654 | 399,099 | 350,582 |
| Income taxes | 66,511 | 31,772 | 161,861 | 120,744 |
| Minority interest | (2,849) | (2,486) | (6,745) | (3,211) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Income from continuing operations | 64,199 | 65,368 | 243,983 | 233,049 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

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CONSOLIDATED STATEMENTS OF INCOME (Continued)

(Unaudited)

| (In thousands, except per share amounts) | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|------------------|------------------------------------|-------------------|
| | 2003 | 2002 | 2003 | 2002 |
| Discontinued operations: | | | | |
| Loss from operations of discontinued subsidiaries | \$ (1,051) | \$ (5,199) | \$ (466) | \$ (15,125) |
| Impairment losses and loss on sale | (2,407) | (28,691) | (2,407) | (28,691) |
| Income tax benefit | (1,343) | (7,968) | (1,103) | (11,919) |
| Loss on discontinued operations | (2,115) | (25,922) | (1,770) | (31,897) |
| Income before cumulative effect of change in accounting principle | 62,084 | 39,446 | 242,213 | 201,152 |
| Cumulative effect of change in accounting principle, net of tax | | | | (32,369) |
| Net income | \$ 62,084 | \$ 39,446 | \$ 242,213 | \$ 168,783 |
| Weighted average shares outstanding during the period: | | | | |
| Basic shares | 89,754 | 91,499 | 90,094 | 91,775 |
| Diluted shares | 90,811 | 92,017 | 90,621 | 92,424 |
| Net income per common share: | | | | |
| Basic: | | | | |
| Income from continuing operations | \$ 0.72 | \$ 0.71 | \$ 2.71 | \$ 2.54 |
| Loss on discontinued operations | (0.03) | (0.28) | (0.02) | (0.35) |
| Cumulative effect of change in accounting principle | | | | (0.35) |
| Net income | \$ 0.69 | \$ 0.43 | \$ 2.69 | \$ 1.84 |
| Diluted: | | | | |
| Income from continuing operations | \$ 0.71 | \$ 0.71 | \$ 2.69 | \$ 2.52 |
| Loss on discontinued operations | (0.03) | (0.28) | (0.02) | (0.34) |
| Cumulative effect of change in accounting principle | | | | (0.35) |
| Net income | \$ 0.68 | \$ 0.43 | \$ 2.67 | \$ 1.83 |

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**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
AND COMPREHENSIVE INCOME (LOSS)**

(Unaudited)

Nine Months Ended September 30, 2003

| | Accumulated Other Comprehensive | | | | | | | Shares Held in Trust for Deferred Compensation | Total Shareholders' Equity |
|--|---------------------------------|----------------------|---|---|---------------------------------|-----------|------------|---|----------------------------------|
| | Income (Loss) | | | | | | | | |
| | Common Stock | Retained Earnings | Net Unrealized Gains (Losses) on Investments and Retained Interests | Net Unrealized Gains (Losses) on Derivative Instruments | Minimum Pension Liability | Subtotal | Subtotal | | |
| (In thousands) | | | | | | | | | |
| Balance, January 1, 2003 | \$ 1,034,888 | \$ 1,292,741 | \$ 44,151 | \$ 25,420 | \$ (23,357) | \$ 46,214 | \$ | \$ 2,373,843 | |
| Comprehensive income: | | | | | | | | | |
| Net income for the period | | 242,213 | | | | | | 242,213 | |
| Other comprehensive income, net of tax: | | | | | | | | | |
| Net realized and unrealized holding losses during the period, net of income tax benefit of \$1,366 | | | (2,205) | | | (2,205) | | | |
| Reclassification for net realized gains recorded in operations, net of income tax expense of \$8,341 | | | (13,465) | | | (13,465) | | | |
| Net unrealized losses on derivative instruments, net of reclassification to operations of \$30,941 and income tax benefit of \$2,263 | | | | (3,516) | | (3,516) | | | |
| Other comprehensive loss | | | (15,670) | (3,516) | | (19,186) | | (19,186) | |
| Total comprehensive income | | | | | | | | 223,027 | |
| Stock redeemed and retired | (75,730) | | | | | | | (75,730) | |
| Stock options exercised, net of shares tendered and retired | 32,708 | | | | | | | 32,708 | |
| Cash dividends common, \$.72 per share | | (64,891) | | | | | | (64,891) | |
| Cost of shares held in trust for deferred compensation | | | | | | | (2,986) | (2,986) | |
| Balance, September 30, 2003 | \$ 991,866 | \$ 1,470,063 | \$ 28,481 | \$ 21,904 | \$ (23,357) | \$ 27,028 | \$ (2,986) | \$ 2,485,971 | |

Nine Months Ended September 30, 2002

| | Accumulated Other Comprehensive | | | | | | | Total Shareholders Equity |
|--|---------------------------------|-------------------|---|---|---------------------------|-----------|--|---------------------------|
| | Income (Loss) | | | | | | | |
| | Common Stock | Retained Earnings | Net Unrealized Gains (Losses) on Investments and Retained Interests | Net Unrealized Gains (Losses) on Derivative Instruments | Minimum Pension Liability | Subtotal | Shares Held in Trust for Deferred Compensation | |
| (In thousands) | | | | | | | | |
| Balance, January 1, 2002 | \$ 1,111,214 | \$ 1,109,704 | \$ 31,774 | \$ 28,177 | | \$ 59,951 | | \$ 2,280,869 |
| Comprehensive income: | | | | | | | | |
| Net income for the period | | 168,783 | | | | | | 168,783 |
| Other comprehensive income, net of tax: | | | | | | | | |
| Net realized and unrealized holding gains during the period, net of income tax expense of \$22,355 | | | 36,089 | | | 36,089 | | |
| Reclassification for net realized gains recorded in operations, net of income tax expense of \$1,306 | | | (2,109) | | | (2,109) | | |
| Net unrealized losses on derivative instruments, net of reclassification to operations of \$27,907 and income tax benefit of \$5,309 | | | | (8,570) | | (8,570) | | |
| Other comprehensive income (loss) | | | 33,980 | (8,570) | | 25,410 | | 25,410 |
| Total comprehensive income | | | | | | | | 194,193 |
| Stock redeemed and retired | (83,452) | | | | | | | (83,452) |
| Stock options exercised, net of shares tendered and retired | 21,041 | | | | | | | 21,041 |
| Cash dividends common, \$.60 per share | | (55,050) | | | | | | (55,050) |
| Balance, September 30, 2002 | \$ 1,048,803 | \$ 1,223,437 | \$ 65,754 | \$ 19,607 | | \$ 85,361 | | \$ 2,357,601 |

Total comprehensive income for the three months ended September 30, 2003 and 2002 was \$28,696 and \$61,824, respectively.

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Sold Loans Being Serviced
(Unaudited)

| | Three Months Ended | | | | |
|------------------------------------|-----------------------|------------------|-------------------|----------------------|-----------------------|
| | September 30, 2003 | June 30, 2003 | March 31, 2003 | December 31, 2002 | September 30, 2002 |
| (In thousands) | | | | | |
| Balance at beginning of the period | \$ 2,367,751 | \$ 2,401,930 | \$ 2,476,490 | \$ 3,012,780 | \$ 2,543,887 |
| Add: | | | | | |
| New loans sold | 715,534 | 142,666 | 98,091 | 137,507 | 742,419 |
| Deduct: | | | | | |
| Loans repurchased | | | | (430,164) | |
| Payments and other reductions | (188,647) | (176,845) | (172,651) | (243,633) | (273,526) |
| Balance at end of the period | \$ 2,894,638 | \$ 2,367,751 | \$ 2,401,930 | \$ 2,476,490 | \$ 3,012,780 |

Nonperforming Assets
(Unaudited)

| | September 30, 2003 | June 30, 2003 | March 31, 2003 | December 31, 2002 | September 30, 2002 |
|--|--------------------------|------------------|-------------------|-------------------------|--------------------------|
| (In thousands) | | | | | |
| Nonaccrual loans | \$ 80,110 | \$ 98,843 | \$ 87,042 | \$ 82,006 | \$ 117,211 |
| Restructured loans | 2,032 | 2,523 | 2,108 | 2,116 | 2,133 |
| Other real estate owned and other nonperforming assets | 27,424 | 18,005 | 18,231 | 31,608 | 12,625 |
| Total | \$ 109,566 | \$ 119,371 | \$ 107,381 | \$ 115,730 | \$ 131,969 |
| % of net loans and leases*, other real estate owned and other nonperforming assets | 0.56% | 0.61% | 0.56% | 0.61% | 0.72% |
| Accruing loans past due 90 days or more | \$ 36,752 | \$ 35,055 | \$ 49,806 | \$ 37,408 | \$ 35,443 |
| % of net loans and leases* | 0.19% | 0.18% | 0.26% | 0.20% | 0.19% |

*Includes loans held for sale.

Allowance for Loan Losses
(Unaudited)

| | Three Months Ended | | | | |
|------------------------------------|--------------------------|------------------|-------------------|-------------------------|--------------------------|
| | September 30, 2003 | June 30, 2003 | March 31, 2003 | December 31, 2002 | September 30, 2002 |
| (In thousands) | | | | | |
| Balance at beginning of the period | \$ 281,486 | \$ 280,533 | \$ 279,593 | \$ 265,406 | \$ 264,432 |

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| | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Add: | | | | | |
| Allowance for loan losses of companies acquired | | | | 1,010 | |
| Allowance for securitized loans repurchased | | | | 9,874 | |
| Provision for losses | 18,260 | 18,150 | 17,550 | 15,775 | 22,309 |
| Deduct: | | | | | |
| Loan and lease charge-offs | (22,286) | (21,242) | (19,639) | (21,570) | (25,240) |
| Recoveries | 3,851 | 4,045 | 3,029 | 9,098 | 3,905 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Net loan and lease charge-offs | (18,435) | (17,197) | (16,610) | (12,472) | (21,335) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Balance at end of the period | \$ 281,311 | \$ 281,486 | \$ 280,533 | \$ 279,593 | \$ 265,406 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Ratio of allowance for loan losses to net loans and leases outstanding at period end | | | | | |
| | 1.45% | 1.45% | 1.47% | 1.47% | 1.45% |
| Ratio of allowance for loan losses to nonperforming loans at period end | | | | | |
| | 342.47% | 277.69% | 314.68% | 332.37% | 222.39% |

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LOAN BALANCES BY PORTFOLIO TYPE

(Unaudited)

| | September 30, 2003 | June 30, 2003 | March 31, 2003 | December 31, 2002 | September 30, 2002 |
|-------------------------------------|-----------------------|------------------|-------------------|----------------------|-----------------------|
| (In millions) | | | | | |
| Loans held for sale | \$ 216 | \$ 236 | \$ 227 | \$ 289 | \$ 250 |
| Commercial lending: | | | | | |
| Commercial and industrial | 4,102 | 4,071 | 4,052 | 4,124 | 4,010 |
| Leasing | 378 | 391 | 372 | 384 | 386 |
| Owner occupied (1) | 3,062 | 3,353 | 3,182 | 3,018 | 2,857 |
| Total commercial lending | 7,542 | 7,815 | 7,606 | 7,526 | 7,253 |
| Commercial real estate: | | | | | |
| Construction | 2,907 | 2,983 | 2,991 | 2,947 | 3,080 |
| Term | 3,316 | 3,326 | 3,293 | 3,175 | 3,083 |
| Total commercial real estate | 6,223 | 6,309 | 6,284 | 6,122 | 6,163 |
| Consumer: | | | | | |
| Home equity credit line | 780 | 762 | 703 | 651 | 679 |
| 1-4 family residential | 3,675 | 3,275 | 3,191 | 3,209 | 3,222 |
| Bankcard and other revolving plans | 188 | 186 | 182 | 205 | 123 |
| Other | 797 | 867 | 934 | 1,000 | 631 |
| Total consumer | 5,440 | 5,090 | 5,010 | 5,065 | 4,655 |
| Foreign loans | 15 | 17 | 20 | 5 | 25 |
| Other receivables | 93 | 67 | 75 | 126 | 70 |
| Total loans | \$ 19,529 | \$ 19,534 | \$ 19,222 | \$ 19,133 | \$ 18,416 |

(1) Decrease reflects \$587 million of small business loans sold to a securitization structure during the quarter.

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CONSOLIDATED AVERAGE BALANCE SHEETS, YIELDS AND RATES

(Unaudited)

| | Three Months Ended September 30, 2003 | | | Three Months Ended September 30, 2002 | | |
|--|--|---------------------------|-----------------|--|---------------------------|-----------------|
| | Average Balance | Amount of Interest (1) | Average Rate | Average Balance | Amount of Interest (1) | Average Rate |
| (In thousands) | | | | | | |
| ASSETS | | | | | | |
| Money market investments | \$ 1,346,129 | \$ 2,762 | 0.81% | \$ 1,105,924 | \$ 4,502 | 1.62% |
| Securities: | | | | | | |
| Available for sale | 3,896,893 | 42,696 | 4.35% | 3,137,559 | 42,155 | 5.33% |
| Trading account | 747,444 | 6,280 | 3.33% | 650,599 | 5,766 | 3.52% |
| Total securities | 4,644,337 | 48,976 | 4.18% | 3,788,158 | 47,921 | 5.02% |
| Loans: | | | | | | |
| Loans held for sale | 241,064 | 2,005 | 3.30% | 185,021 | 1,802 | 3.86% |
| Net loans and leases (2) | 19,336,716 | 301,346 | 6.18% | 18,257,747 | 317,743 | 6.90% |
| Total loans and leases | 19,577,780 | 303,351 | 6.15% | 18,442,768 | 319,545 | 6.87% |
| Total interest-earning assets | 25,568,246 | 355,089 | 5.51% | 23,336,850 | 371,968 | 6.32% |
| Cash and due from banks | 949,064 | | | 897,370 | | |
| Allowance for loan losses | (282,344) | | | (265,656) | | |
| Goodwill | 729,149 | | | 772,439 | | |
| Core deposit and other intangibles | 76,457 | | | 98,032 | | |
| Other assets | 1,655,932 | | | 1,590,019 | | |
| Total assets | \$ 28,696,504 | | | \$ 26,429,054 | | |
| LIABILITIES | | | | | | |
| Interest-bearing deposits: | | | | | | |
| Savings and NOW | \$ 3,076,281 | 4,530 | 0.58% | \$ 2,629,700 | 7,140 | 1.08% |
| Money market super NOW | 8,827,152 | 20,396 | 0.92% | 8,228,171 | 35,808 | 1.73% |
| Time under \$100,000 | 1,611,590 | 8,487 | 2.09% | 1,879,858 | 14,790 | 3.12% |
| Time \$100,000 and over | 1,295,951 | 8,019 | 2.45% | 1,453,814 | 12,200 | 3.33% |
| Foreign | 190,459 | 390 | 0.81% | 103,723 | 363 | 1.39% |
| Total interest-bearing deposits | 15,001,433 | 41,822 | 1.11% | 14,295,266 | 70,301 | 1.95% |
| Borrowed funds: | | | | | | |
| Securities sold, not yet purchased | 558,334 | 5,312 | 3.77% | 389,643 | 4,082 | 4.16% |
| Federal funds purchased and security repurchase agreements | 2,756,338 | 6,143 | 0.88% | 2,166,959 | 8,461 | 1.55% |
| Commercial paper | 163,805 | 520 | 1.26% | 360,023 | 1,903 | 2.10% |
| FHLB advances and other borrowings: | | | | | | |

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| | | | | | | |
|---|-------------------|-------------------|-------|-------------------|-------------------|-------|
| One year or less | 249,497 | 753 | 1.20% | 751,162 | 3,701 | 1.95% |
| Over one year | 233,421 | 3,053 | 5.19% | 239,955 | 3,126 | 5.17% |
| Long-term debt | 1,267,504 | 14,710 | 4.60% | 895,611 | 13,734 | 6.08% |
| | <u> </u> | <u> </u> | | <u> </u> | <u> </u> | |
| Total borrowed funds | 5,228,899 | 30,491 | 2.31% | 4,803,353 | 35,007 | 2.89% |
| | <u> </u> | <u> </u> | | <u> </u> | <u> </u> | |
| Total interest-bearing liabilities | 20,230,332 | 72,313 | 1.42% | 19,098,619 | 105,308 | 2.19% |
| | <u> </u> | <u> </u> | | <u> </u> | <u> </u> | |
| Noninterest-bearing deposits | 5,423,771 | | | 4,556,034 | | |
| Other liabilities | 531,858 | | | 347,296 | | |
| | <u> </u> | | | <u> </u> | | |
| Total liabilities | 26,185,961 | | | 24,001,949 | | |
| Minority interest | 20,930 | | | 22,234 | | |
| Total shareholders' equity | 2,489,613 | | | 2,404,871 | | |
| | <u> </u> | | | <u> </u> | | |
| Total liabilities and shareholders' equity | \$ 28,696,504 | | | \$ 26,429,054 | | |
| | <u> </u> | | | <u> </u> | | |
| Spread on average interest-bearing funds | | | 4.09% | | | 4.13% |
| Taxable-equivalent net interest income and net yield on interest-earning assets | | \$ 282,776 | 4.39% | | \$ 266,660 | 4.53% |
| | | <u> </u> | | | <u> </u> | |

- (1) Taxable-equivalent rates used where applicable.
(2) Net of unearned income and fees, net of related costs. Loans include nonaccrual and restructured loans.

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ZIONS BANCORPORATION AND SUBSIDIARIES

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CONSOLIDATED AVERAGE BALANCE SHEETS, YIELDS AND RATES

(Unaudited)

| | Nine Months Ended September 30, 2003 | | | Nine Months Ended September 30, 2002 | | |
|--|---|---------------------------|-----------------|---|---------------------------|-----------------|
| | Average Balance | Amount of Interest (1) | Average Rate | Average Balance | Amount of Interest (1) | Average Rate |
| (In thousands) | | | | | | |
| ASSETS | | | | | | |
| Money market investments | \$ 1,365,026 | \$ 10,310 | 1.01% | \$ 1,021,794 | \$ 12,403 | 1.62% |
| Securities: | | | | | | |
| Held to maturity | | | | 57,351 | 2,292 | 5.34% |
| Available for sale | 3,609,406 | 125,314 | 4.64% | 3,233,715 | 130,294 | 5.39% |
| Trading account | 698,786 | 18,035 | 3.45% | 630,974 | 16,679 | 3.53% |
| Total securities | 4,308,192 | 143,349 | 4.45% | 3,922,040 | 149,265 | 5.09% |
| Loans: | | | | | | |
| Loans held for sale | 236,112 | 6,735 | 3.81% | 191,563 | 6,729 | 4.70% |
| Net loans and leases (2) | 19,016,181 | 909,244 | 6.39% | 17,833,391 | 947,582 | 7.10% |
| Total loans and leases | 19,252,293 | 915,979 | 6.36% | 18,024,954 | 954,311 | 7.08% |
| Total interest-earning assets | 24,925,511 | 1,069,638 | 5.74% | 22,968,788 | 1,115,979 | 6.50% |
| Cash and due from banks | 934,852 | | | 930,865 | | |
| Allowance for loan losses | (281,710) | | | (265,465) | | |
| Goodwill | 729,769 | | | 747,888 | | |
| Core deposit and other intangibles | 79,148 | | | 102,559 | | |
| Other assets | 1,627,907 | | | 1,597,102 | | |
| Total assets | \$ 28,015,477 | | | \$ 26,081,737 | | |
| LIABILITIES | | | | | | |
| Interest-bearing deposits: | | | | | | |
| Savings and NOW | \$ 2,926,942 | 14,379 | 0.66% | \$ 2,504,196 | 20,177 | 1.08% |
| Money market super NOW | 8,871,269 | 71,707 | 1.08% | 7,793,899 | 104,254 | 1.79% |
| Time under \$100,000 | 1,679,640 | 29,469 | 2.35% | 1,939,379 | 49,051 | 3.38% |
| Time \$100,000 and over | 1,299,400 | 25,981 | 2.67% | 1,509,383 | 39,403 | 3.49% |
| Foreign | 168,997 | 1,180 | 0.93% | 103,044 | 1,151 | 1.49% |
| Total interest-bearing deposits | 14,946,248 | 142,716 | 1.28% | 13,849,901 | 214,036 | 2.07% |
| Borrowed funds: | | | | | | |
| Securities sold, not yet purchased | 531,914 | 15,070 | 3.79% | 386,686 | 12,087 | 4.18% |
| Federal funds purchased and security repurchase agreements | 2,638,487 | 20,001 | 1.01% | 2,646,221 | 32,227 | 1.63% |
| Commercial paper | 247,510 | 2,669 | 1.44% | 362,870 | 5,821 | 2.14% |

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| | | | | | | |
|---|----------------------|---------------|-------|----------------------|----------------|-------|
| FHLB advances and other borrowings: | | | | | | |
| One year or less | 180,463 | 1,749 | 1.30% | 648,690 | 9,267 | 1.91% |
| Over one year | 237,346 | 9,308 | 5.24% | 240,282 | 9,316 | 5.18% |
| Long-term debt | 1,181,879 | 43,575 | 4.93% | 815,816 | 40,978 | 6.72% |
| | <u>5,017,599</u> | <u>92,372</u> | | <u>5,100,565</u> | <u>109,696</u> | |
| Total borrowed funds | | | 2.46% | | | 2.88% |
| Total interest-bearing liabilities | 19,963,847 | 235,088 | 1.57% | 18,950,466 | 323,732 | 2.28% |
| Noninterest-bearing deposits | 5,128,489 | | | 4,402,477 | | |
| Other liabilities | 450,231 | | | 376,712 | | |
| | <u>25,542,567</u> | | | <u>23,729,655</u> | | |
| Total liabilities | | | | | | |
| Minority interest | 22,293 | | | 20,725 | | |
| Total shareholders equity | 2,450,617 | | | 2,331,357 | | |
| | <u>\$ 28,015,477</u> | | | <u>\$ 26,081,737</u> | | |
| Spread on average interest-bearing funds | | | 4.17% | | | 4.22% |
| Taxable-equivalent net interest income and net yield on interest-earning assets | | \$ 834,550 | 4.48% | | \$ 792,247 | 4.61% |

(1) Taxable-equivalent rates used where applicable.

(2) Net of unearned income and fees, net of related costs. Loans include nonaccrual and restructured loans.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ZIONS BANCORPORATION

By: /s/ Doyle L. Arnold
Name: Doyle L. Arnold
Title: Executive Vice President and

Chief Financial Officer

Date: November 4, 2003