

ZIONS BANCORPORATION /UT/
Form FWP
June 01, 2009
Free Writing Prospectus
(To the Prospectus dated March 31, 2009)

Filed Pursuant to Rule 433

Registration Statement No. 333-158319

June 1, 2009

1 June 2009
Zions Bancorporation
Capital Augmentation Actions

Forward-Looking Statements

This presentation contains statements that relate to the projected performance of Zions Bancorporation and elements of or affecting such performance, including statements with respect to the beliefs, plans, objectives, goals, guidelines, expectations, anticipations and estimates of management. These statements constitute forward-looking information within the meaning of the Private Securities Litigation Reform Act. Actual facts, determinations, results or achievements may differ materially from the statements provided in this presentation since such statements involve significant known and unknown risks and uncertainties.

Factors that might cause such differences include, but are not limited to: the level of participation in the tender offer or exchange offer discussed in this presentation; the purchase price actually paid by Zions Bancorporation in its modified Dutch auction tender offer for outstanding preferred stock; competitive pressures among financial institutions; economic, market and business conditions,

either

nationally

or

locally

in

areas

in

which

Zions

Bancorporation

conducts

its

operations,

being

less

favorable

than

expected; changes in the interest rate environment reducing expected interest margins; changes in debt, equity and securities markets; adverse legislation or regulatory changes and other factors described in Zions Bancorporation's Annual Report on Form 10-K for the year ended December 31, 2008. In addition, the statements contained in this presentation are based on facts and circumstances as understood by management of the company on the date of this presentation, which may change in the future.

Zions Bancorporation disclaims any obligation to update any statements or to publicly announce the result of any revisions to any of the forward-looking statements included herein to reflect future events, developments, determinations or understandings.

In addition, certain assumptions used in the presentation for illustrating the potential impact of future events on Zions performance contained in the credit losses and securities impairment charges in the slides entitled "Zions Stress Loan Losses and

Example

Zions

Stress

Sensitivity

and

Capital

Actions

Impact

do

not

represent

management's

forecasts

or

expectations,

and

are included solely for illustrative purposes.

Other Information

Zions

Bancorporation

has
filed
a
registration
statement
(Registration
Statement
No.
333-158319,
including
a
prospectus)
with
the
SEC for our common stock offering. Before you invest, you should
read the Prospectus dated March
31, 2009 contained in that
registration
statement,
the
Prospectus
Supplement
dated
June
1,
2009
and
other
documents
Zions
Bancorporation
has
filed
with
the
SEC
for
more
complete
information
about
Zions
Bancorporation
and
this
offering.
You
may
get
these

documents
and

other

documents Zions Bancorporation has filed for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, Zions Bancorporation, any underwriter or dealer participating in the offering will arrange to send you the prospectus and other documents

Zions

Bancorporation

has

filed

with

the

SEC

if

you

request

it

by

calling

toll

free

(866)

471-2526.

This presentation does not constitute an offer to sell or the solicitation of an offer to buy any Zions Bancorporation common stock or an offer to buy or the solicitation of an offer to sell any Zions Bancorporation depositary shares, and nor shall there be any sale or purchase of securities of the company in any state or jurisdiction in which such an offer, solicitation, sale or purchase would be unlawful.

Unless an exemption from the securities laws is available, any offering of Zions Bancorporation common stock may be made

only

by

means

of

an

effective

registration

statement

(including

related

base

prospectus)

and

prospectus

supplement.

The tender offer is being made only pursuant to the Offer to Purchase dated June 1, 2009, and the related letter of transmittal.

Capital Actions Announced Today
Expected Tangible
Common Impact
Common Equity Distribution Program
~ \$250 mm
Up to \$250 million, about 16%
of current market cap

Over 2-3 quarters
Proceeds used for Ser A
preferred tender and for
general corporate purposes
Goldman Sachs is sales agent
Ser A \$25 par Preferred Tender
~ \$50 mm
Cash tender for 4 mm shares;
Modified Dutch auction
Tender range \$10.00-11.50
per \$25.00 par security
Goldman Sachs is dealer manager

Capital Actions Announced Today
Expected Tangible
Common Impact
Common Equity Distribution Program
~ \$250 mm
Ser A \$25 par Preferred Tender
~ \$50 mm

Subordinated Debt Modification

~ \$218 mm

Unilateral addition of option to
convert to Ser A or Ser C
preferred

Applies to all \$1.4 billion of
outstanding sub debt

Debt holders can 'opt out' of
accepting the option

Triggers debt extinguishment
and new debt issuance--
GAAP and tax

Part of Face - Fair value difference
recognized as income, part is direct
addition to common equity

Common impact amortizes over ~6 years
or upon conversion to preferred

Sub debt becomes preferred capital if
conversion option is exercised

Deferred swap gain recognition
~ \$110 mm

Recognize gain on debt swaps
previously terminated, to the extent
sub debt holders do not 'opt out'

Flows through income, does not amortize

Capital Actions Announced Today

Expected Tangible Common Equity increase
of up to \$628 mm, which is ~111 bps of
tangible assets

All except Common Equity Distribution

Program equity expected to be completed
2Q2009

Capital Ratios Pro Forma for
Capital Actions
Pro Forma 1Q09
Actual
Actual
14.21%
9.94%*

9.18%

6.37%

Scenario 1*

14.32%

10.22%

8.86%

5.89%

4Q08

9.18%

8.28%

Tangible Equity

14.21%

13.39%

Total Risk Based

10.29%

9.43%

Tier 1 Risk Based

6.37%

5.26%

Tangible Common Equity

Scenario 2

1Q09

*Assumes regulatory disallowance of \$218 MM of Tangible Equity from Subordinated Debt modification, and that no debt elects to convert to preferred stock

Reason for Capital Actions

Replenishes capital levels to historical ranges

Provides additional capital cushion against potential stress losses

Minimizes dilution to current shareholders

Not the result of Fed stress testing, but
guided by SCAP results

Net Charge-offs: Zions consistently ~50-80 bps
annualized better than avg
of large
BHC s
(Annualized % of Avg
Loans)
1.47%

2.39%

0.00%

0.50%

1.00%

1.50%

2.00%

2.50%

3.00%

Zions

Peer (weighted average)

Note: Peer group defined as bank holding companies with assets \geq \$10 billion.

Peer data source: SNL.

CNB, IBOC, and DRL excluded due to lack of NCO and average loan data in SNL.

Peer Comparison NCOs & NALs

Source: SNL (Regulatory Data)

Note: HBAN adjusted to exclude Franklin

4Q08 NCOs / Average Loans (annualized)

4Q08 NALs / Loans (period end)

First Lien Mortgages

0.38%

0.69%

0.76%

0.82%

1.38%

1.86%

3.47%

HBAN

ZION

BBT

KEY

RF

STI

FITB

2nd/Junior Lien Mortgages

0.30%

1.22%

1.24%

1.29%

1.74%

2.17%

2.70%

ZION

HBAN

KEY

BBT

RF

FITB

STI

Commercial & Industrial

0.93%

1.00%

1.16%

1.35%

1.79%

1.99%

5.79%

BBT

STI

ZION

RF

HBAN

KEY

FITB

Commercial Real Estate

1.18%

1.43%

1.64%

1.92%

2.33%

6.35%

18.65%
BBT
HBAN
STI
KEY
ZION
RF
FITB
Other Loans & Leases
1.28%
1.44%
1.58%
1.66%
1.75%
1.80%
2.48%
STI
RF
ZION
FITB
KEY
HBAN
BBT
Total Loans & Leases
1.29%
1.35%
1.68%
1.71%
1.75%
3.20%
7.57%
BBT
HBAN
STI
ZION
KEY
RF
FITB
First Lien Mortgages
0.67%
1.38%
1.50%
1.63%
2.13%
5.08%
5.22%
RF
ZION
KEY
BBT

HBAN
FITB
STI
2nd/Junior Lien Mortgages
0.08%
0.38%
0.52%
0.62%
0.81%
1.80%
3.00%
RF
ZION
HBAN
BBT
KEY
FITB
STI
Commercial & Industrial
0.59%
0.90%
0.95%
1.35%
1.71%
1.87%
2.10%
BBT
RF
STI
ZION
FITB
KEY
HBAN
Commercial Real Estate
2.24%
3.16%
3.20%
3.45%
3.80%
5.55%
7.18%
BBT
RF
ZION
KEY
HBAN
STI
FITB
Other Loans & Leases
0.32%

0.34%

0.37%

0.51%

0.51%

0.53%

0.60%

FITB

HBAN

STI

BBT

KEY

ZION

RF

Total Loans & Leases

1.43%

1.49%

1.70%

2.09%

2.26%

3.01%

3.23%

BBT

RF

KEY

HBAN

ZION

STI

FITB

Zions Stress Loan Losses
Based on Published Aggregate Treasury Adverse
Loss Factors
Zions
Stress Test Loss Results
Zions
12/31/08 Balance

Treasury Adverse (%)

*

Losses

First Lien Mortgage

3,878

\$

8.8%

341

\$

Second Lien Mortgage

2,504

\$

13.8%

346

\$

Commercial & Industrial**

18,036

\$

6.1%

1,100

\$

Commercial Real Estate

15,393

\$

8.5%

1,308

\$

All Other Consumer

1,980

\$

10.0%

198

\$

Credit Cards

119

\$

22.5%

27

\$

41,910

\$

7.9%

3,320

\$

*

From Table 2 page 6 of SCAP Overview, May 7, 2009

**

Includes \$7,882 MM of Commercial & Industrial Owner Occupied

All Other Consumer loss factor not published in SCAP Overview, May 7, 2009. Used high loss factor for these loans.

Example Zions Stress Sensitivity
and Capital Actions Impact

(\$'s Millions)

2-Yr Cumulative Loss

6.9%

7.9%

8.9%

9.9%

Loan Losses

(1)

\$2,988

\$3,320

\$3,682

\$4,014

Assumed Securities Impairment

(2)

\$200

\$300

\$400

\$500

Total Pre-tax Losses

\$3,188

\$3,620

\$4,082

\$4,514

Tier 1 Common required

(3)

(\$183)

\$43

\$356

\$582

Planned Capital Actions

Common Equity Issued

~\$250

~\$250

~\$250

~\$250

Repurchase of Preferred

~\$50

~\$50

~\$50

~\$50

Post Tax Gain on Subordinated Debt Exchange

~\$218

~\$218

~\$218

~\$218

After Tax Recognition of Gain on Previously
Terminated Sub Debt Swap

~\$110

~\$110

~\$110

~\$110

Tier 1 Common surplus / (deficit)

\$811

\$585

\$272

\$46

- (1) Total loan losses for 2009 & 2010; assumes no net change to Loan Loss Reserves
- (2) In addition to portfolio and Lockhart related losses taken in Q1 2009 which are already reflected in this analysis.
Securities losses contain both OTTI and OCI.
- (3) Assumes \$1,000 MM annually pre-tax, pre-provision revenue; balance sheet shrinkage by amount of Net Charge Off's; 35% tax rate; 4.0% Tier 1 Common to RWA ratio threshold; assumes securities losses 50% OTTI and 50% OCI; assumes full utilization of Deferred Tax Asset

Appendix
Calculation of estimates of tangible
common equity impacts

Potential Preferred Tender Impact on
Tangible Common Equity

4.0 mm shares tendered @ \$10.00 = \$60 mm
tangible common (\$15 per share FV discount times
4.0 mm shares)

3.0 mm shares tendered @ \$11.50 = \$40.5 mm
tangible common (\$13.50 per share FV discount
times 3.0 mm shares)

Amount shown in Capital Actions: ~\$50 million

Potential Deferred Swap Gain Recognition Impact on
Tangible Common Equity

Total deferred gain on terminated FAS 133 swaps that hedged
Zions
sub debt as of 1Q09 = \$200 mm

The gain will be immediately recognized as pre-tax income for all debt that is modified by the conversion feature; for illustrative purposes only, assumes 15 - 20% will choose to exchange (opt out) to notes that are not modified

Pre-tax earnings: \$160
170 mm (\$200 mm times 0.80 or 0.85)

After tax tangible common increase: \$104 -
110.5 mm (35% tax
rate

Amount shown in Capital Impact: ~ \$110 mm

Potential Sub Debt Modification
Impact on Common Equity
Illustrative Hypothetical Scenarios
(\$'s Millions)
Face Value of Current Sub Debt
\$1,400
\$1,400

\$1,400
 \$1,400
 Assumed % Accepting Modification
 60%
 80%
 80%
 85%
 Face Value of Modified Debt
 \$840
 \$1,120
 \$1,120
 \$1,190
 Actual Fair Value of Debt May 29 (70% of par)
 \$588
 \$784
 \$784
 \$833
 Assumed Trading % of Par ~ June 29
 70%
 70%
 80%
 90%
 FV of Modified Debt ~ June 29
 \$588
 \$784
 \$896
 \$1,071
 Assumed Value of Option to Convert
 (= FV June 29 - FV May 29)
 \$0
 \$0
 \$112
 \$238
 Pre-tax Gain of Debt Extinguishment
 \$252
 \$336
 \$224
 \$119
 (=Face Val of Modified Debt - FV June 29
 - Assumed Value of Option)
 Tangible Common Equity Increase
 \$164
 \$218
 \$258
 \$315
 (= Value of Option + (Pre-Tax Gain x .65))*
 Amount Shown in Capital Impact
 ~\$218 mm
 * Assumes 35% tax rate

Zions Bancorporation
Capital Augmentation Discussion
1 June 2009