ZIONS BANCORPORATION /UT/
Form 10-K
February 29, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2011

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 incorporation or organization)	**(Internal Revenue Service Employer Identification Number)**
One South Main, 15th Floor	
Salt Lake City, Utah	**84133**
(Address of principal executive offices)	**(Zip Code)**

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange on Which Registered**
Guarantee related to 8.00% Capital Securities of Zions Capital Trust B	New York Stock Exchange
Convertible 6% Subordinated Notes due September 15, 2015	New York Stock Exchange
Depositary Shares each representing a 1/40th ownership interest in a share of Series A Floating-Rate Non-Cumulative Perpetual Preferred Stock	New York Stock Exchange
Depositary Shares each representing a 1/40th ownership interest in a share of Series C 9.5% Non-Cumulative Perpetual Preferred Stock	New York Stock Exchange
Depositary Shares each representing a 1/40th ownership interest in a share of Series E Fixed-Rate Resettable Non-Cumulative Perpetual Preferred Stock	New York Stock Exchange
Warrants to Purchase Common Stock of Zions Bancorporation	The NASDAQ Stock Market LLC
Common Stock, without par value	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

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 x 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 x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

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 x 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 x

Aggregate Market Value of Common Stock Held by Non-affiliates at June 30, 2011	$ 2,897,160,603
Number of Common Shares Outstanding at February 15, 2012	184,150,142 shares

Documents Incorporated by Reference:

Portions of the Company s Proxy Statement Incorporated into Part III

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PART I

FORWARD-LOOKING INFORMATION

Statements in this Annual Report on Form 10-K that are based on other than historical data are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations or forecasts of future events and include, among others:

- statements with respect to the beliefs, plans, objectives, goals, guidelines, expectations, anticipations, and future financial condition, results of operations and performance of Zions Bancorporation (the Parent) and its subsidiaries (collectively the Company, Zions, we, our, us);
- statements preceded by, followed by or that include the words may, could, should, would, believe, anticipate, estimate, ex intend, plan, projects, or similar expressions.

These forward-looking statements are not guarantees of future performance, nor should they be relied upon as representing management s views as of any subsequent date. Forward-looking statements involve significant risks and uncertainties and actual results may differ materially from those presented, either expressed or implied, including, but not limited to, those presented in the Management s Discussion and Analysis. Factors that might cause such differences include, but are not limited to:

- the Company s ability to successfully execute its business plans, manage its risks, and achieve its objectives;
- changes in local, national and international political and economic conditions, including without limitation the political and economic effects of the recent economic crisis, delay of recovery from that crisis, economic conditions and fiscal imbalances in the United States and other countries, potential or actual downgrades in rating of sovereign debt issued by the United States and other countries, and other major developments, including wars, military actions, and terrorist attacks;
- changes in financial market conditions, either internationally, nationally or locally in areas in which the Company conducts its operations, including without limitation reduced rates of business formation and growth, commercial and residential real estate development and real estate prices;
- fluctuations in markets for equity, fixed-income, commercial paper and other securities, including availability, market liquidity levels, and pricing;
- changes in interest rates, the quality and composition of the loan and securities portfolios, demand for loan products, deposit flows and competition;
- acquisitions and integration of acquired businesses;
- increases in the levels of losses, customer bankruptcies, bank failures, claims, and assessments;

changes in fiscal, monetary, regulatory, trade and tax policies and laws, and regulatory assessments and fees, including policies of the U.S. Department of Treasury, the OCC, the Board of Governors of the Federal Reserve Board System, and the FDIC;

the Company s participation in and exit from governmental programs implemented under the EESA and the ARRA, including the TARP and CPP, and the impact of such programs and related regulations on the Company;

the impact of executive compensation rules under the Dodd-Frank Act, the EESA and the ARRA, which may impact the ability of the Company and other American financial institutions to retain and recruit executives and other personnel necessary for their businesses and competitiveness;

the impact of the Dodd-Frank Act and of new international standards known as Basel III, and rules and regulations thereunder, many of which have not yet been promulgated, on our required regulatory capital and liquidity levels, governmental assessments on us, the scope of business activities in which we may engage, the manner in which we engage in such activities, the fees we may charge for certain products and services, and other matters affected by the Dodd-Frank Act and these international standards;

continuing consolidation in the financial services industry;

new legal claims against the Company, including litigation, arbitration and proceedings brought by governmental or self-regulatory agencies, or changes in existing legal matters;

success in gaining regulatory approvals, when required;

changes in consumer spending and savings habits;

increased competitive challenges and expanding product and pricing pressures among financial institutions;

inflation and deflation;

technological changes and the Company s implementation of new technologies;

the Company s ability to develop and maintain secure and reliable information technology systems;

legislation or regulatory changes which adversely affect the Company s operations or business;

the Company s ability to comply with applicable laws and regulations;

changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or regulatory agencies; and

increased costs of deposit insurance and changes with respect to FDIC insurance coverage levels.

Except to the extent required by law, the Company specifically disclaims any obligation to update any factors or to publicly announce the result of revisions to any of the forward-looking statements included herein to reflect future events or developments.

AVAILABILITY OF INFORMATION

We also make available free of charge on our website, *www.zionsbancorporation.com*, annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as well as proxy statements, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the U.S. Securities and Exchange Commission.

GLOSSARY OF ACRONYMS

ABS	Asset-Backed Security
ACL	Allowance for Credit Losses
AFS	Available-for-Sale
ALCO	Asset/Liability Committee
ALLL	Allowance for Loan and Lease Losses
Amegy	Amegy Corporation
AOCI	Accumulated Other Comprehensive Income
ARRA	American Recovery and Reinvestment Act
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
ATM	Automated Teller Machine
BCBS	Basel Committee on Banking Supervision
BHC	Bank Holding Company Act of 1956
bps	basis points
BSA	Bank Secrecy Act
CB&T	California Bank & Trust
CDO	Collateralized Debt Obligation
CDR	Constant Default Rate
CET1	Common Equity Tier 1
CFPB	Consumer Financial Protection Bureau
CLTV	Combined Loan-to-Value Ratio
CMC	Capital Management Committee
Contango	Contango Capital Advisors, Inc.

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COSO	Committee of Sponsoring Organizations of the Treadway Commission
CPP	Capital Purchase Program
CPR	Constant Prepayment Rate
CRA	Community Reinvestment Act
CRE	Commercial Real Estate
DB	Deutsche Bank AG
DBRS	Dominion Bond Rating Service
DIF	Deposit Insurance Fund
DTA	Deferred Tax Asset
DTL	Deferred Tax Liability
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
EESA	Emergency Economic Stabilization Act
EFTA	Electronic Fund Transfer Act
ERISA	Employee Retirement Income Security Act of 1974
FAMC	Federal Agricultural Mortgage Corporation, or Farmer Mac
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FHLB	Federal Home Loan Bank
FHLMC	Federal Home Loan Mortgage Corporation, or Freddie Mac
FICO	Fair Isaac Corporation
FinCEN	Financial Crimes Enforcement Network
FINRA	Financial Industry Regulatory Authority
FNMA	Federal National Mortgage Association, or Fannie Mae
FRB	Federal Reserve Board
FSOC	Financial Stability Oversight Council
FTE	Full-Time Equivalent
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GLB	Gramm-Leach-Bliley Act of 1999
HECL	Home Equity Credit Line
HMO	Health Maintenance Organization
HTM	Held-to-Maturity
IA	Indemnification Asset
IFRS	International Financial Reporting Standards
ISDA	International Swap Dealer Association
LCR	Liquidity Coverage Ratio
LIBOR	London Interbank Offered Rate
Lockhart	Lockhart Funding LLC
MD&A	Management s Discussion and Analysis
NASDAQ	NASDAQ Stock Market LLC
NBA	National Bank of Arizona
NIM	Net Interest Margin
NOW	Negotiable Order of Withdrawal
NRSRO	Nationally Recognized Statistical Rating Organization
NSB	Nevada State Bank
NSFR	Net Stable Funding Ratio
OCC	Office of the Comptroller of the Currency
OCI	Other Comprehensive Income
OREO	Other Real Estate Owned
OTC	Over-the-Counter
OTTI	Other-Than-Temporary-Impairment
Parent	Zions Bancorporation
PCAOB	Public Company Accounting Oversight Board
PD	Probability of Default
PIK	Payment in Kind
QSPE	Qualifying Special-Purpose Entity
REIT	Real Estate Investment Trust
RMBS	Residential Mortgage Backed Securities

RSU	Restricted Stock Unit
RULC	Reserve for Unfunded Lending Commitments
S&P	Standard and Poor s
SBA	Small Business Administration
SBIC	Small Business Investment Company
SEC	Securities and Exchange Commission
SFAS	Statement of Financial Accounting Standards
SIFI	Systemically Important Financial Institution
SSU	Salary Stock Unit
TARP	Troubled Asset Relief Program
TCBO	The Commerce Bank of Oregon
TCBW	The Commerce Bank of Washington
TDR	Troubled Debt Restructuring
TRS	Total Return Swap
Vectra	Vectra Bank Colorado
VIE	Variable Interest Entity
WNTC	Western National Trust Company
ZCTB	Zions Capital Trust B
Zions Bank	Zions First National Bank
ZMSC	Zions Management Services Company

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ITEM 1. BUSINESS
DESCRIPTION OF BUSINESS

Zions Bancorporation (the Parent) is a financial holding company organized under the laws of the State of Utah in 1955, and registered under the BHC Act, as amended. The Parent and its subsidiaries (collectively the Company) own and operate eight commercial banks with a total of 486 domestic branches at year-end 2011. The Company provides a full range of banking and related services through its banking and other subsidiaries, primarily in Utah, California, Texas, Arizona, Nevada, Colorado, Idaho, Washington, and Oregon. Full-time equivalent employees totaled 10,606 at year-end 2011. For further information about the Company s industry segments, see Business Segment Results on page 47 in MD&A and Note 22 of the Notes to Consolidated Financial Statements. For information about the Company s foreign operations, see Foreign Operations on page 46 in MD&A. The Executive Summary on page 23 in MD&A provides further information about the Company.

PRODUCTS AND SERVICES

The Company focuses on providing community banking services by continuously strengthening its core business lines of 1) small and medium-sized business and corporate banking; 2) commercial and residential development, construction and term lending; 3) retail banking; 4) treasury cash management and related products and services; 5) residential mortgage; 6) trust and wealth management; and 7) investment activities. It operates eight different banks in ten Western and Southwestern states with each bank operating under a different name and each having its own board of directors, chief executive officer, and management team. The banks provide a wide variety of commercial and retail banking and mortgage lending products and services. They also provide a wide range of personal banking services to individuals, including home mortgages, bankcard, other installment loans, home equity lines of credit, checking accounts, savings accounts, time certificates of deposits of various types and maturities, trust services, safe deposit facilities, direct deposit, and 24-hour ATM access. In addition, certain banking subsidiaries provide services to key market segments through their Women s Financial, Private Client Services, and Executive Banking Groups. We also offer wealth management services through various subsidiaries, including Contango and Western National Trust Company, and online and traditional brokerage services through Zions Direct and Amegy Investments.

In addition to these core businesses, the Company has built specialized lines of business in capital markets and public finance, and is a leader in SBA lending. Through its eight banking subsidiaries, the Company provides SBA 7(a) loans to small businesses throughout the United States and is also one of the largest providers of SBA 504 financing in the nation. The Company owns an equity interest in Farmer Mac and is one of the nation s top originators of secondary market agricultural real estate mortgage loans through Farmer Mac. The Company is a leader in municipal finance advisory and underwriting services.

COMPETITION

The Company operates in a highly competitive environment. The Company s most direct competition for loans and deposits comes from other commercial banks, credit unions, and thrifts, including institutions that do not have a physical presence in our market footprint but solicit via the Internet and other means. In addition, the Company competes with finance companies, mutual funds, brokerage firms, securities dealers, investment banking companies, and a variety of other types of companies. Many of these companies have fewer regulatory constraints and some have lower cost structures or tax burdens.

The primary factors in competing for business include pricing, convenience of office locations and other delivery methods, range of products offered, and the level of service delivered. The Company must compete effectively along all of these parameters to remain successful.

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SUPERVISION AND REGULATION

The banking and financial services business in which we engage is highly regulated. Such regulation is intended, among other things, to improve the stability of banking and financial companies and to protect the interests of customers, including depositors. These regulations are not, however, generally intended to protect the interests of our shareholders or creditors. Described below are the material elements of selected laws and regulations applicable to the Company. The descriptions are not intended to be complete and are qualified in their entirety by reference to the full text of the statutes and regulations described. Changes in applicable law or regulations, and in their application by regulatory agencies, cannot be predicted, but they may have a material effect on the business and results of the Company.

The Parent is a bank holding company and a financial holding company as provided by the GLB Act. The BHC Act and other federal statutes, as modified by the GLB Act and the Dodd-Frank Act, provide the regulatory framework for bank holding companies and financial holding companies which have as their umbrella regulator the FRB. The functional regulation of the separately regulated subsidiaries of a bank holding company is conducted by each subsidiary s primary functional regulator and the laws and regulations administered by those regulators. The GLB Act allows our bank subsidiaries to engage in certain financial activities through financial subsidiaries. To qualify for and maintain status as a financial holding company, or to do business through a financial subsidiary, the Parent and its subsidiary banks must satisfy certain ongoing criteria. The Company currently engages in only limited activities for which financial holding company status is required.

The Parent s subsidiary banks and WNTC are subject to the provisions of the National Bank Act or other statutes governing national banks and the banking laws of their various states, as well as the rules and regulations of the OCC, the FRB and the FDIC. They are also under the supervision of, and are continually subject to periodic examination and supervision by, the OCC or their respective state banking departments, the FRB, and the FDIC. Many of our nonbank subsidiaries are also subject to regulation by the FRB and other federal and state agencies. These bank regulatory agencies may exert considerable influence over our activities through their supervisory and examination role. Our brokerage and investment advisory subsidiaries are regulated by the SEC, FINRA and/or state securities regulators.

The Dodd-Frank Act

The events of the past few years have led to numerous new laws in the United States and internationally for financial institutions. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act or Dodd-Frank), which was enacted in July 2010, is one of the most far reaching legislative actions affecting the financial services industry in decades and significantly restructures the financial regulatory regime in the United States.

The Dodd-Frank Act broadly affects the financial services industry by creating new resolution authorities, requiring ongoing stress testing of our capital, mandating higher capital and liquidity requirements, increasing regulation of executive and incentive-based compensation, requiring banks to pay increased fees to regulatory agencies, and requiring numerous other provisions aimed at strengthening the sound operation of the financial services sector. Among other things affecting capital standards, the Dodd-Frank Act provides that:

- the requirements applicable to large bank holding companies (those with consolidated assets of greater than $50 billion) be more stringent than those applicable to other financial companies;
- standards applicable to bank holding companies be no less stringent than those applied to insured depository institutions; and
- bank regulatory agencies implement countercyclical elements in their capital requirements.

These provisions will require us to maintain greater levels of capital and liquid assets and will limit the forms of capital that we will be able to rely upon for regulatory purposes. For example, provisions of the Dodd-

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Frank Act require us to deduct all trust preferred securities from our Tier 1 capital over a three-year phase-in period beginning January 1, 2013. In addition, in their supervisory role with respect to our stress testing and capital planning, the bank regulatory agencies may effectively regulate certain of our capital-related actions, such as dividends and stock repurchases.

The Dodd-Frank Act s provisions and related regulations also affect the fees we must pay to regulatory agencies and pricing of certain products and services, including the following:

- The assessment base for federal deposit insurance was changed to consolidated assets less tangible capital instead of the amount of insured deposits. This generally increased the insurance fees of larger banks, but had relatively less impact on the Company;
- The federal prohibition on the payment of interest on business transaction accounts was repealed effective December 31, 2010; and
- Effective October 1, 2011, the FRB enacted regulations to limit interchange fees charged for debit card transactions to no more than 21 cents per transaction and 5 basis points multiplied by the value of the transaction, which is slightly less than half the generally prevailing fee prior to the regulation.

The Dodd-Frank Act also created the CFPB, which is responsible for promulgating regulations designed to protect consumers financial interests and examining financial institutions for compliance with, and enforcing, those regulations. The Dodd-Frank Act adds prohibitions on unfair, deceptive or abusive acts and practices to the scope of consumer protection regulations overseen and enforced by the CFPB. The CFPB was recently established and its impact on our subsidiary banks remains uncertain. The Dodd-Frank Act subjected national banks to further regulation by restricting the preemption of state laws by federal laws, which enabled national banks and their subsidiaries to comply with federal regulatory requirements without complying with various state laws. In addition, the Act gives greater power to state attorneys general to pursue legal actions against banking organizations for violations of federal law.

The Dodd-Frank Act contains numerous provisions that limit or place significant burdens and costs on activities traditionally conducted by banking organizations, such as originating and securitizing mortgage loans and other financial assets, arranging and participating in swap and derivative transactions, proprietary trading and investing in private equity and other funds. For the affected activities, these provisions may result in increased compliance and other costs, increased legal risk and decreased scope of product offerings.

In October 2011 and January 2012, federal regulators published for comment proposed regulations to implement the so-called Volcker Rule of the Dodd-Frank Act, which would significantly restrict certain activities by covered bank holding companies, including restrictions on proprietary trading and private equity investing. The public comment period on these proposed regulations has ended, but a final rule has not yet been published.

The Company and other companies subject to the Dodd-Frank Act is being subjected to a number of requirements regarding the time, manner and form of compensation given to its key executives and other personnel receiving incentive compensation, which are being imposed through the supervisory process as well as published guidance and proposed rules. These requirements generally implement the compensation restrictions imposed by the Dodd-Frank Act and include documentation and governance, deferral, and claw-back requirements.

As discussed further throughout this section, many aspects of Dodd-Frank are subject to further rulemaking and will take effect over several years, making it difficult to anticipate the overall financial impact on the Company or the industry. More than half of the total regulations to implement the Dodd-Frank Act have not yet been published for comment or adopted in final form.

Individually and collectively, these proposed regulations resulting from the Dodd-Frank Act may materially adversely affect the Company s business, financial condition, and results of operations.

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Capital Standards Basel Framework

The FRB has established capital guidelines for financial holding companies. The OCC, the FDIC, and the FRB have also issued regulations establishing capital requirements for banks. These bank regulatory agencies risk-based capital guidelines are based upon the 1988 capital accord (Basel I) of the BCBS. The BCBS is a committee of central banks and bank supervisors/regulators from the major industrialized countries that develops broad policy guidelines that each country s supervisors can use to determine the supervisory policies they apply.

In 2004, the BCBS proposed a new capital accord (Basel II) to replace Basel I. Basel II provides two approaches for setting capital standards for credit risk an advanced internal ratings-based approach tailored to individual institutions circumstances and a standardized approach that bases risk weightings on external credit assessments to a much greater extent than permitted in existing guidelines. Basel II also sets capital requirements for operational risk and refines the existing capital requirements for market risk exposures.

In December 2007, U.S. banking regulators published the final rule for Basel II implementation, requiring banks with over $250 billion in consolidated total assets or on-balance sheet foreign exposure of $10 billion (core banks) to adopt the advanced approaches of Basel II while allowing other banks to elect to opt in. The Parent is not required to comply with Basel II. In July 2008, the agencies issued a proposed rule that would give banking organizations that do not use the advanced approaches the option to implement a new risk-based capital framework which would adopt the standardized approach of Basel II for credit risk, the basic indicator approach of Basel II for operational risk and related disclosure requirements. A definitive rule has not been issued.

In December 2010, the BCBS released its final framework for strengthening international capital and liquidity regulation, now officially identified by the BCBS as Basel III . Basel III, when implemented by the U.S. banking agencies and fully phased-in, will require bank holding companies and their bank subsidiaries to maintain substantially more capital, with a greater emphasis on common equity. The Basel III final capital framework, among other things:

- introduces as a new capital measure, Common Equity Tier 1 (CET1), more commonly known in the United States as Tier 1 Common, and defines CET1 narrowly by requiring that most adjustments to regulatory capital measures be made to CET1 and not to the other components of capital, and expands the scope of the adjustments as compared to existing regulations;

- when fully phased in on January 1, 2019, requires banks to maintain:

  - as a newly adopted international standard, a minimum ratio of CET1 to risk-weighted assets of at least 4.5%, plus a 2.5% capital conservation buffer (which is added to the 4.5% CET1 ratio as that buffer is phased in, effectively resulting in a minimum ratio of CET1 to risk-weighted assets of at least 7%);

  - an additional SIFI buffer for those large institutions deemed to be systemically important, ranging from 1.0% to 2.5%, and up to 3.5% under certain conditions; Zions is not subject to this buffer under Basel III, however, some FRB officials have indicated that when U. S. implementing regulations are proposed, they may include an additional buffer of 0% to 1.0% for financial institutions defined as systemically important under the Dodd-Frank Act but not so deemed by the BCBS;

  - a minimum ratio of Tier 1 capital to risk-weighted assets of at least 6.0%, plus the capital conservation buffer (which is added to the 6.0% Tier 1 capital ratio as that buffer is phased in, effectively resulting in a minimum Tier 1 capital ratio of 8.5% upon full implementation);

  - a minimum ratio of Total (that is, Tier 1 plus Tier 2) capital to risk-weighted assets of at least 8.0%, plus the capital conservation buffer (which is added to the 8.0% total capital ratio as that buffer is phased in, effectively resulting in a minimum total capital ratio of 10.5% upon full implementation); and

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as a newly adopted international standard, a minimum leverage ratio of 3%, calculated as the ratio of Tier 1 capital to balance sheet exposures plus certain off-balance sheet exposures (as the average for each quarter of the month-end ratios for the quarter); and

provides for an additional countercyclical capital buffer , generally to be imposed when national regulators determine that excess aggregate credit growth becomes associated with a buildup of systemic risk, that would be a CET1 add-on to the capital conservation buffer in the range of 0% to 2.5% when fully implemented.

The implementation of the Basel III final framework is expected to commence January 1, 2013; however, the FRB has not yet released proposed regulations to implement the Basel III capital framework in the United States. Such proposed regulations are expected in the first half of 2012.

Stress Testing, Prudential Standards, and Early Remediation

In November 2011, the Company was given instructions requiring its participation in the FRB s 2012 Comprehensive Capital Analysis and Review, which implemented the Dodd-Frank Act requirement that all bank holding companies with assets greater than $50 billion be subject to an annual FRB stress test. The Company timely submitted its Capital Plan, pursuant to this process, on January 9, 2012. In this capital plan, the Company was required to forecast under a variety of economic scenarios for nine quarters ending the fourth quarter of 2013, its estimated regulatory capital ratios under Basel I rules, its Tier 1 common ratio under Basel I rules, the same ratios under Basel III rules, and its GAAP tangible common equity ratio; as noted, implementing regulations that define how many of these ratios are to be calculated by U.S. institutions have not been published for comment or adopted. Under the implementing regulations, a bank holding company may generally pay dividends and repurchase stock only under a capital plan as to which the FRB has not objected.

In December 2011, the FRB published new proposed regulations entitled Enhanced Prudential Standards and Early Remediation Requirements for Covered Companies, which if adopted also would apply to all bank holding companies with assets greater than $50 billion. The comment period on these proposed regulations expires March 31, 2012. These proposed regulations would implement many of the proposed aspects of the Basel III capital and liquidity regime and the Dodd-Frank Act stress test requirements (including public disclosure of results), and would specify conditions under which a bank holding company would be placed under enhanced nonpublic or public supervision and restrictions. However, the proposed regulations did not specify how Basel III capital ratio calculations will be defined in the United States. The proposed regulations would also require each covered institution to establish a risk committee of its board of directors that would include a risk expert .

Other Regulation

The Company is subject to a wide range of other requirements and restrictions contained in both the laws of the United States and the states in which its banks and other subsidiaries operate. These regulations include but are not limited to the following:

Requirements that the Parent serve as a source of strength for its banking subsidiaries. The FRB has had a policy that a bank holding company is expected to act as a source of financial and managerial strength to each of its bank subsidiaries and, under appropriate circumstances, to commit resources to support each subsidiary bank. The Dodd-Frank Act codifies this policy as a statutory requirement. In addition, the OCC may order an assessment of the Parent if the capital of one of its national bank subsidiaries were to fall below capital levels required by the regulators.

Limitations on dividends payable by subsidiaries. A substantial portion of the Parent s cash, which is used to pay dividends on our common and preferred stock and to pay principal and interest on our debt obligations, is derived from dividends paid by the Parent s subsidiary banks. These dividends are subject to various legal and regulatory restrictions. See Note 19 of the Notes to Consolidated Financial Statements.

Limitations on dividends payable to shareholders. The Parent s ability to pay dividends on both its common and preferred stock may be subject to regulatory restrictions. See Liquidity Management Actions on page 85.

Cross-guarantee requirements. All of the Parent s subsidiary banks are insured by the FDIC. Each commonly controlled FDIC-insured bank can be held liable for any losses incurred, or reasonably expected to be incurred, by the FDIC due to another commonly controlled FDIC-insured bank being placed into receivership, and for any assistance provided by the FDIC to another commonly controlled FDIC-insured bank that is subject to certain conditions indicating that receivership is likely to occur in the absence of regulatory assistance.

Safety and soundness requirements. Federal and state laws require that our banks be operated in a safe and sound manner. We are subject to additional safety and soundness standards prescribed in the Federal Deposit Insurance Corporate Improvement Act of 1991, including standards related to internal controls, information systems, internal audit, loan documentation, credit underwriting, interest rate exposure, asset growth and compensation, as well as other operational and management standards deemed appropriate by the federal banking agencies. The safety and soundness requirements give bank regulatory agencies significant latitude in their supervisory authority over us.

Requirements for approval of acquisitions and activities. Prior approval of the FRB is required under the BHC Act for a financial holding company to acquire or hold more than a 5% voting interest in any bank, to acquire substantially all the assets of a bank or to merge with another financial or bank holding company. The BHC Act also requires approval for certain nonbanking acquisitions and restricts the Company s nonbanking activities to those that are permitted for financial holding companies or that have been determined by the FRB to be financial in nature, incidental to financial activities, or complementary to a financial activity. Laws and regulations governing national and state-chartered banks contain similar provisions concerning acquisitions and activities.

Limitations on the amount of loans to a borrower and its affiliates.

Limitations on transactions with affiliates. The Dodd-Frank Act significantly expands the coverage and scope of the limitations on affiliate transactions within a banking organization.

Restrictions on the nature and amount of any investments and ability to underwrite certain securities.

Requirements for opening of branches and the acquisition of other financial entities.

Fair lending and truth in lending requirements to provide equal access to credit and to protect consumers in credit transactions.

Broker-dealer and investment advisory regulations. Certain of our subsidiaries are broker-dealers that engage in securities underwriting and other broker-dealer activities. These companies are registered with the SEC and are members of FINRA. Certain other subsidiaries are registered investment advisers under the Investment Advisers Act of 1940, as amended, and as such are supervised by the SEC. They are also subject to various U.S. federal and state laws and regulations. These laws and regulations generally grant supervisory agencies broad administrative powers, including the power to limit or restrict the carrying on of business for failure to comply with such laws.

Provisions of the GLB Act and other federal and state laws dealing with privacy for nonpublic personal information of individual customers.

CRA requirements. The CRA requires banks to help serve the credit needs in their communities, including credit to low and moderate income individuals. If the Company or its subsidiaries fail to adequately serve their communities, penalties may be imposed including denials of applications to add branches, relocate, add subsidiaries and affiliates, and merge with or purchase other financial institutions.

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Anti-money laundering regulations. The BSA, Title III of the Uniting and Strengthening of America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA Patriot Act), and other federal laws require financial institutions to assist U.S. Government agencies in detecting and preventing money laundering and other illegal acts by maintaining policies, procedures and controls designed to detect and report money laundering, terrorist financing, and other suspicious activity.

The Parent is subject to the disclosure and regulatory requirements of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, both as administered by the SEC. As a company listed on the NASDAQ Global Select Market, the Parent is subject to NASDAQ listing standards for quoted companies.

The Company is subject to the Sarbanes-Oxley Act of 2002, the Dodd-Frank Act, and other federal and state laws and regulations which address, among other issues, corporate governance, auditing and accounting, executive compensation, and enhanced and timely disclosure of corporate information. NASDAQ has also adopted corporate governance rules, which are intended to allow shareholders and investors to more easily and efficiently monitor the performance of companies and their directors.

The Board of Directors of the Parent has implemented a comprehensive system of corporate governance practices. This system includes Corporate Governance Guidelines, a Code of Business Conduct and Ethics for Employees, a Directors Code of Conduct, a Related Party Transaction Policy, Stock Ownership and Retention Guidelines, an Excessive and Luxury Expenditure Policy, a Compensation Clawback Policy and charters for the Audit, Risk Oversight, Executive Compensation and Nominating and Corporate Governance Committees. More information on the Company s corporate governance practices is available on the Company s website at *www.zionsbancorporation.com*. (The Company s website is not part of this Annual Report on Form 10-K.)

The Company has adopted policies, procedures and controls to address compliance with the requirements of the banking, securities and other laws and regulations described above or otherwise applicable to the Company. The Company intends to make appropriate revisions to reflect any changes required.

Regulators, Congress, state legislatures and international consultative bodies continue to enact rules, laws, and policies to regulate the financial services industry and public companies and to protect consumers and investors. The nature of these laws and regulations and the effect of such policies on future business and earnings of the Company cannot be predicted.

GOVERNMENT MONETARY POLICIES

The earnings and business of the Company are affected not only by general economic conditions, but also by policies adopted by various governmental authorities. The Company is particularly affected by the monetary policies of the FRB, which affect both short-term and long-term interest rates and the national supply of bank credit. The tools available to the FRB which may be used to implement monetary policy include:

- open-market operations in U.S. Government and other securities;
- adjustment of the discount rates or cost of bank borrowings from the FRB;
- imposing or changing reserve requirements against bank deposits;
- term auction facilities collateralized by bank loans; and
- other programs to purchase assets and inject liquidity directly in various segments of the economy.

These methods are used in varying combinations to influence the overall growth or contraction of bank loans, investments and deposits, and the interest rates charged on loans or paid for deposits.

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In view of the changing conditions in the economy and the effect of the FRB s monetary policies, it is difficult to predict future changes in loan demand, deposit levels and interest rates, or their effect on the business and earnings of the Company. FRB monetary policies have had a significant effect on the operating results of commercial banks in the past and are expected to continue to do so in the future.

ITEM 1A. RISK FACTORS

The Company s Board of Directors has established a Risk Oversight Committee and an Enterprise Risk Management policy and has appointed an Enterprise Risk Management Committee to oversee and implement the policy. In addition to credit and interest rate risk, the Committee also monitors the following risk areas: market risk, liquidity risk, operational risk, compliance risk, information technology risk, strategic risk, compensation-related risk, and reputation risk.

The following list describes several risk factors which are significant to the Company including but not limited to:

The Company has been and could continue to be negatively affected by adverse economic conditions.

The United States and many other countries recently faced a severe economic crisis, including a major recession. These adverse economic conditions have negatively affected, and are likely to continue for some time to adversely affect, the Company s assets, including its loans and securities portfolios, capital levels, results of operations, and financial condition. In response to the economic crisis, the United States and other governments established a variety of programs and policies designed to mitigate the effects of the crisis. These programs and policies appear to have stabilized in the United States the severe financial crisis that occurred in the second half of 2008, but adverse economic conditions continue to exist in the United States and globally. Concerns about the European Union s sovereign debt crisis have continued to cause uncertainty for financial markets globally. It is possible economic conditions may again become more severe or that adverse economic conditions may continue for a substantial period of time. In addition, economic uncertainty resulting from possible changes in the ratings of sovereign debt issued by the United States and other nations, and fiscal imbalances in the United States, at federal, state and municipal levels, in the European Union and in other countries, combined with political difficulties in resolving these imbalances, may directly or indirectly adversely impact economic conditions faced by the Company and its customers. Any increase in the severity or duration of adverse economic conditions, including a double-dip recession or delay a full economic recovery, would adversely affect the Company.

Our information systems may experience an interruption or security breach.

We rely heavily on communications and information systems to conduct our business. Any failure, interruption or breach in security of these systems could result in failures or disruptions in our customer relationship management, general ledger, deposit, loan and other systems. While we have policies and procedures designed to prevent or limit the effect of the possible failure, interruption or security breach of our information systems, there can be no assurance that any such failure, interruption or security breach will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failure, interruption or security breach of our information systems could damage our reputation, result in a loss of customer business, subject us to additional regulatory scrutiny, or expose us to civil litigation and possible financial liability.

The regulation of incentive compensation under the Dodd-Frank Act, the EESA and the ARRA may adversely affect our ability to retain our highest performing employees.

The bank regulatory agencies have published guidance and proposed regulations which limit the manner and amount of compensation that banking organizations provide to employees. These regulations and guidance may adversely affect our ability to retain key personnel. In addition, because we have not yet repurchased the

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U.S. Treasury s CPP investment, we remain subject to the strict restrictions on incentive compensation contained in the ARRA. Financial institutions which have repurchased the U.S. Treasury s CPP investment are relieved of the restrictions imposed by the ARRA. Due to these restrictions, we may not be able to successfully compete with financial institutions that have repurchased the U.S. Treasury s investment to attract, retain and appropriately incentivize high performing employees. In addition, bank regulatory agencies have published guidance and proposed regulations which limit the manner and amount of compensation that banking organizations provide to employees. If we were to suffer such adverse effects with respect to our employees, our business, financial condition and results of operations could be adversely affected, perhaps materially.

Stress testing and capital management under Dodd-Frank, as well as the terms of the U.S. Treasury s CPP investment limit our ability to increase dividends, repurchase shares of our stock, and access the capital markets.

Under emerging stress testing and capital management standards being developed by bank regulatory agencies under Dodd-Frank, as well as the terms of the U.S. Treasury s CPP investment in us, the bank regulatory agencies have additional authority and processes to require us to limit our dividends, repurchases of common stock, and access to capital markets for certain types of capital. Among other things, any increase in quarterly dividends not contemplated in our annual capital plan will require FRB approval. These limitations may adversely impact the Company s ability to attract nongovernmental capital.

We have been unprofitable in two of the last three years and could potentially be unprofitable in the future, and such lack of profitability could have particular adverse effects on us, such as restricting our ability to pay dividends or requiring a valuation allowance against our deferred tax asset.

We are a holding company that conducts substantially all of its operations through its banking and other subsidiaries. As a result, our ability to make dividend payments on our common stock will depend primarily upon the receipt of dividends and other distributions from our subsidiaries. We and certain of our subsidiaries have been unprofitable during the two of the last three annual reporting periods. During the last three years, the noncash accelerated discount amortization expense caused by subordinated debt holders converting their debt to preferred stock has contributed to our lack of profitability. Future conversions of subordinated debt into preferred stock may continue to hurt our profitability. The ability of the Company and our subsidiary banks to pay dividends is restricted by regulatory requirements, including profitability and the need to maintain required levels of capital. Lack of profitability exposes us to the risk that regulators could restrict the ability of our subsidiary banks to pay dividends and our ability to declare and pay dividends on our common stock, preferred stock or trust preferred securities. It also increases the risk that the Company may have to establish a valuation allowance against its net DTA. Some of the Company s subsidiary banks have disallowed a portion of their DTA for regulatory capital purposes.

The Dodd-Frank Act imposes significant new limitations on our business activities and subjects us to increased regulation and additional costs.

The Dodd-Frank Act has material implications for the Company and the entire financial services industry. The Act places significant additional regulatory oversight and requirements on financial institutions, including the Company, with more than $50 billion of assets. In addition, among other things, the Act will or potentially could:

- Affect the levels of capital and liquidity with which the Company must operate and how it plans capital and liquidity levels (including a phased-in elimination of the Company s existing trust preferred securities as Tier 1 capital);

- Subject the Company to new and/or higher fees paid to various regulatory entities, including but not limited to deposit insurance fees to the FDIC;

- Impact the Company s ability to invest in certain types of entities or engage in certain activities;

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Impact a number of the Company s business and risk management strategies;

Regulate the pricing of certain of our products and services and restrict the revenue that the Company generates from certain businesses;

Subject the Company to new capital planning actions, including stress testing or similar actions and timing expectations for capital-raising;

Subject the Company to the Consumer Financial Protection Bureau, with very broad rule-making and enforcement authorities;

Grant authority to state agencies to enforce state and federal laws against national banks;

Subject the Company to new and different litigation and regulatory enforcement risks; and

Limit the amount and manner of compensation paid to executive officers and employees generally.

Because the responsible agencies are still in the process of proposing and finalizing regulations required under Dodd-Frank, the full impact of this legislation on the Company, its business strategies, and financial performance cannot be known at this time, and may not be known for some time. Individually and collectively, these proposed regulations resulting from the Dodd-Frank Act may materially adversely affect the Company s business, financial condition, and results of operations.

U.S. regulatory agencies, in response to the adoption of Basel III and Title I of the Dodd-Frank Act, will require us to raise our capital and liquidity to levels that may exceed those that the market considers to be optimal.

Basel III was adopted in December 2010 by the BCBS and provides an international framework for the establishment of bank capital standards. Title I of the Dodd-Frank Act requires that banking organizations of our size undergo regular stress testing of their capital, assets and profitability and authorizes bank regulatory agencies to promulgate new capital and liquidity standards. New capital and liquidity requirements are being developed by U.S. regulatory agencies in response to Basel III and Dodd-Frank which are higher than previous levels. Maintaining higher capital and liquidity levels may reduce our profitability and performance measures.

Economic and other circumstances, including pressure to repay CPP preferred stock, may require us to raise capital at times or in amounts that are unfavorable to the Company.

The Company s subsidiary banks must maintain certain risk-based and leverage capital ratios as required by their banking regulators which can change depending upon general economic conditions and their particular condition, risk profile and growth plans. Compliance with capital requirements may limit the Company s ability to expand and has required, and may require, capital investment from the Parent. In 2008, we issued shares of preferred stock and a warrant to purchase shares of the Company s common stock to the U.S. Treasury for $1.4 billion under TARP. There may be increasing market, regulatory or political pressure on the Company to raise capital to enable it to repay the preferred stock issued to the U.S. Treasury under TARP at a time or in amounts that may be unfavorable to the Company s shareholders. These uncertainties and risks created by the legislative and regulatory uncertainties discussed above may themselves increase the Company s cost of capital and other financing costs.

Negative perceptions associated with our continued participation in the U.S. Treasury s CPP may adversely affect our ability to retain customers, attract investors, and compete for new business opportunities.

Several financial institutions that also participated in the CPP have repurchased their TARP preferred stock. There can be no assurance as to the timing or manner in which the Company may repurchase its Series D Preferred Stock from the U.S. Treasury. Our customers, employees and counterparties in our current and future business relationships could draw negative implications regarding the strength of the Company as a financial institution based on our continued participation in the CPP. Any such negative perceptions could impair our

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ability to effectively compete with other financial institutions for business or to retain high performing employees. If this were to occur, our business, financial condition, and results of operations may be adversely affected.

Credit quality has adversely affected us and may continue to adversely affect us.

Credit risk is one of our most significant risks. Although most credit quality indicators continued to improve during 2011, the Company s credit quality may continue to show weakness in some loan types and markets in which the Company operates in 2012 as the economic recovery progresses.

Failure to effectively manage our credit concentration or counterparty risk could adversely affect us.

Increases in concentration or counterparty risk could adversely affect the Company. Concentration risk across our loan and investment portfolios could pose significant additional credit risk to the Company due to exposures which perform in a similar fashion. The management of concentration risk is centralized and overseen by the Corporate Concentration Risk Committee, which routinely analyzes aggregate exposure, industries, and correlations. Counterparty risk could also pose additional credit risk, but it is routinely monitored and analyzed.

Weakness in the economy and in the real estate market, including specific weakness within the markets where our subsidiary banks do business and within certain of our loan products, has adversely affected us and may continue to adversely affect us.

Credit exposure is one of our most significant risks. The Company s level of problem credits remained relatively high as of December 31, 2011. The deterioration in credit quality that started in the latter half of 2007 has most significantly affected the construction and land development segment of our portfolio. Although virtually all of our markets and lending segments have been adversely affected by the economic recession, the distress has been mostly concentrated in construction and land development loans in the Southwest states (generally, Arizona, California, and Nevada), which markets have been particularly adversely affected by job losses, declines in residential and commercial sale volumes and real estate values, and declines in new construction activity.

If the strength of the U.S. economy in general and the strength of the local economies in which we and our subsidiary banks conduct operations decline further, this could result in, among other things, further deterioration in credit quality and/or continued reduced demand for credit, including a resultant adverse effect on the income from our loan portfolio, an increase in charge-offs and an increase in the allowance for loan and lease losses; if such developments occur, we may be required to raise additional capital.

Failure to effectively manage our interest rate risk, and prolonged periods of low interest rates, could adversely affect us.

Net interest income is the largest component of the Company s revenue. The management of interest rate risk for the Company and all bank subsidiaries is centralized and overseen by an Asset Liability Management Committee appointed by the Company s Board of Directors. We have been successful in our interest rate risk management as evidenced by achieving a relatively stable net interest margin over the last several years when interest rates have been volatile and the rate environment challenging; however, a failure to effectively manage our interest rate risk could adversely affect us. Factors beyond the Company s control can significantly influence the interest rate environment and increase the Company s risk. These factors include competitive pricing pressures for our loans and deposits, adverse shifts in the mix of deposits and other funding sources, and volatile market interest rates subject to general economic conditions and the policies of governmental and regulatory agencies, in particular the FRB.

The FRB has stated its expectations that short-term interest rates may remain low through late 2014. Such a scenario may continue to create or exacerbate margin compression for us as a result of repricing of longer-term loans.

Our ability to maintain required capital levels and adequate sources of funding and liquidity has been and may continue to be adversely affected by market conditions.

We are required to maintain certain capital levels in accordance with banking regulations and any capital requirements imposed by our regulators. We must also maintain adequate funding sources in the normal course of business to support our operations and fund outstanding liabilities. Our ability to maintain capital levels, sources of funding, and liquidity has been and could continue to be impacted by changes in the capital markets in which we operate and deteriorating economic and market conditions.

Each of our subsidiary banks must remain well-capitalized and meet certain other requirements for us to retain our status as a financial holding company. Failure to comply with those requirements could result in a loss of our financial holding company status if such conditions are not corrected within 180 days or such longer period as may be permitted by the FRB, although we do not believe that the loss of such status would have an appreciable effect on our operations or financial results. In addition, failure by our bank subsidiaries to meet applicable capital guidelines or to satisfy certain other regulatory requirements can result in certain activity restrictions or a variety of enforcement remedies available to the federal regulatory authorities that include limitations on the ability to pay dividends, the issuance by the regulatory authority of a capital directive to increase capital and the termination of deposit insurance by the FDIC.

Funding availability continued to improve during 2011. However, because liquidity stresses are often a consequence of the occurrence of other risks, they will continue to be a risk factor in 2012 and beyond for the Company, the Parent and its affiliate banks.

The quality and liquidity of our asset-backed investment securities portfolio has adversely affected us and may continue to adversely affect us.

The Company s asset-backed investment securities portfolio includes CDOs collateralized by trust preferred securities issued by bank holding companies, insurance companies, and REITs that may have some exposure to construction loan, commercial real estate, and the subprime markets and/or to other categories of distressed assets. In addition, asset-backed securities also include structured asset-backed CDOs (also known as diversified structured finance CDOs) which have exposure to subprime and home equity mortgage securitizations. Factors beyond the Company s control can significantly influence the fair value and impairment status of these securities. These factors include, but are not limited to, defaults, deferrals, and restructurings by debt issuers, rating agency downgrades of securities, lack of market pricing of securities, or the return of market pricing that varies from the Company s current model valuations, and changes in prepayment rates and future interest rates. See Investment Securities Portfolio on page 52 for further details.

We and/or the holders of our securities could be adversely affected by unfavorable rating actions from rating agencies.

Our ability to access the capital markets is important to our overall funding profile. This access is affected by the ratings assigned by rating agencies to us, certain of our affiliates, and particular classes of securities that we and our affiliates issue. The interest rates that we pay on our securities are also influenced by, among other things, the credit ratings that we, our affiliates, and/or our securities receive from recognized rating agencies. In the past, rating agencies have downgraded our credit ratings. Further downgrades to us, our affiliates, or our securities could increase our costs or otherwise have a negative effect on our results of operations or financial condition or the market prices of our securities.

We could be adversely affected by accounting, financial reporting, and regulatory and compliance risk.

The Company is exposed to accounting, financial reporting, and regulatory/compliance risk. The level of regulatory/compliance oversight has been heightened in recent periods as a result of rapid changes in regulations that affect financial institutions. The administration of some of these regulations and related changes has required the Company to comply before their formal adoption.

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The Company provides to its customers, and uses for its own capital, funding, and risk management needs, a number of complex financial products and services. Estimates, judgments, and interpretations of complex and changing accounting and regulatory policies are required in order to provide and account for these products and services. Changes in our accounting policies or in accounting standards could materially affect how we report our financial results and conditions. Identification, interpretation and implementation of complex and changing accounting standards as well as compliance with regulatory requirements, therefore pose an ongoing risk.

We could be adversely affected by legal and governmental proceedings.

The Company is subject to risks associated with legal claims, fines, litigation, and regulatory proceedings. The Company s exposure to these proceedings has increased and may further increase as a result of stresses on customers, counterparties and others arising from the current economic environment; new regulations promulgated under recently adopted statutes; and the creation of new examination and enforcement bodies.

We could be adversely affected by failure in our internal controls.

A failure in our internal controls could have a significant negative impact not only on our earnings, but also on the perception that customers, regulators and investors may have of the Company. We continue to devote a significant amount of effort, time and resources to improving our controls and ensuring compliance with complex accounting standards and regulations.

We could be adversely affected as a result of acquisitions.

From time to time the Company makes acquisitions including the acquisition of assets and liabilities of failed banks from the FDIC acting as a receiver. The FDIC-supported transactions are subject to loan loss sharing agreements. Failure to comply with the terms of the agreements could result in the loss of indemnification from the FDIC. The success of any acquisition depends, in part, on our ability to realize the projected cost savings from the acquisition and on the continued growth and profitability of the acquisition target. We have been successful with most prior acquisitions, but it is possible that the merger integration process with an acquired company could result in the loss of key employees, disruptions in controls, procedures and policies, or other factors that could affect our ability to realize the projected savings and successfully retain and grow the target s customer base.

ITEM 1B. UNRESOLVED STAFF COMMENTS

There are no unresolved written comments that were received from the SEC s staff 180 days or more before the end of the Company s fiscal year relating to our periodic or current reports filed under the Securities Exchange Act of 1934.

ITEM 2. PROPERTIES

At December 31, 2011, the Company operated 486 domestic branches, of which 284 are owned and 202 are leased. The Company also leases its headquarters offices in Salt Lake City, Utah. Other operations facilities are either owned or leased. The annual rentals under long-term leases for leased premises are determined under various formulas and factors, including operating costs, maintenance, and taxes. For additional information regarding leases and rental payments, see Note 18 of the Notes to Consolidated Financial Statements.

ITEM 3. LEGAL PROCEEDINGS

The information contained in Note 18 of the Notes to Consolidated Financial Statements is incorporated by reference herein.

ITEM 4. MINE SAFETY DISCLOSURES

None.

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PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION

The Company s common stock is traded on the NASDAQ Global Select Market under the symbol ZION. The last reported sale price of the common stock on NASDAQ on February 15, 2012 was $18.51 per share.

The following table sets forth, for the periods indicated, the high and low sale prices of the Company s common stock, as quoted on NASDAQ.

	2011		2010	
	High	Low	High	Low
1st Quarter	$ 25.60	$ 22.08	$ 23.85	$ 12.88
2nd Quarter	24.92	21.36	30.29	21.22
3rd Quarter	24.71	14.07	24.39	17.91
4th Quarter	18.51	13.18	24.58	18.84

During 2011, the Company issued $25.5 million of new common stock consisting of 1.1 million shares at an average price of $23.89 per share. Net of commissions and fees, the issuances added $25.0 million to common stock. See Note 14 of the Notes to Consolidated Financial Statements for further information regarding equity transactions during 2011.

As of February 15, 2012, there were 5,835 holders of record of the Company s common stock.

EQUITY CAPITAL AND DIVIDENDS

We have 4,400,000 authorized shares of preferred stock without par value and with a liquidation preference of $1,000 per share. As of December 31, 2011, 59,683, 709,103, 1,400,000, and 142,500 of preferred shares series A, C, D and E, respectively, have been issued and are outstanding. In addition, holders of $547 million of the Company s subordinated debt have the right to convert that debt into either Series A or C preferred stock. In general, preferred shareholders may receive asset distributions before common shareholders; however, preferred shareholders have only limited voting rights generally with respect to certain provisions of the preferred stock, the issuance of senior preferred stock, and the election of directors. Preferred stock dividends reduce earnings available to common shareholders and are paid quarterly in arrears. The redemption amount is computed at the per share liquidation preference plus any declared but unpaid dividends. The series A, C, and E shares are registered with the SEC. The Series D Fixed-Rate Cumulative Perpetual Preferred Stock was issued on November 14, 2008 to the U.S. Department of the Treasury for $1.4 billion in a private placement exempt from registration. See Note 14 of the Notes to Consolidated Financial Statements for further information regarding the Company s preferred stock.

The frequency and amount of common stock dividends paid during the last two years are as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2011	$ 0.01	$ 0.01	$ 0.01	$ 0.01
2010	0.01	0.01	0.01	0.01

The Company s Board of Directors approved a dividend of $0.01 per common share payable on February 29, 2012 to shareholders of record on February 23, 2012. The Company expects to continue its policy of paying regular cash dividends on a quarterly basis, although there is no assurance as to future dividends because they depend on future earnings, capital requirements, financial condition, and regulatory approvals.

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The Company cannot increase the common stock dividend above $0.32 per share without the consent of the U.S. Treasury until the third anniversary of the date of the investment, or November 14, 2011, unless prior to such third anniversary the senior preferred stock series D is redeemed in whole or the U.S. Treasury has transferred all of the senior preferred stock series D to third parties.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The information contained in Item 12 of this Form 10-K is incorporated by reference herein.

SHARE REPURCHASES

The following table summarizes the Company s share repurchases for the fourth quarter of 2011.

Period	Total number of shares repurchased[1]	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plan
October	199	$ 13.68		$
November	251	16.18		
December	8,324	14.67		
Fourth quarter	8,774	14.69		

[1] *Represents common shares acquired from employees in connection with the Company s stock compensation plan. Shares were acquired from employees to pay for their payroll taxes upon the vesting of restricted stock under the withholding shares provision of an employee share-based compensation plan.*

The Company has not repurchased any shares under the Common Stock Repurchase Plan since August 16, 2007. It is prohibited from repurchasing any common shares through an authorized share repurchase program by terms of the CPP until the Company s Series D preferred stock has been fully repaid or the U.S. Treasury otherwise ceases to own any such preferred stock.

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PERFORMANCE GRAPH

The following stock performance graph compares the five-year cumulative total return of Zions Bancorporation s common stock with the Standard & Poor s 500 Index and the KBW Bank Index, both of which include Zions Bancorporation. The KBW Bank Index is a market capitalization-weighted bank stock index developed and published by Keefe, Bruyette & Woods, Inc., a nationally recognized brokerage and investment banking firm specializing in bank stocks. The index is composed of 24 geographically diverse stocks representing national money center banks and leading regional financial institutions. The stock performance graph is based upon an initial investment of $100 on December 31, 2006 and assumes reinvestment of dividends.

	2006	2007	2008	2009	2010	2011
Zions Bancorporation	100.0	58.0	31.8	16.8	31.8	21.4
KBW Bank Index	100.0	78.2	41.1	40.4	49.8	38.3
S&P 500	100.0	105.5	66.5	84.1	96.7	98.8

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ITEM 6. SELECTED FINANCIAL DATA
FINANCIAL HIGHLIGHTS

(In millions, except per share amounts)	2011/2010 Change	2011	2010	2009	2008	2007
For the Year						
Net interest income	+3%	$ 1,772.5	$ 1,727.4	$ 1,897.5	$ 1,971.6	$ 1,882.0
Noninterest income	+9%	481.8	440.5	804.1	190.7	412.3
Total revenue	+4%	2,254.3	2,167.9	2,701.6	2,162.3	2,294.3
Provision for loan losses	-91%	74.4	852.1	2,016.9	648.3	152.2
Noninterest expense	-4%	1,658.7	1,718.9	1,671.5	1,475.0	1,404.6
Impairment loss on goodwill				636.2	353.8	
Income (loss) before income taxes	+229%	521.2	(403.1)	(1,623.0)	(314.8)	737.5
Income taxes (benefit)	+286%	198.5	(106.8)	(401.3)	(43.4)	235.8
Net income (loss)	+209%	322.7	(296.3)	(1,221.7)	(271.4)	501.7
Net income (loss) applicable to noncontrolling interests	+69%	(1.1)	(3.6)	(5.6)	(5.1)	8.0
Net income (loss) applicable to controlling interest	+211%	323.8	(292.7)	(1,216.1)	(266.3)	493.7
Net earnings (loss) applicable to common shareholders	+137%	153.4	(412.5)	(1,234.4)	(290.7)	479.4
Per Common Share						
Net earnings (loss) diluted	+133%	0.83	(2.48)	(9.92)	(2.68)	4.40
Net earnings (loss) basic	+133%	0.83	(2.48)	(9.92)	(2.68)	4.45
Dividends declared		0.04	0.04	0.10	1.61	1.68
Book value[1]		25.02	25.12	27.85	42.65	47.17
Market price end		16.28	24.23	12.83	24.51	46.69
Market price high[2]		25.60	30.29	25.52	57.05	88.56
Market price low		13.18	12.88	5.90	17.53	45.70
At Year-End						
Assets	+4%	53,149	51,035	51,123	55,093	52,947
Net loans and leases	+1%	37,145	36,747	40,189	41,659	38,880
Deposits	+5%	42,876	40,935	41,841	41,316	36,923
Long-term debt	+1%	1,954	1,943	2,033	2,622	2,591
Shareholders equity:						
Preferred equity	+16%	2,377	2,057	1,503	1,582	240
Common equity		4,608	4,591	4,190	4,920	5,053
Noncontrolling interests	-100%	(2)	(1)	17	27	31
Performance Ratios						
Return on average assets		0.63%	(0.57)%	(2.25)%	(0.50)%	1.01%
Return on average common equity		3.32%	(9.26)%	(28.35)%	(5.69)%	9.57%
Net interest margin		3.81%	3.73%	3.94%	4.18%	4.43%
Capital Ratios[1]						
Equity to assets		13.14%	13.02%	11.17%	11.85%	10.06%
Tier 1 leverage		13.40%	12.56%	10.38%	9.99%	7.37%
Tier 1 risk-based capital		16.13%	14.78%	10.53%	10.22%	7.57%
Total risk-based capital		18.06%	17.15%	13.28%	14.32%	11.68%
Tangible common equity		6.77%	6.99%	6.12%	5.89%	5.70%
Tangible equity		11.33%	11.10%	9.16%	8.91%	6.23%
Selected Information						
Average common and common-equivalent shares *(in thousands)*		182,605	166,054	124,443	108,908	108,408
Common dividend payout ratio		4.80%	na	na	na	37.82%
Full-time equivalent employees		10,606	10,524	10,529	11,011	10,933
Commercial banking offices		486	495	491	513	508
ATMs		589	601	602	625	627

[1] *At year-end.*

[2] *The actual high price for 2008 was $107.21. However, this trading price was an anomaly resulting from electronic orders at the opening of the market on September 19, 2008 in response to the SEC s announcement (prior to the market opening that day) of its temporary emergency action suspending short selling*

in financial companies. The closing price on September 19, 2008 was $52.83.

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ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
MANAGEMENT S DISCUSSION AND ANALYSIS

EXECUTIVE SUMMARY

Company Overview

Zions Bancorporation (the Parent) and subsidiaries (collectively the Company, Zions, we, our, us) together comprise a $53 billion financi holding company headquartered in Salt Lake City, Utah. The Company is a systemically important financial institution under the Dodd-Frank Act.

As of December 31, 2011, the Company was the 19th largest domestic bank holding company in terms of deposits and is included in the S&P 500 and NASDAQ Financial 100 indices. It is the largest independent regional bank in the Western U.S.

At December 31, 2011, the Company operated banking businesses through 486 domestic branches in ten Western and Southwestern states.

The Company ranked 1st nationally in providing loans to small businesses through the SBA 504 lending program. It ranked 7th nationally in the SBA 7(a) lending program.

It has been awarded numerous Excellence awards by Greenwich Associates, having received 13 awards for the 2011 survey, while the nation s largest banks received between three and five such awards.

The Company provides public finance, wealth management and brokerage services.

Revenues and profits are primarily derived from commercial customers.

Long-Term Strategy

We strive to maintain a local community bank approach for customer-facing elements of our business. We believe that our target customers, consisting largely of small and mid-sized businesses, appreciate local branding, product customization and speedy decision-making by local management. By retaining a significant degree of autonomy in product offerings and pricing, we believe our banks have a sustainable competitive advantage over larger national banks where loan and deposit products are often homogeneous. However, we strive to centralize noncustomer facing operations, such as risk and capital management, technology and operations. By centralizing many of these functions, we believe we can generally achieve greater economies of scale and stronger risk management, and that our portfolio of community banks has superior access to the capital markets, investment portfolio, treasury management, liquidity resources, and technological advances than do smaller independent community banks.

Our growth strategy is driven by four key factors:

focus on growth markets;

maintain a sustainable competitive advantage over large national and global banks by keeping decisions that affect customers local;

- maintain a sustainable competitive advantage over community banks through superior products, productivity, efficiency and a lower cost of capital; and

- centralize and standardize policies and management controlling key risks.

Focus on Growth Markets

The Company seeks to grow both organically and through acquisitions in growth markets. The states in our geographic footprint have experienced higher rates of economic growth than other states. Our footprint is well diversified by industry, strong business formation rates, real estate development and general economic expansion. While some states in our footprint have experienced a significant slowing in economic activity during the recent recession, others have experienced above-average growth and stronger resistance to the economic downturn. We believe that the Company can continue to experience above-average revenue growth in the long term, in part because the majority of our footprint is concentrated in states that have above average GDP, population, and job growth, and where the economies are well diversified.

GDP growth in our footprint has exceeded nominal U.S. GDP by an average of 0.8% per year (compounded) over the last ten years; i.e. from 2001-2010, nominal US GDP grew by 4.0%, while nominal GDP in Zions footprint (weighted by assets) grew by 4.8%.

Population growth rates in our footprint have exceeded U.S. population growth rates by 1.1% per year (compounded) during the period 2000 thru 2010; i.e. nationally, the U.S. population increased by 10.6% during the last decade, while Zions footprint (weighted average) grew by 23.2% during the same period.

Job creation within the Zions footprint greatly exceeded the national rate during the past 10 years. U.S. nonfarm payroll jobs increased by 1.1% during the last 10 years; however, job creation in Zions footprint increased by 8.8%.

Keep Decisions That Affect Customers Local

We believe that over the long term, ensuring that local management teams retain the authority over decisions that affect their customers is a strategy that ultimately generates superior growth in our banking businesses, as supported by stronger organic loan and deposit growth relative to other banks.

We operate eight different community/regional banks, each under a different name, and each with its own charter, chief executive officer and management team.

We believe that this approach allows us to attract and retain exceptional management, and provides service of the highest quality to our targeted customers. The results of this service are evident in the results of the Greenwich Associates annual survey, wherein the Company consistently ranks Excellent for overall satisfaction among small and middle-market businesses.

This structure helps to ensure that decisions related to customers are made at a local level:

- branding and marketing strategies;
- product offerings and pricing; and
- credit decisions (within the limits of established corporate policy).

Maintain a Sustainable Competitive Advantage Over Community Banks

To create a sustainable competitive advantage over other smaller community banks, we focus on achieving superior product selection, productivity, economies of scale, availability of liquidity, and a lower cost of capital. Compared to community banks:

We use the combined scale of all of our banking operations to create a broad product offering at a lower marginal cost.

Our larger capital base allows us to lend to business customers of all sizes, from start-up companies to large Fortune 100 companies.

For certain products for which economies of scale are believed to be important, the Company manufactures the product centrally or is able to obtain services from third-party vendors at lower costs due to volume-driven pricing power.

Our combined size and diversification affords us superior access to the capital markets for debt and equity financing; over the long term, this advantage has historically, and should in the future, result in a lower cost of capital than our subsidiary banks could achieve on their own.

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Centralize and Standardize Policies and Management Controlling Key Risks

We seek to standardize policies and practices related to the management of key risks in order to assure a consistent risk profile in an otherwise decentralized management model. Among these key risks and functions are credit, interest rate, liquidity, and market risks.

- The Company conducts regular stress testing of the loan portfolio using multiple economic scenarios. Such tests help to identify pockets of risk and enable management to reduce risk.

- The Company oversees credit risk using specialists in business, commercial real estate, and consumer lending.

- The Company regularly measures interest rate and liquidity risk and uses capital markets instruments to adjust risks to within Board-approved targets.

- The Company centrally monitors and oversees operational risk.

MANAGEMENT S OVERVIEW OF 2011 PERFORMANCE

The Company worked aggressively in three key areas during 2011 to improve profitability:

- Asset quality improvement, resulting in a 42% decline in nonperforming lending-related assets and a 54% decline in net charge-offs.

- Loan production and returning the company to positive loan growth, after declining in the prior two years. The prior years declines were primarily due to attrition in construction loans as part of our efforts to reduce the risk profile of the Company.

- Further developing our stress testing capabilities and making significant improvements to risk management, and the submission of our formal capital plan to the Federal Reserve on January 9, 2012. This submission included four economic scenarios on all eight of our affiliate banks as well as the consolidated company; additionally, we submitted test results on various asset classes that have unique characteristics, such as our CDO and energy loan portfolios.

The Company reported net income applicable to common shareholders for 2011 of $153.4 million or $0.83 per diluted common share compared to a net loss of $412.5 million or $2.48 per diluted common share for 2010.

While we are encouraged with a return to profitability in 2011, we believe we have much work to do to reach an attractive return on equity and return to an acceptable growth rate for net earnings available to common shareholders.

Significant 2011 accomplishments

- The Company returned to profitability, generating a 3.32% return on average common equity, and common equity per share was generally stable during the year.

- The Company worked aggressively to reduce problem assets. Classified loans, a broad category of loans having an elevated probability of default, declined 40% from one year ago, a faster rate of improvement than the prior year s 32% improvement.

Nonperforming assets and net charge-offs improved significantly, as previously discussed (see Chart 2).

Net impairment losses on investment securities declined 61% in 2011, after declining 70% in 2010.

Capital levels improved materially. The Tier 1 common capital ratio increased 7% in 2011 to a record high level of 9.57%. Based upon information currently available, management believes the Company already exceeds the new Basel III guidelines; such guidelines have not yet been formally adopted by the Federal Reserve, and thus can only be estimated. The Basel III guidelines are scheduled to be fully phased in by January 2019.

We continued to rebalance and reduce the risk of the loan portfolio. During 2011, construction and land development loans declined 35% after declining 37% in the prior year. They now account for only 6% of the loan portfolio, down from 22% at their peak. These loans have been the largest single source of loan losses during this credit cycle, and the concentration reduction represents lower risk for the total portfolio.

Despite the significant decline in construction loans, we were successful at increasing loan balances by 1.1% in 2011, compared to a year ago. The growth is primarily attributable to commercial and industrial loans. Importantly, loan production increased 15.7% in the fourth quarter of 2011 compared to the same period a year ago.

We continued to improve liquidity ratios. Cash, money market investments, and certain securities (U.S. Treasury securities, U.S. Government agencies and SBA securities) increased to 19.6% of tangible assets at December 31, 2011 compared to 16.0% at December 31, 2010.

* *The reconciliation of net interest income to core net interest income is found in the GAAP to non-GAAP reconciliation (Schedule 40) on page 92.*

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As of December 31, 2011, the reconciliation of controlling interest shareholders equity to Tier 1 common equity is found in the GAAP to non-GAAP reconciliation (Schedule 38) on page 91. Reserves consist of the allowance for loan losses and the reserve for unfunded lending commitments.

Areas experiencing weakness in 2011

Our 2011 core net interest margin declined to 3.99% from 4.12% in 2010, but continued to remain among the strongest in the industry. This decline was primarily due to the substantial increase in low-yielding cash balances, which was driven by the strong increase in deposits; excluding the effect of cash balances, the NIM was relatively stable. However, we expect pressure on the NIM in 2012 due to loan maturities and resets certain loans that were booked in prior years have higher rates than current market rates, and thus when a loan matures or resets, the yield frequently declines compared to the prior yield. We believe we can offset most of this pressure through reduced deposit pricing and some growth in the loan portfolio (i.e. volume benefits offsetting rate reductions).

While showing dramatic improvement, asset quality ratios are still below long-term averages.

Revenues from nonsufficient funds and overdraft charges were adversely impacted by changes stemming from the adoption of the Dodd-Frank Act, and specifically the Durbin Amendment within that Congressional act.

FDIC premiums, other real estate expense, and credit related expenses, while receding from the prior year levels, continued to have a significantly adverse effect on total noninterest expense.

Areas of focus for 2012

Further reduce nonaccrual and classified loans, and a reduction in net charge-offs.

Increase the loan growth rate, primarily through continued strong business lending and additional growth in residential mortgage lending.

Increase fee income through changes to product pricing, in response to lost fee income resulting from changes to the aforementioned laws.

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Carefully manage expenses, including expenses related to loan quality other than the provision for loan losses, e.g. OREO expense and other credit-related expenses.

Schedule 1 presents the key drivers of the Company s performance during 2011 and 2010.

Schedule 1

KEY DRIVERS OF PERFORMANCE

2011 COMPARED TO 2010

Driver	**2011**	**2010**	**Change better/(worse)**
	(In billions)		
Average net loans and leases	$ 36.8	$ 38.3	(4)%
Average money market investments	5.4	4.1	32 %
Average noninterest-bearing deposits	14.5	13.3	9 %
Average total deposits	41.3	41.7	(1)%
	(In millions)		
Net interest income	$ 1,772.5	$ 1,727.4	3 %
Provision for loan losses	(74.4)	(852.1)	91 %
Net impairment losses on investment securities	(33.7)	(85.4)	61 %
Noninterest income	481.8	440.5	9 %
Noninterest expense	1,658.7	1,718.9	4 %
Nonaccrual loans	909.9	1,528.7	40 %
Net interest margin	3.81%		