

ZIONS BANCORPORATION /UT/  
Form 10-Q  
May 10, 2006  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

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

For the quarterly period ended March 31, 2006

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 0-2610

**ZIONS BANCORPORATION**

(Exact name of registrant as specified in its charter)

UTAH

(State or other jurisdiction)

87-0227400

(I.R.S. Employer)

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of incorporation or organization)  
ONE SOUTH MAIN, SUITE 1134  
SALT LAKE CITY, UTAH

Identification No.)  
84111

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(Address of principal executive offices)

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(Zip Code)

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

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

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 28, 2006

106,111,205 shares

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**ZIONS BANCORPORATION AND SUBSIDIARIES**

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PART I.	<u>FINANCIAL INFORMATION</u>
ITEM 1.	<u>FINANCIAL STATEMENTS (Unaudited)</u>

## ZIONS BANCORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

	March 31, 2006	December 31, 2005	March 31, 2005
(In thousands, except share amounts)	(Unaudited)		(Unaudited)
<b>ASSETS</b>			
Cash and due from banks	\$ 1,584,857	\$ 1,706,590	\$ 1,085,482
Money market investments:			
Interest-bearing deposits	51,942	22,179	16,821
Federal funds sold	178,406	414,281	35,070
Security resell agreements	238,762	230,282	548,173
Investment securities:			
Held to maturity, at cost (approximate market value \$633,784, \$642,258, and \$629,684)	644,212	649,791	635,774
Available for sale, at market	5,187,979	5,305,859	4,001,244
Trading account, at market (includes \$34,340, \$43,444, and \$114,302 transferred as collateral under repurchase agreements)	151,924	101,562	303,469
	<u>5,984,115</u>	<u>6,057,212</u>	<u>4,940,487</u>
Loans:			
Loans held for sale	311,655	256,236	196,994
Loans and leases	30,958,190	29,996,022	22,872,786
	<u>31,269,845</u>	<u>30,252,258</u>	<u>23,069,780</u>
Less:			
Unearned income and fees, net of related costs	129,519	125,322	102,511
Allowance for loan losses	341,261	338,399	273,906
	<u>30,799,065</u>	<u>29,788,537</u>	<u>22,693,363</u>
Other noninterest-bearing investments	971,569	938,515	690,922
Premises and equipment, net	565,327	564,745	407,262
Goodwill	1,884,225	1,887,588	638,933
Core deposit and other intangibles	188,384	199,166	52,007
Other real estate owned	24,964	19,966	10,266
Other assets	846,413	950,578	764,700
	<u>\$ 43,318,029</u>	<u>\$ 42,779,639</u>	<u>\$ 31,883,486</u>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>			
Deposits:			
Noninterest-bearing demand	\$ 9,953,003	\$ 9,953,833	\$ 7,189,420
Interest-bearing:			
Savings and money market	16,354,901	16,055,754	13,312,525
Time under \$100,000	1,959,351	1,938,789	1,422,582
Time \$100,000 and over	2,693,417	2,514,596	1,457,914
Foreign	1,912,036	2,179,436	496,647

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	32,872,708	32,642,408	23,879,088
Securities sold, not yet purchased	55,577	64,654	297,591
Federal funds purchased	1,484,049	1,255,662	1,314,927
Security repurchase agreements	1,096,420	1,027,658	714,154
Other liabilities	677,495	592,599	624,593
Commercial paper	153,286	167,188	142,190
Federal Home Loan Bank advances and other borrowings:			
One year or less	4,264	18,801	161,270
Over one year	134,043	234,488	227,595
Long-term debt	2,467,476	2,511,366	1,673,974
	<u>38,945,318</u>	<u>38,514,824</u>	<u>29,035,382</u>
Total liabilities			
Minority interest	28,895	27,551	26,338
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 106,070,045, 105,147,562, and 89,891,146 shares	2,197,245	2,156,732	969,739
Retained earnings	2,279,383	2,179,885	1,907,727
Accumulated other comprehensive loss	(123,099)	(83,043)	(50,724)
Deferred compensation	(9,713)	(16,310)	(4,976)
	<u>4,343,816</u>	<u>4,237,264</u>	<u>2,821,766</u>
Total shareholders' equity			
	<u>\$ 43,318,029</u>	<u>\$ 42,779,639</u>	<u>\$ 31,883,486</u>

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,	
	2006	2005
<b>Interest income:</b>		
Interest and fees on loans	\$ 542,784	\$ 350,935
Interest on loans held for sale	4,046	1,603
Lease financing	4,130	4,066
Interest on money market investments	5,847	4,638
<b>Interest on securities:</b>		
Held to maturity taxable	2,215	1,805
Held to maturity nontaxable	5,531	5,983
Available for sale taxable	69,104	46,920
Available for sale nontaxable	2,339	856
Trading account	2,074	6,035
<b>Total interest income</b>	<b>638,070</b>	<b>422,841</b>
<b>Interest expense:</b>		
Interest on savings and money market deposits	86,623	40,736
Interest on time and foreign deposits	59,485	19,887
Interest on short-term borrowings	27,978	20,629
Interest on long-term debt	41,137	26,638
<b>Total interest expense</b>	<b>215,223</b>	<b>107,890</b>
<b>Net interest income</b>	<b>422,847</b>	<b>314,951</b>
Provision for loan losses	14,512	9,383
<b>Net interest income after provision for loan losses</b>	<b>408,335</b>	<b>305,568</b>
<b>Noninterest income:</b>		
Service charges and fees on deposit accounts	40,038	30,782
Loan sales and servicing income	15,468	18,068
Other service charges, commissions and fees	40,271	26,715
Trust and investment management income	4,356	3,405
Income from securities conduit	8,406	8,819
Dividends and other investment income	9,209	8,008
Market making, trading and nonhedge derivative income	4,425	3,784
Equity securities gains (losses), net	550	(1,387)
Fixed income securities gains, net	251	1,333
Other	6,957	3,469
<b>Total noninterest income</b>	<b>129,931</b>	<b>102,996</b>

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Noninterest expense:		
Salaries and employee benefits	186,053	138,126
Occupancy, net	24,092	18,453
Furniture and equipment	23,119	15,919
Legal and professional services	8,918	8,250
Postage and supplies	8,116	6,488
Advertising	6,146	4,093
Impairment losses on long-lived assets	1,304	633
Restructuring charges	17	92
Merger related expense	5,723	
Amortization of core deposit and other intangibles	10,693	3,433
Provision for unfunded lending commitments	(279)	1,671
Other	51,996	42,177
	<hr/>	<hr/>
Total noninterest expense	325,898	239,335
	<hr/>	<hr/>
Income before income taxes and minority interest	212,368	169,229
Income taxes	75,258	59,749
Minority interest	(523)	(754)
	<hr/>	<hr/>
Net income	\$ 137,633	\$ 110,234
	<hr/>	<hr/>
Weighted average shares outstanding during the period:		
Basic shares	105,472	89,877
Diluted shares	107,725	91,494
Net income per common share:		
Basic	\$ 1.30	\$ 1.23
Diluted	1.28	1.20

*See accompanying notes to consolidated financial statements.*

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ZIONS BANCORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME

(Unaudited)

(In thousands)	Accumulated				Total shareholders' equity
	Common stock	Retained earnings	other comprehensive income (loss)	Deferred compensation	
Balance, December 31, 2005	\$ 2,156,732	\$ 2,179,885	\$ (83,043)	\$ (16,310)	\$ 4,237,264
Comprehensive income:					
Net income for the period		137,633			137,633
Other comprehensive loss, net of tax:					
Net realized and unrealized holding losses on investments and retained interests					