Management's Comments

Performance Summary

Zions Bancorporation reported record earnings of $194.1 million or $2.26 per share in 1999. Net income increased 35.4% over the $143.4 million earned in 1998 which was up 9.1% over the $131.4 million earned in 1997. On a diluted net income per share basis, per share earned increased 29.1% to $2.26 in 1999 compared to $1.75 in 1998. Per share earnings decreased from $1.92 to $1.75, an 8.9% decrease, from 1997 to 1998. Dividends per share were $.72 per share in 1999, an increase of 33.3% over $.54 in 1998, which were up 14.9% from $.47 in 1997. Financial results have been restated for prior periods to reflect the acquisition of Pioneer Bancorporation during 1999, which was accounted for as a pooling of interests and considered significant. During 1999 the Company also acquired Regency Bancorp in a transaction accounted for as a purchase. Results of operations for Regency are included from October 1, 1999. The acquisitions of Vectra Banking Corporation, FP Bancorp, Inc., and The Sumitomo Bank of California during 1998 were accounted for as purchases. The results of operations for Vectra Banking Corporation and FP Bancorp, Inc., were for accounting convenience, included from effective dates of acquisition, January 1, 1998 and April 1, 1998, respectively, resulting in immaterial differences to results of operations. Results of operations for Sumitomo Bank of California are included from October 1, 1998, actual date of acquisition. Therefore, results of operations can not be compared directly between periods.

Included in reported net income were after-tax merger expenses of $18.5 million or $.22 per share in 1999 and $24.1 million or $.29 per share in 1998. Excluding merger expenses, earnings for 1999 would have been $212.6 million or $2.48 per share, an increase of 26.9% and 21.6%, respectively, over $167.5 or $2.04 for 1998. Merger expenses relate to the company's acquisitions as described in Note 2 of Notes to Consolidated Financial Statements.

The return on average shareholders' equity was 12.42% and the return on average assets was 0.97% for 1999, compared with 10.98% and 1.00%, respectively, in 1998, and 19.40% and 1.35%, respectively, in 1997.

The Company is also providing its earnings performance on an operating cash basis since it believes that its cash operating performance is a better reflection of its financial position and shareholder value creation as well as its ability to support growth and return capital to shareholders than reported net income. Operating cash earnings are earnings before the amortization of goodwill and core deposit intangible assets and merger expense.

Operating cash earnings were $243.8 million or $2.84 per share for 1999, an increase of 25.4% and 19.8%, respectively, over the $194.4 or $2.37 per share for 1998, which was up 40.5% and 16.7% over the $138.3 million or $2.03 per share in 1997. The return on average shareholders' equity and the return on average assets on an operating cash basis were 26.87% and 1.27%, respectively, for 1999 compared to 26.56% and 1.41% for 1998 and 25.40% and 1.45% for 1997.

The strong performance of the Company was driven by a 54.9% growth in average loans and leases and a 37.1% growth in average total earning assets that led to a 29.8% increase in taxable-equivalent net interest income to $757.7 million in 1999. Noninterest income increased 26.8% to $266.5 million in 1998, with strong growth in service charges, trust income, underwriting and trading income. Noninterest expense, including merger expenses increased 22.4% to $681.6 million in 1999. Excluding merger expenses, noninterest expense increased 26.1% over 1998. The increase in revenue and noninterest expense is mainly attributable to the record growth of the Company during 1999 and 1998 through acquisitions and expansion. The Company's efficiency ratio, or noninterest expenses as a percentage of total taxable-equivalent net revenues, was 66.55% for 1999 compared to 70.10% for 1998 and 59.33% for 1997. The operating cash performance efficiency ratio was 60.33% for 1999 compared to 61.32% for 1998 and 57.99% for 1997.

The Company's provision for loan losses totaled $18.0 million for 1999 compared to $14.0 million for 1998. Net charge-offs were $29.0 million, or .25% of average loans and leases in 1999 compared to $15.8 million or .21% in 1998. Nonperforming assets increased to $75 million or .58% of loans and other real estate owned on December 31, 1999 from $65 million or .58% on December 31, 1998.

Business Segment Results

The Company manages its operations and prepares management reports with a primary focus on geographical area. Operating segments information is presented in Note 20 of Notes to Consolidated Financial Statements. The Company allocates centrally provided services to the business segments based upon estimated usage of those services. The operating segment identified as other includes the Parent, several smaller business units and inter-segment eliminations.

ZIONS FIRST NATIONAL BANK AND SUBSIDIARIES

Zions First National Bank and Subsidiaries include the Company's operations in Utah and Idaho. The Bank experienced strong internal loan growth in 1999 with loans increasing 16.4% over 1998. Net income increased 31.2% to $114.2 million compared to $87.1 million for 1998 which was down 1.5% from the $88.5 million earned in 1997. The increase in net income for 1999 compared to 1998 results mainly from a $27.2 million increase in noninterest income and a $8.0 million decrease in other noninterest expense. The increase in noninterest income for 1999 is mainly attributable to gains experienced by the Bank's venture capital subsidiary, Wasatch Venture Corporation, and increased income from investments in bank owned life insurance. The decrease in noninterest expense includes a $4.6 million decrease in amortization of mortgage servicing rights resulting from the Bank's sale of mortgage servicing rights during the first quarter of 1999. The decrease in net income for 1998 was due to a $23.0 million loan loss provision in 1998. No provision for loan losses was required in 1997.

CALIFORNIA BANK & TRUST

Results of operations for California Bank & Trust for the years presented are not directly comparable because of acquisitions accounted for as purchases during 1999 and 1998. See Note 2 of Notes to Consolidated Financial Statements for further information about the acquisitions.

California Bank & Trust reported net income of $49.4 million for 1999 compared to $16.4 million for 1998 and $3.3 million for 1997. The increases in earnings for 1999 and 1998 resulted mainly from the acquisitions consummated during those years and increased efficiencies attained during 1999. Net income for 1998 included income only for the last three months of 1998 from the acquisition of The Sumitomo Bank of California. The Bank incurred pre-tax merger charges of $9.5 million during 1999 related mainly to the acquisition of Regency Bancorp and $27.5 million during 1998 related to the Sumitomo and FP Bancorp, Inc. acquisitions.

VECTRA BANK COLORADO

In January 1998 the Company acquired Vectra Banking Corporation in a transaction accounted for as a purchase. Vectra had total assets of $703 million, loans of $413 million and deposits of $556 million. During 1998 the Company also acquired eight smaller banks in Colorado. The acquired banks, along with previously owned Colorado banking organizations, were merged during 1998 under the name of Vectra Bank Colorado, National Association. See Note 2 of Notes to Consolidated Financial Statements for further information about the acquisitions.

Net income for Vectra Bank Colorado decreased 44.0% to $2.0 million from $3.6 million in 1998 which was up 63.3% from the $2.2 million earned in 1997. Pre-tax merger expenses of $4.3 million were incurred during 1998 in connection with the acquisitions. The decreased earnings for 1999 were in part attributable to the expenses related to the conversion of acquired banks to Zions' systems. The increased earnings for 1998 resulted from the acquisition of Vectra and other banks in 1998 and strong loan growth.

NATIONAL BANK OF ARIZONA

Net income at National Bank of Arizona was up 18.1% to $26.2 million in 1999 as compared to $22.2 million in 1998 and $17.8 million for 1997. The increases for both 1999 and 1998 were driven by strong loan growth. Noninterest income for 1999 increased to $13.0 million from $9.3 for 1998, an increase of 39.8%. The increase in noninterest income for 1999 included a $2.0 million increase in service charges and other fee income, $1.0 million from a new trust operation started in Arizona during 1998, and $.7 million from increased investments in bank owned life insurance.

NEVADA STATE BANK

Net income at Nevada State Bank decreased 31.4% to $18.5 million as compared to $27.0 million in 1998 and $22.2 million for 1997. The decrease for 1999 resulted mainly from the Bank's incurring $12.6 million of pre-tax merger expense related to the acquisition of Pioneer Bancorporation. Net interest income increased 10.3% for 1999 compared to 1998 and 27.5% for 1998 compared to 1997.

THE COMMERCE BANK OF WASHINGTON

The Commerce Bank of Washington was acquired in September 1998 and accounted for as a pooling of interests. The bank operates one branch located in Seattle, Washington. Net income for 1999 was $5.7 million compared to net income of $.1 million for 1998 and $4.5 million for 1997. The increase in earnings for 1999 compared to 1998 is mainly due to $7.7 million of pre-tax merger expense incurred by the Bank in 1998.

OTHER

Other includes the parent only and other various nonbank subsidiaries. The increased net loss for 1999 compared to 1998 of $9.1 million is mainly due to increased net interest (loss) incurred by the holding company of $10.4 million related to increased borrowings for the purchase of First Security Corporation common stock and other matters.

Income Statement Analysis

NET INTEREST INCOME, MARGIN AND INTEREST RATE SPREADS

Net interest income on a tax-equivalent basis is the difference between interest earned on assets and interest paid on liabilities, with adjustments made to present income on assets exempt from income taxes comparable to other taxable income. Changes in the mix and volume of earning assets and interest-bearing liabilities, their related yields and overall interest rates have a major impact on earnings. In 1999, taxable-equivalent net interest income provided 74.0% of the Company's net revenues, compared with 73.5% in 1998 and 71.9% in 1997.

The Company's taxable-equivalent net interest income increased by 29.8% to $757.7 million in 1999 as compared to $583.9 million in 1998 and $379.1 million in 1997. The increased level of taxable-equivalent net interest income was driven by a 37.1% and 44.9% growth in average earning assets for 1999 and 1998, respectively. The Company manages its earnings sensitivity to interest rate movements, in part, by matching the repricing characteristics of its assets and liabilities and, to a lesser extent, through the use of off-balance sheet arrangements such as caps, floors and interest rate exchange contracts. Net interest income from the use of such off-balance sheet arrangements for 1999 was $8.3 million compared to $6.9 million in 1998 and $2.5 million in 1997.

The increase in net interest income was partially offset by the continued securitization and sale of loans. Securitized loan sales convert net interest income from loans to gains on loan sales and servicing revenue reported in noninterest income. Loan sales improve the Company's liquidity, limit its exposure to credit losses, and may reduce its capital requirements.

The net interest margin, the ratio of taxable-equivalent net interest income to average earning assets, was 4.31% in 1999, 4.56% in 1998 and 4.29% in 1997. The decrease in the margin for 1999 was primarily due to continued robust loan growth financed by short-term funding sources instead of traditional core deposit growth normally experienced by the Company.

Schedule 1 analyzes the average balances, the amount of interest earned or paid, and the applicable rates for the various categories of earning assets and interest-bearing funds which represent the components of net interest income.

Schedule 2 analyzes the year-to-year changes in net interest income on a fully taxable-equivalent basis for the years shown. In the schedules, the principal amounts of nonaccrual and renegotiated loans have been included in the average loan balances used to determine the rate earned on loans. Interest income on nonaccrual loans is included in income only to the extent that cash payments have been received and not applied to principal reductions. Interest on restructured loans is generally accrued at reduced rates.

The incremental tax rate used for calculating the taxable-equivalent adjustment was 35% for all years presented.

Schedule 1
Distribution Of Assets, Liabilities, And Shareholders' Equity
Average Balance Sheets, Yields And Rates

(Amounts in millions)	1999 Average Balance	1999 Amount of Interest[1]	1999 Average Rate	1998 Average Balance	1998 Amount of Interest[1]	1998 Average Rate
ASSETS:						
Money market investments	**$ 1,185**	**$ 67.2**	**5.67%**	$ 1,629	$ 92.3	5.67%
Securities:						
Held to maturity	**3,277**	**204.6**	**6.24%**	2,271	154.8	6.82%
Available for sale	**741**	**42.4**	**5.72%**	849	48.6	5.72%
Trading account	**538**	**30.1**	**5.59%**	430	24.0	5.58%
Total securities	**4,556**	**277.1**	**6.08%**	3,550	227.4	6.41%
Loans:						
Loans held for sale	**178**	**12.2**	**6.85%**	202	14.3	7.08%
Net loans and leases[2]	**11,641**	**1,019.0**	**8.75%**	7,430	708.8	9.54%
Total loans	**11,819**	**1,031.2**	**8.72%**	7,632	723.1	9.47%
Total interest-earning assets	**$17,560**	**$1,375.5**	**7.83%**	$12,811	$1,042.8	8.14%
Cash and due from banks	**856**			657		
Allowance for loan losses	**(211)**			(132)		
Goodwill and core deposit intangibles	**655**			573		
Other assets	**1,052**			488		
Total assets	**$19,912**			$14,397		
LIABILITIES:						
Interest-bearing deposits:						
Savings and NOW deposits	**$ 1,812**	**$ 44.1**	**2.43%**	$ 1,338	$ 39.4	2.94%
Money market and super NOW deposits	**5,521**	**203.6**	**3.69%**	3,712	134.5	3.62%
Time deposits under $100,000	**2,085**	**98.5**	**4.72%**	1,651	85.7	5.19%
Time deposits $100,000 or more	**1,257**	**61.1**	**4.86%**	894	49.3	5.51%
Foreign deposits	**165**	**7.2**	**4.36%**	182	8.2	4.51%
Total interest-bearing deposits	**10,840**	**414.5**	**3.82%**	7,777	317.1	4.08%
Borrowed funds:						
Securities sold, not yet purchased	**271**	**15.6**	**5.76%**	202	10.0	4.95%
Federal funds purchased and security repurchase agreements	**2,369**	**108.5**	**4.58%**	1,908	90.5	4.74%
Commercial paper	**194**	**10.8**	**5.57%**	28	1.6	5.71%
FHLB advances and other borrowings:						
Less than one year	**545**	**28.5**	**5.23%**	63	4.0	6.35%
Over one year	**76**	**4.8**	**6.32%**	114	6.6	5.79%
Long-term debt	**453**	**35.1**	**7.75%**	347	29.1	8.39%
Total borrowed funds	**3,908**	**203.3**	**5.20%**	2,662	141.8	5.33%
Total interest-bearing liabilities	**$14,748**	**$617.8**	**4.19%**	$10,439	$458.9	4.40%
Noninterest-bearing deposits	**3,249**			2,448		
Other liabilities	**316**			196		
Total liabilities	**18,313**			13,083		
Minority interest	**37**			9		
Total shareholders' equity	**1,562**			1,305		
Total liabilities and shareholders' equity	**$19,912**			$14,397		
Spread on average interest-bearing funds			**3.64%**			3.74%
Net interest income and net yield on interest-earning assets		**$757.7**	**4.31%**		$583.9	4.56%

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

1997			1996			1995		
Average Balance	Amount of Interest[1]	Average Rate	Average Balance	Amount of Interest[1]	Average Rate	Average Balance	Amount of Interest[1]	Average Rate
$ 1,558	$ 88.3	5.67%	$ 946	$ 52.9	5.59%	$ 964	$ 57.2	5.93%
1,790	126.5	7.07%	1,314	93.9	7.15%	1,195	85.6	7.16%
671	46.0	6.86%	566	38.7	6.84%	450	32.3	7.18%
276	16.2	5.87%	156	9.2	5.90%	147	9.2	6.26%
2,737	188.7	6.89%	2,036	141.8	6.96%	1,792	127.1	7.09%
163	11.9	7.30%	151	11.5	7.62%	116	9.3	8.02%
4,384	437.6	9.98%	3,409	340.5	9.99%	2,850	294.4	10.33%
4,547	449.5	9.89%	3,560	352.0	9.89%	2,966	303.7	10.24%
$8,842	$726.5	8.22%	$6,542	$546.7	8.36%	$5,722	$488.0	8.53%
471			368			361		
(81)			(75)			(73)		
132			31			21		
341			257			235		
$9,705			$7,123			$6,266		
$ 860	$ 24.6	2.86%	$ 730	$ 21.7	2.97%	$ 825	$ 24.6	2.98%
2,532	100.5	3.97%	2,017	78.9	3.91%	1,587	66.3	4.18%
866	44.9	5.18%	713	37.2	5.22%	671	34.9	5.20%
310	18.0	5.81%	223	12.8	5.74%	204	11.8	5.78%
142	6.4	4.51%	121	5.4	4.46%	139	7.2	5.18%
4,710	194.4	4.13%	3,804	156.0	4.10%	3,426	144.8	4.23%
92	5.3	5.76%	77	4.5	5.84%	90	5.6	6.22%
2,206	114.7	5.20%	1,358	67.9	5.00%	1,061	57.8	5.45%
-	-		-	-		-	-	
34	2.4	7.06%	18	1.3	7.22%	20	1.6	8.00%
136	8.2	6.03%	79	4.8	6.08%	94	6.1	6.49%
253	22.4	8.85%	58	5.2	8.97%	58	5.1	8.79%
2,721	153.0	5.62%	1,590	83.7	5.26%	1,323	76.2	5.76%
$7,431	$347.4	4.68%	$5,394	$239.7	4.44%	$4,749	$221.0	4.65%
1,439			1,098			967		
158			107			108		
9,028			6,599			5,824		
-			-			-		
677			524			442		
$9,705			$7,123			$6,266		
		3.54%			3.92%			3.88%
	$379.1	4.29%		$307.0	4.69%		$267.0	4.67%

Schedule 2

Analysis Of Interest Changes Due To Volume And Rate

	1999 over 1998			1998 over 1997		
	Changes due to		Total	Changes due to		Total
(Amounts in Millions)	Volume	Rate [1]	changes	Volume	Rate [1]	Changes
Interest-earning assets:						
Money market investments	$ (25.3)	$ 0.2	$ (25.1)	$ 4.1	$ (0.1)	$ 4.0
Securities:						
Held to maturity	62.9	(13.1)	49.8	32.7	(4.4)	28.3
Available for sale	(6.1)	(0.1)	(6.2)	10.1	(7.5)	2.6
Trading account	6.1	-	6.1	8.6	(0.8)	7.8
Total securities	62.9	(13.2)	49.7	51.4	(12.7)	38.7
Loans:						
Loans held for sale	(1.6)	(0.5)	(2.1)	2.7	(0.3)	2.4
Net loans and leases [2]	368.9	(58.7)	310.2	290.6	(19.4)	271.2
Total loans	367.3	(59.2)	308.1	293.3	(19.7)	273.6
Total interest-earning assets	$404.9	$(72.2)	$332.7	$348.8	$(32.5)	$316.3
Interest-bearing liabilities:						
Interest-bearing deposits:						
Savings and NOW deposits	$ 11.5	$ (6.8)	$ 4.7	$ 14.1	$0.7	$ 14.8
Money market and super NOW deposits	66.6	2.5	69.1	42.8	(8.8)	34.0
Time deposits under $100,000	20.6	(7.8)	12.8	40.8	-	40.8
Time deposits $100,000 or more	17.7	(5.9)	11.8	32.1	(0.8)	31.3
Foreign deposits	(0.7)	(0.3)	(1.0)	1.7	0.1	1.8
Total interest-bearing deposits	115.7	(18.3)	97.4	131.5	(8.8)	122.7
Borrowed funds:						
Securities sold, not yet purchased	3.8	1.8	5.6	5.5	(0.8)	4.7
Federal funds purchased and security repurchase agreements	21.1	(3.1)	18.0	(14.1)	(10.1)	(24.2)
Commercial paper	9.3	(0.1)	9.2	1.6	-	1.6
FHLB advances and other borrowings:						
Less than one year	25.2	(0.7)	24.5	1.8	(0.2)	1.6
Over one year	(2.2)	0.4	(1.8)	(1.3)	(0.3)	(1.6)
Long-term debt	8.1	(2.1)	6.0	7.9	(1.2)	6.7
Total borrowed funds	65.3	(3.8)	61.5	1.4	(12.6)	(11.2)
Total interest-bearing liabilities	$181.0	$(22.1)	$158.9	$132.9	$(21.4)	$111.5
Change in net interest income	$223.9	$(50.1)	$173.8	$215.9	$(11.1)	$204.8

[1] Taxable-equivalent income used where applicable

[2] Net of unearned income and fees. Loans include nonaccrual and restructured loans.

PROVISION FOR LOAN LOSSES

The provision for loan losses reflects management's judgment of the expense to be recognized in order to maintain an adequate allowance for loan losses. See the discussion on allowance for loan losses under Risk Elements. The provision for loan losses was $18.0 million in 1999 compared to $14.0 million in 1998 and $5.9 million in 1997. The provision was .15% of average loans for 1999, .18% in 1998 and .13% for 1997.

NONINTEREST INCOME

Noninterest income comprised 26.0% of net revenue in 1999 compared to 26.5% in 1998 and 28.1% in 1997. Noninterest income was $266.5 million in 1999, an increase of 26.8% over $210.2 million in 1998, which was up 41.7% over $148.3 million in 1997. Noninterest income for 1998 included $5.3 million from Sumitomo since the acquisition date. Without Sumitomo, noninterest income increased 38.2% from 1997. Schedule 3 shows the major components of noninterest income.

Schedule 3
NONINTEREST INCOME

(Amounts in millions)	**1999**	**Percent Change**	1998	Percent Change	1997	Percent Change	1996	Percent Change	1995
Service charges on deposit accounts	**$76.8**	**25.7%**	$61.1	36.7%	$44.7	25.6%	$35.6	16.7%	$30.5
Other service charges, commissions and fees	**66.1**	**16.0**	57.0	39.4	40.9	32.8	30.8	14.5	26.9
Trust income	**15.8**	**43.6**	11.0	35.8	8.1	37.3	5.9	20.4	4.9
Investment securities gains (losses), net	**(3.0)**	**(173.2)**	4.1	355.6	0.9	800.0	0.1	-	0.1
Underwriting and trading income (loss)	**11.5**	**25.0**	9.2	61.4	5.7	111.1	2.7	325.0	(1.2)
Loan sales and servicing income	**40.5**	**(19.6)**	50.4	30.2	38.7	10.3	35.1	44.4	24.3
Other income	**58.8**	**237.9**	17.4	87.1	9.3	27.4	7.3	(14.1)	8.5
Total	**$266.5**	**26.8%**	$210.2	41.7%	$148.3	26.2%	$117.5	25.0%	$94.0

The 25.7% and 36.7% increases in deposit service charges for 1999 and 1998 reflect the continued increase of the Company's average deposit base through acquisitions and internal growth, as well as price adjustments. Other service charges, commissions and fees, which include investment brokerage and fiscal agent fees, electronic delivery system fees, insurance commissions, merchant fee income and other miscellaneous fees were $66.1 million in 1999, an increase of 16.0% over 1998 which was 39.4% above 1997. Loan sales and servicing income decreased 19.6% in 1999 to $40.5 million over $50.4 million in 1998 which was 30.2% above 1997. The decrease in loan sales and servicing income for 1999 was mainly the result of a Company decision to decrease its mortgage origination and servicing activities resulting in decreased loan servicing income and gains on sales as well as decreased expense. Underwriting and trading income increased 25.0% to $11.5 million in 1999 from $9.2 million in 1998, and $5.7 million in 1997. During 1998, the Company commenced the providing of online executable government bond sales over Bloomberg and the Internet and the underwriting of municipal revenue bonds which resulted in increased revenues for 1999 and 1998.

Trust income increased to $15.8 million in 1999, up 43.6% from 1998, which was up 35.8% from 1997. Other income, which includes certain fees, income from investments in bank-owned life insurance, income from Wasatch Venture Corporation's venture funding operations, income from unconsolidated subsidiaries and associated companies, net gains on sales of fixed assets and other assets, and other items was $58.8 million in 1999 an increase of 237.9% from 1998. The increase for 1999 was mainly due to increased income from operations of Wasatch Venture Corporation and income from bank-owned life insurance policies.

Included in other noninterest income for 1999 is $42.6 million of net gains from securities held by the Company's venture capital subsidiary, Wasatch Venture Corporation. Consolidated net income for 1999 includes approximately $22.9 from Wasatch Venture Corporation's operations for the year. During 1999 the Company also recognized impairment and other losses related to SBA interest only strips of $8.3 million, which decreased other noninterest income.

NONINTEREST EXPENSE

The Company's noninterest expense was $681.6 million in 1999, an increase of 22.4% over $556.7 million in 1998, which was up 77.9% over the $312.9 million in 1997. Included in 1999 and 1998 expense was $27.7 million and $38.1 million, respectively, in merger expenses related to the Company's acquisitions. Schedule 4 shows the major components of noninterest expense.

Schedule 4

NONINTEREST EXPENSE

(Amounts in millions)	**1999**	**Percent Change**	1998	Percent Change	1997	Percent Change	1996	Percent Change	1995
Salaries and benefits	**$346.7**	**32.6%**	$261.5	58.6%	$164.9	25.9%	$131.0	13.7%	$115.2
Occupancy, net	**49.4**	**47.9**	33.4	85.6	18.0	33.3	13.5	9.8	12.3
Furniture and equipment	**45.4**	**18.5**	38.3	56.3	24.5	41.6	17.3	20.1	14.4
Other real estate expense	**(0.1)**	**(114.3)**	0.7	133.3	0.3	250.0	(0.2)	(300.0)	0.1
Legal and professional	**16.2**	**(0.6)**	16.3	101.2	8.1	50.0	5.4	10.2	4.9
Supplies	**11.2**	**(5.9)**	11.9	41.7	8.4	23.5	6.8	19.3	5.7
Postage	**11.7**	**6.4**	11.0	50.7	7.3	23.7	5.9	5.4	5.6
Advertising	**18.5**	**46.8**	12.6	70.3	7.4	27.6	5.8	1.8	5.7
FDIC premiums	**2.2**	**46.7**	1.5	114.3	0.7	-	-	-	4.7
Merger expense	**27.7**	**(27.3)**	38.1	4,662.5	0.8	-	-	-	-
Amortization of goodwill & core deposit intangibles	**36.0**	**13.6**	31.7	346.5	7.1	208.7	2.3	(8.0)	2.5
Amortization of mortgage servicing assets	**0.9**	**(83.6)**	5.5	161.9	2.1	61.5	1.3	8.3	1.2
Other expenses	**115.8**	**22.9**	94.2	48.8	63.3	24.9	50.7	23.7	41.0
Total	**$681.6**	**22.4%**	$556.7	77.9%	$312.9	30.5%	$239.8	12.4%	$213.3

In 1999 and 1998, salaries and employee benefits increased primarily as a result of increased staffing from acquisitions and the opening of new offices, as well as general salary increases and bonuses which are based on increased profitability. The occupancy, furniture and equipment expense increase resulted primarily from the addition of office facilities, installation of personal computers and local area networks and expenses related to technology initiatives. The increase in all other expenses resulted primarily from increases related to acquisitions and expansion and increased expenditures in selected areas to enhance revenue growth. Also expenses for 1998 only include operations of The Sumitomo Bank of California for the last quarter of the year since the bank was acquired in a purchase transaction on October 1, 1998.

On December 31, 1999, the Company had 6,833 full-time equivalent employees and 362 offices compared to 7,099 employees and 345 offices at year-end 1998. On December 31, 1997, the Company had 4,652 full-time equivalent employees and 241 offices. The reduction in FTE was mainly the result of a hiring freeze put in place related to the pending merger with First Security Corporation and a reduced FTE related to a reduction in mortgage servicing and origination activities.

The Company's operating cash "efficiency ratio," or noninterest expenses, excluding amortization of goodwill and core deposit intangibles and merger expenses, as a percentage of total taxable-equivalent net revenues, decreased to 60.3% in 1999 compared to 61.3% in 1998 and 58.0% in 1997.

INCOME TAXES

The Company's income tax expense for 1999 was $109.5 million compared to $69.6 million in 1998 and $67.7 million in 1997. The Company's effective income tax rate was 35.5% in 1999, 32.6% in 1998 and 34.0% in 1997. The lower effective tax rate for 1998 resulted primarily from decisions regarding a corporate reorganization in 1998. The increased rate for 1999 is mainly due to a higher percentage of the Company's income being generated in states with higher tax rates and increased nondeductible goodwill amortization.

Balance Sheet Analysis

EARNING ASSETS

Earning assets consist of money market investments, securities and loans. A comparative average balance sheet report, including earning assets, is presented in Schedule 1.

Average earning assets increased 37.1% to $17,560 million in 1999 compared to $12,811 million in 1998. Earning assets comprised 88.2% of total average assets in 1999 compared with 89.0% in 1998.

Average money market investments, consisting of interest-bearing deposits, federal funds sold and security resell agreements decreased 27.3% to $1,185 million in 1999 compared to $1,629 million in 1998.

Average securities increased 28.4% to $4,556 million in 1999, compared to $3,549 million in 1998. Average held to maturity securities increased 44.3% to $3,277 million, available for sale securities decreased 12.8% to $741 million and trading account securities increased 25.2% to $538 million.

Average net loans and leases increased 54.9% to $11,819 million in 1999 compared to $7,632 million in 1998, representing 67.3% of earning assets in 1999 compared to 59.6% in 1998. Average net loans and leases were 83.9% of average total deposits in 1998, as compared to 74.6% in 1998.

INVESTMENT SECURITIES PORTFOLIO

Schedule 5 presents the Company's year-end investment securities on December 31, 1999, 1998, and 1997. Schedule 6 presents the Company's maturities and average yields on securities on December 31, 1999. See Note 3 of Notes to Consolidated Financial Statements for additional information about securities.

Schedule 5
Investment Securities Portfolio

(Amounts in millions)	December 31,					
	1999		1998		1997	
	Amortized Cost	**Market Value**	**Amortized Cost**	**Market Value**	**Amortized Cost**	**Market Value**
HELD TO MATURITY:						
U.S. Treasury securities	**$ 1**	**$ 1**	$ 63	$ 63	$ 8	$ 8
U.S. government agencies and corporations:						
Small Business Administration loan-backed securities	**440**	**445**	358	356	441	449
Other agency securities	**1,270**	**1,233**	940	944	1,422	1,427
States and political subdivisions	**314**	**309**	331	340	258	264
Mortgage-backed securities	**1,305**	**1,303**	1,159	1,166	82	84
	3,330	**3,291**	2,851	2,869	2,211	2,232
AVAILABLE FOR SALE:						
U.S. Treasury securities	**93**	**93**	98	100	154	156
U.S. government agencies and corporations:						
Small Business Administration originator fees certificates	**-**	**-**	85	68	75	72
Other agency securities	**51**	**50**	277	278	214	215
States and political subdivisions	**102**	**97**	67	68	48	50
Mortgage- and other asset-backed securities	**147**	**143**	179	180	28	28
	393	**383**	706	694	519	521
Equity securities:						
Mutual funds:						
Accessor Funds, Inc.	**141**	**139**	117	118	110	111
Stock:						
Federal Home Loan Bank	**-**	**-**	100	101	91	91
Other	**242**	**257**	37	41	29	33
	383	**396**	254	260	230	235
	776	**779**	960	954	749	756
Total	**$4,106**	**$4,070**	$3,811	$3,823	$2,960	$2,988

Schedule 6
Maturities And Average Yields On Securities
On December 31, 1999

(Amounts in Millions)	Total Securities Amount	Total Securities Yield*	Within one year Amount	Within one year Yield*	After one but within five years Amount	After one but within five years Yield*	After five but within ten years Amount	After five but within ten years Yield*	After ten years Amount	After ten years Yield*
HELD TO MATURITY:										
U.S. Treasury securities	$ 1	6.3%	-		$ 1	6.2%	$ -		$ -	
U. S. government agencies and corporations:										
Small Business Administration loan-backed securities	440	6.7%	54	6.0%	155	6.2%	78	7.0%	153	7.3%
Other agency securities	1,270	6.3%	100	6.3%	1,107	6.2%	32	6.8%	31	6.6%
States and political Subdivisions	314	8.4%	56	8.7%	125	8.3%	73	8.5%	60	8.3%
Mortgage-backed securities	1,305	6.3%	348	6.9%	602	6.0%	239	6.3%	116	6.2%
	3,330	6.5%	558	6.9%	1,990	6.3%	422	6.9%	360	7.1%
AVAILABLE FOR SALE:										
U.S. Treasury securities	93	5.4%	66	5.3%	26	5.5%	-		1	8.4%
U. S. government agencies And corporations:										
Small Business Administration originator fees certificates	-		-		-		-		-	
Other agency securities	51	6.3%	7	6.1%	44	6.3%	-		-	
States and political subdivisions	102	7.9%	9	7.9%	27	7.8%	27	7.6%	39	8.3%
Mortgage- and other asset-backed securities	147	6.0%	35	5.5%	49	6.2%	48	6.1%	15	6.7%
	393	6.4%	117	5.6%	146	6.4%	75	6.6%	55	7.9%
Equity securities:										
Mutual funds:										
Accessor Funds, Inc.	141	4.1%	-		-		-		141	4.1%
Stock:										
Other	242	2.3%	-		-		-		242	2.3%
	383	3.0%	-		-		-		383	3.0%
	776	4.7%	117	5.6%	146	6.4%	75	6.6%	438	3.6%
Total	$4,106	6.2%	$675	6.6%	$2,136	6.3%	$497	6.8%	$798	5.1%

*Taxable–equivalent rates used where applicable.

LOAN PORTFOLIO

During 1999, the Company consummated securitized loan sales of automobile loans, credit card receivables, home equity credit lines, Small Business Administration and Federal Agricultural Mortgage Corporation ("Farmer Mac") loans totaling $982 million. The Company also sold $879 million of long-term residential mortgage loans, SBA loans, Farmer Mac loans and student loans classified as held for sale. After these sales, loans and leases on December 31, 1999 totaled $12,853 million, an increase of 14.0% compared to $11,270. million on December 31, 1998.

Schedule 7 sets forth the amount of loans outstanding by type on December 31 for the years indicated and the maturity distribution and sensitivity to changes in interest rates of the portfolio on December 31, 1999.

Schedule 7
Loan Portfolio By Type

(Amounts in millions)	December 31, 1999 One Year or Less	One Year Through Five Years	Over Five Years	Total	December 31, 1998	1997	1996	1995
Loans held for sale	$ 149	$ -	$ 56	**$ 205**	$ 232	$ 179	$ 150	$ 126
Commercial, financial and agricultural	1,786	804	446	**3,036**	2,844	1,406	949	837
Real estate:								
Construction	1,252	450	20	**1,722**	960	576	387	324
Other:								
Home equity credit line	79	53	100	**232**	232	165	188	105
1-4 family residential	224	197	2,082	**2,503**	2,207	742	560	442
Other real estate-secured	734	1,041	2,393	**4,168**	3,894	1,678	1,213	878
	2,289	1,741	4,595	**8,625**	7,293	3,161	2,348	1,749
Consumer:								
Bankcard	32	75	-	**107**	99	73	47	62
Other	125	259	106	**490**	472	417	286	307
	157	334	106	**597**	571	490	333	369
Lease financing	28	176	71	**275**	214	176	160	133
Foreign loans	25	9	19	**53**	44	-	-	-
Other receivables	53	2	7	**62**	72	95	41	31
Total loans	$4,487	$3,066	$5,300	**$12,853**	$11,270	$5,507	$3,981	$3,245
Loans maturing in more than one year:								
With fixed interest rates		$1,416	$3,089	**$ 4,505**				
With variable interest rates		1,650	2,211	**3,861**				
Total		$3,066	$5,300	**$ 8,366**				

SOLD LOANS BEING SERVICED

On December 31, 1999, long-term first mortgage real estate loans serviced for others amounted to $237 million compared to $1,995 million on December 31, 1998, and $1,897 million on December 31, 1997. During 1999 the Company merged Zions Mortgage Company, its wholly-owned mortgage company into Zions First National Bank, sold most of its mortgage servicing and outsourced servicing retained on long-term first mortgage real estate loans.

Consumer and other loan securitizations serviced, which relate primarily to loans sold under revolving securitization structures, totaled $1,252 million on December 31, 1999, $1,040 million on December 31, 1998, and $1,050 million on December 31, 1997.

The Company's activity in its sold loans being serviced portfolio (excluding long-term first mortgage real estate loans) is summarized as follows:

Schedule 8
Sold Loans Being Serviced

	1999		1998		1997	
(Amounts in millions)	**Sales**	**Outstanding at year end**	Sales	Outstanding at year end	Sales	Outstanding at year end
Auto loans	**$195**	**$ 326**	$198	$ 345	$201	$ 389
Home equity credit lines	**255**	**274**	261	261	342	327
Bankcard receivables	**194**	**67**	282	134	232	79
Home refinance loans	**-**	**10**	-	23	-	45
SBA 504 loans	**212**	**275**	-	100	115	131
SBA 7(a) loans	**15**	**67**	33	73	38	56
Farmer Mac	**111**	**233**	110	104	23	23
Total	**$982**	**$1,252**	$884	$1,040	$951	$1,050

DEPOSITS AND BORROWED FUNDS

As derived from Schedule 1, total average deposits increased 37.8% to $14,088 million in 1999 from $10,225 million in 1998. Average noninterest-bearing deposits increased 32.7%, average savings and NOW deposits increased 35.4%, average money market and super NOW deposits increased 48.7%, and average time deposits under $100,000 increased 26.3%. Average time deposits over $100,000 increased 40.5% over 1998 average balances and average foreign deposits decreased 9.4% for 1999, as compared with 1998.

Total deposits decreased 1.1% to $14,062 million on December 31, 1999 as compared to $14,221 million on December 31, 1998. Comparing December 31, 1999 to December 31, 1998, demand deposits decreased 3.5%, savings and money market deposits increased 17.1%, time deposits under $100,000 decreased 24.7%, while time deposits over $100,000 decreased 34.1% and foreign deposits increased 2.7%.

See Notes 9, 10 and 11 of Notes to Consolidated Financial Statements and the discussion under Liquidity Risk Management for information on borrowed funds.

CAPITAL

The Company's basic financial objective is to consistently produce superior risk-adjusted returns on its shareholders' capital. The Company believes that a strong capital position is vital to continued profitability and to promote depositor and investor confidence. The Company's goal is to steadily achieve a high return on shareholders' equity, while at the same time maintaining "risk-based capital" of not less than the "well-capitalized" threshold, as defined by federal banking regulators.

Total shareholders' equity on December 31, 1999 was $1,660 million, an increase of 14.3% over the $1,453 million on December 31, 1998. The ratio of average equity to average assets for the year 1999 was 7.85%, compared to 9.06% for 1998.

During 1999, 1998 and 1997, the Company repurchased and retired 115,769, 591,009 and 3,649,018 shares of its common stock at a cost of $6.7 million, $25.7 million and $121.4 million, respectively.

On December 31, 1999, the Company's Tier 1 leverage ratio was 6.16%, as compared to 5.91% on December 31, 1998. On December 31, 1999, the Company's Tier 1 risk-based capital ratio was 8.64%, as compared to 8.40% on December 31, 1998. On December 31, 1999 the Company's total risk-based capital ratio was 11.29%, as compared to 11.34% on December 31, 1998. Regulatory minimum capital adequacy ratios for Tier 1 leverage, Tier 1 risk-based capital and total risk-based capital are 3%, 4% and 8%, respectively. Ratios to be considered well capitalized are 5%, 6% and 10%, respectively. See Note 17 of Notes to Consolidated Financial Statements for additional information on risk-based capital.

DIVIDENDS

Dividends per share were $.72 in 1999, an increase of 33.3% over $.54 in 1998, which were up 14.9% over $.47 in 1997. The Company's quarterly dividend rate was $.11 for the first quarter of 1997, increasing to $.12 per share for the second, third and fourth quarters of 1997 and the first quarter of 1998, increasing to $.14 per share for the second, third and fourth quarters of 1998 and the first quarter of 1999. The dividend rate for the second and third quarters of 1999 was $.29 and no dividend was declared during the fourth quarter of 1999.

FOREIGN OPERATIONS

Zions First National Bank opened a foreign office located in Grand Cayman, Grand Cayman Islands, B.W.I. in 1980. The office accepts Eurodollar deposits from qualified customers of the Bank and places deposits with foreign banks and foreign branches of other U.S. banks. Foreign deposits at December 31, totaled $210 million in 1999, 204 million in 1998 and 183 million in 1997; and averaged 165 million for 1999, $182 million for 1998 and $142 million for 1997. See Schedule 7 Loan Portfolio by Type for foreign loans outstanding.

RISK ELEMENTS

CREDIT RISK MANAGEMENT

Management of credit risk is essential in maintaining a safe and sound institution. The Company has structured its organization to separate the lending function from the credit administration function to strengthen the control and independent evaluation of credit activities. Loan policies and procedures provide the Company with a framework for consistent underwriting and a basis for sound credit decisions. In addition, the Company has well-defined standards for grading its loan portfolio, and management utilizes a comprehensive loan grading system to determine risk potential in the portfolio. A separate internal credit examination department periodically conducts examinations of the quality, documentation and administration of the Company's lending departments, and submits reports thereon to a committee of the board of directors. Emphasis is placed on early detection of potential problem credits so that action plans can be developed on a timely basis to mitigate losses.

Another aspect of the Company's credit risk management strategy is the diversification of the loan portfolio. At year end, the Company had 2% of its portfolio in loans held for sale, 24% in commercial loans, 67% in real estate loans, 5% in consumer loans, and 2% in lease financing. The Company's real estate portfolio is also diversified. Of the total portfolio, 20% is in real estate construction loans, 3% is in home equity credit lines, 29% is in 1-4 family residential loans and 48% is in commercial loans secured by real estate. The Company's commercial real estate concentration is in part mitigated by its emphasis of lending programs sponsored by the Small

Business Administration, which carries the preponderance of credit risk on these types of loans. The Company also focuses on the provision of commercial real estate credit to borrowers that occupy the facility. In addition, the Company attempts to avoid the risk of an undue concentration of credits in a particular industry or trade group. See Note 5 of Notes to Consolidated Financial Statements for further information on concentrations of credit risk. The Company has no significant exposure to highly leveraged transactions. Most of the Company's business activity is with customers located within the states of Utah, Idaho, California, Colorado, Arizona, Nevada and Washington. Also, the Company does not have significant exposure to any individual customer or counterparty.

NONPERFORMING ASSETS

Nonperforming assets include nonaccrual loans, restructured loans and other real estate owned. Loans are generally placed on nonaccrual status when the loan is 90 days or more past due as to principal or interest, unless the loan is in the process of collection and well-secured. Consumer loans are not placed on a nonaccrual status, inasmuch as they are generally charged off when they become 120 days past due. Loans are restructured to provide a reduction or deferral of interest or principal payments when the financial condition of the borrower deteriorates and requires that the borrower be given temporary or permanent relief from the original contractual terms of the credit. Other real estate owned is primarily acquired through or in lieu of foreclosure on credits secured by real estate.

The Company's nonperforming assets were $75 million on December 31, 1999, up from $65 million on December 31, 1998. Such nonperforming assets as a percentage of net loans and leases, other real estate owned and other nonperforming assets were .58% on December 31, 1999, the same as on December 31, 1998.

Accruing loans past due 90 days or more totaled $21 million on December 31, 1999, down from $26 million on December 31, 1998. These loans equaled .16% of net loans and leases on December 31, 1999, as compared to .23% on December 31, 1998.

No loans were considered potential problem loans on December 31, 1999 or 1998. Potential problem loans are defined as loans presently on accrual and not contractually past due 90 days or more and not restructured, but about which management has serious doubt as to the future ability of the borrower to comply with present repayment terms and which may result in the reporting of the loans as nonperforming assets in the future.

The Company's total recorded investment in impaired loans included in nonaccrual loans and leases amounted to $57.1 million and $41.8 million on December 31, 1999 and 1998, respectively. The Company considers a loan to be impaired when the accrual of interest has been discontinued and meets other criteria under the statements. The amount of the impairment is measured based on the present value of expected cash flows, the observable market price of the loan, or the fair value of the collateral. Impairment losses are included in the allowance for loan losses through a provision for loan losses. Included in the allowance for loan losses on December 31, 1999 and 1998, is an allowance of $16 million and $5 million, respectively, on $22.5 million and $11.6 million, respectively, of the recorded investment in impaired loans. See Note 4 of Notes to Consolidated Financial Statements for additional information on impaired loans.

Schedule 9
Nonperforming Assets

(Amounts in millions)	December 31, 1999	1998	1997	1996	1995
Nonaccrual loans:					
Commercial, financial and agricultural	**$29**	$12	$ 4	$ 5	$ 2
Real estate	**34**	39	7	6	5
Consumer	**1**	1	1	1	1
Lease financing	**1**	3	1	1	1
Other	**-**	-	-	-	-
Total	**65**	55	13	13	9
Restructured loans:					
Real estate	**1**	5	1	1	-
Other real estate owned:					
Commercial, financial and agricultural:					
Improved	**5**	-	2	-	-
Unimproved	**3**	-	-	-	-
Residential:					
1-4 Family	**1**	2	1	-	1
Multi-family	**-**	-	-	-	-
Other	**-**	3	-	-	-
Total	**9**	5	3	-	1
Other nonperforming assets	**-**	-	-	-	1
Total	**$75**	$65	$17	$14	$11
% of Net loans* and leases, other real estate owned and other nonperforming assets	**.58%**	.58%	.31%	.36%	.35%
Accruing loans past due 90 days or more:					
Commercial, financial and agricultural	**$ 4**	$ 5	$ 2	$ 1	$ 1
Real estate	**15**	20	7	2	3
Consumer	**2**	1	1	1	1
Total	**$21**	$26	$10	$ 4	$ 5
% of Net loans* and leases	**.16%**	.23%	.18%	.09%	.17%

*Includes loans held for sale

ALLOWANCE FOR LOAN LOSSES

The Company's allowance for loan losses was 1.60% of net loans and leases on December 31, 1999 compared to 1.89% on December 31, 1998. Net charge-offs in 1999 were $30 million, or .25% of average loans and leases, compared to net charge-offs of $16 million, or .21% of average net loans and leases in 1998 and net charge-offs of $8 million, or .19% of average net loans and leases in 1997.

The allowance, as a percentage of nonaccrual loans and restructured loans, was 310.87% on December 31, 1999, compared to 354.94% on December 31, 1998 and 655.59% on December 31, 1997. The allowance, as a percentage of nonaccrual loans and accruing loans past due 90 days or more was 238.07% on December 31, 1999, compared to 264.20% on December 31, 1998, and 389.19% on December 31, 1997.

On December 31, 1999, 1998 and 1997, the allowance for loan losses includes an allocation of $23 million, $20 million and $9 million, respectively, related to commitments to extend credit on loans and standby letters of credit. Commitments to extend credit on loans and standby letters of credit on December 31, 1999, 1998 and 1997, totaled $6,001 million, $5,090 million, and $2,706 million, respectively. The Company's actual future credit exposure is much lower than the contractual amounts of the commitments because a significant portion of the commitments is expected to expire without being drawn upon.

In analyzing the adequacy of the allowance for loan and lease losses, management utilizes a comprehensive loan grading system to determine risk potential in the portfolio, and considers the results of independent internal and external credit review. To determine the adequacy of the allowance, the Company's loan and lease portfolio is broken into segments based on loan type. Historical loss experience factors by segment, adjusted for changes in trends and conditions, are used in determining the required allowance for each segment. Historical loss factors are evaluated and updated using migration analysis techniques and other considerations based on the makeup of the specific portfolio segment. Other considerations such as volumes and trends of delinquencies, nonaccruals, repossessions and bankruptcies, criticized and classified loan trends, current and anticipated foreclosure losses, new products and policies, economic conditions, concentrations of credit risk, and experience and abilities of lending personnel are also considered in establishing the loss factors.

All loans graded substandard in the amount of $1 million or more and all credits graded doubtful in the amount of $100 thousand or more are individually evaluated based on facts and circumstances of the loan and a specific allowance amount designated. Specific allowances may also be established for loans in amounts below the specified thresholds when it is determined that the risk differs significantly from factor amounts established for the category. Although management has allocated a portion of the allowance to specific loan categories using the methods described, the adequacy of the allowance must be considered in its entirety. To mitigate the imprecision in most estimates of expected credit losses, the allocated component of the allowance is supplemented by an unallocated component. The unallocated portion of the allowance includes management's judgmental determination of the amounts necessary for subjective factors such as economic uncertainties and concentration risks. Accordingly, the relationship of the unallocated component to the total allowance for loan losses may fluctuate from period to period. Schedule 10 provides a breakdown of the allowance for loan losses by loan category and Schedule 11 summarizes loan loss experience. The increases in the allocated allowance at year-end 1999 and 1998 compared to year-end 1997 for commercial, financial and agricultural and real estate loans are a result of the acquisition of The Sumitomo Bank of California.

Schedule 10
Allocation of the Allowance for Loan Losses

	1999		1998		1997		1996		1995	
(Amounts in millions)	% of total loans	Allocation of Allowance	% of total loans	Allocation Of Allowance	% of total loans	Allocation of Allowance	% of total loans	Allocation of Allowance	% of total loans	Allocation of Allowance
Type of loan										
Loans held for sale	1.6	$ -	2.1	$ -	3.3	$ -	3.8	$ -	3.9	$ -
Commercial, financial and agricultural	23.8	83	25.4	83	25.5	17	23.8	16	25.8	11
Real estate	67.4	63	64.9	52	57.4	28	59.0	28	53.9	19
Consumer	4.6	12	5.1	12	8.9	10	8.4	8	11.4	11
Lease financing	2.1	6	1.9	6	3.2	2	4.0	2	4.0	2
Other receivables	0.5	-	0.6	-	1.7	-	1.0	-	1.0	-
Total loans	100.0		100.0		100.0		100.0		100.0	
Off-balance sheet unused commitments and standby letters of credit		23		20		9		6		8
Total allocated		187		173		66		60		51
Unallocated		17		40		23		17		22
Total allowance for loan losses		$204		$213		$89		$77		$73

Schedule 11
Summary Of Loan Loss Experience

(Amounts in millions)	**1999**	1998	1997	1996	1995
Loans* and leases outstanding on December 31					
(net of unearned income)	**$12,791**	$11,219	$5,463	$3,941	$3,212
Average loans* and leases outstanding					
(net of unearned income)	**$11,819**	$ 7,632	$4,547	$3,560	$2,966
Allowance for loan losses:					
Balance at beginning of year	**$ 213**	$ 89	$ 77	$ 73	$ 72
Allowance of companies acquired	**3**	126	14	3	-
Provision charged against earnings	**18**	14	6	5	4
Loans and leases charged off:					
Commercial, financial and agricultural	**(32)**	(9)	(6)	(1)	(1)
Real estate	**(3)**	(6)	-	-	(1)
Consumer	**(9)**	(9)	(8)	(8)	(7)
Lease financing	**(2)**	(1)	-	-	-
Total	**(46)**	(25)	(14)	(9)	(9)
Recoveries:					
Commercial, financial and agricultural	**6**	3	2	2	3
Real estate	**7**	3	2	-	-
Consumer	**3**	3	2	2	3
Lease financing	**-**	-	-	1	-
Total	**16**	9	6	5	6
Net loan and lease charge-offs	**(30)**	(16)	(8)	(4)	(3)
Balance at end of year	**$ 204**	$ 213	$ 89	$ 77	$ 73
Ratio of net charge-offs to average loans and leases	**.25%**	.21%	.19%	.11%	.09%
Ratio of allowance for loan losses to loans and leases outstanding on December 31	**1.60%**	1.89%	1.62%	1.95%	2.28%
Ratio of allowance for loan losses to nonperforming loans on December 31	**310.87%**	354.94%	655.59%	546.81%	757.58%
Ratio of allowance for loan losses to nonaccrual loans and accruing loans past due 90 days or more on December 31	**238.07%**	264.20%	389.19%	458.91%	494.90%

*Includes loans held for sale

MARKET RISK MANAGEMENT

Market risk is the possibility that changes in interest rates or equity securities prices will impair the fair value of the Company's financial instruments. The Asset/Liability Committee (ALCOM) measures and reviews the market risk of the Company and establishes policies and procedures to limit its exposure to changes in interest rates. These policies are reviewed and approved by the Boards of Directors of the Company's subsidiary banks. ALCOM objectives are summarized as follows: ensure the safety and soundness of bank deposits, while providing an appropriate return to shareholders; provide the basis for integrated balance sheet, net interest income and liquidity management; calculate the duration, dollar duration, and convexity of each class of assets, liabilities, and net equity given defined interest rate scenarios; manage the Company's exposure to changes in net interest income and market value of equity due to interest rate fluctuations; quantify the effect of hedging instruments on the market value of equity and net interest income under defined interest rate scenarios; and identify and report any risk exposures that exceed limitations approved by the Board of Directors.

Interest rate risk is the most significant market risk regularly undertaken by the Company. This risk is monitored through the use of two complementary measurement methods: equity duration and income simulation.

Equity duration is derived by first calculating the dollar duration of all assets, liabilities and off-balance sheet investments. Dollar duration is determined by calculating the market value of each instrument assuming interest rates sustain immediate and parallel movements up 1% and down 1%. The average of these two changes in market value is the dollar duration, which incorporates the value of embedded and explicit options within each instrument. Subtracting the dollar duration of liabilities from the dollar duration of assets and adding the net dollar duration of off-balance sheet items results in the dollar duration of equity. Duration of equity is computed by dividing the dollar duration of equity by the market value of equity.

Income simulation is an estimate of the net interest income which would be recognized under different rate environments. Net interest income is measured under several parallel and non-parallel interest rate environments and considers the possible exercise of options within the portfolio.

At year-end, the Company's duration of equity was estimated to be approximately 3.4 years. A 200 basis point immediate increase in rates was estimated to increase the duration of equity to 4.4 years. Conversely, an immediate decrease in rates of similar magnitude was estimated to decrease the duration of equity to 2.5 years. Company policy requires that all three of these measures be between 0 and 7 years.

For income simulation, Company policy requires that net interest income not be expected to decline by more than 10% during one year if rates were to immediately rise or fall by 200 basis points. At year-end, net interest income was expected to decline 0.6% if interest rates were to sustain an immediate increase of 200 basis points. If interest rates were to similarly decline 200 basis points, net interest income would be expected to decrease 2.3%. These estimates include management's assumptions regarding loan and deposit pricing, security and loan prepayments, and changing relationships to market rates.

Management exercises its best judgment in making assumptions regarding loan and security prepayments, early deposit withdrawals, and other non-controllable events in managing the Company's exposure to changes in interest rates. The interest rate risk position is actively managed and changes daily as the interest rate environment changes; therefore, positions at the end of any period may not be reflective of the Company's position in any subsequent period.

At year-end the one-year gap for the Company was negative $313 million: i.e., the $11,130 million of assets that mature or reprice during 2000 was less than the sum of $10,631 million of liabilities and the $812 million net effect of off-balance sheet swaps that mature or reprice during the same period. This gap represented 1.5% of total assets. Detail of the repricing characteristics of the balance sheet as of year-end are presented in Schedule 12. The Company does not have policy limits regarding its gap position.

Schedule 12
Maturities and Interest Rate Sensitivity
On December 31, 1999

	Rate Sensitive					
(Amounts in millions)	Within three months	After Three Months But within One year	After one year but within five years	After five Years	Not rate Sensitive	Total
USES OF FUNDS						
Earning Assets:						
Interest-bearing deposits	$ 12	$ 2	$ 3			$ 17
Federal funds sold	86					86
Security resell agreements	422					422
Securities:						
Held to maturity	796	1,070	1,264	$ 200		3,330
Available for sale	98	125	203	353		779
Trading account	328					328
Loans and leases	7,067	1,124	2,983	1,413		12,587
Nonearning assets					$ 2,732	2,732
Total uses of funds	$8,809	$2,321	$4,453	$1,966	$ 2,732	$20,281
SOURCES OF FUNDS						
Interest-bearing deposits and liabilities:						
Savings and money market deposits	$1,978	$ 897	$4,187	$ 598		$ 7,660
Time deposits under $100,000	525	908	326	78		1,837
Time deposits $100,000 or more	402	498	113	66		1,079
Foreign	210					210
Securities sold, not yet purchased	237					237
Federal funds purchased	826					826
Security repurchase agreements	1,367					1,367
Commercial paper	239					239
FHLB advances and other borrowings:						
Less than one year	1,038					1,038
Over one year		11	34	68		113
Long-term debt	112	48	1	292		453
Noninterest-bearing deposits	1,335				$ 1,941	3,276
Other liabilities					247	247
Minority interest					39	39
Shareholders' equity					1,660	1,660
Total sources of funds	$8,269	$2,362	$4,661	$1,102	$ 3,887	$20,281
Off-balance sheet items affecting interest rate sensitivity	$ (972)	$ 160	$ 785	$ 27		
Interest rate sensitivity gap	$ (432)	$ 119	$ 577	$ 891	$(1,155)	
Percent of total assets	(2.13)%	0.59%	2.85%	4.39%	(5.69)%	
Cumulative interest rate sensitivity gap	$ (432)	$ (313)	$ 264	$1,155		
Cumulative as a % of total assets	(2.13)%	(1.54)%	1.30%	5.69%		

The Company, through the management of maturities and repricing of its assets and liabilities and the use of off-balance sheet arrangements, including interest rate caps, floors, futures, options and exchange agreements, attempts to manage the effect on net interest income of changes in interest rates. The prime lending rate is the primary basis used for pricing the Company's loans and the 91-day Treasury bill rate is the index used for pricing many of the Company's deposits. The Company, however, is unable to economically hedge the prime/T-bill spread risk through the use of derivative financial instruments. Interest rate swap maturities and average rates are presented in Schedule 13. For additional information regarding off-balance sheet financial contracts, refer to Notes 1, 12 and 19 of Notes to Consolidated Financial Statements.

Schedule 13
Interest Rate Swap Maturities and Average Rates

(Amounts in millions)	2000	2001	2002	2003	Thereafter	Total
Receive fixed rate:						
Notional amount	$221	$51	$93	$182	$164	$711
Weighted average rate received	6.28%	6.34%	6.39%	6.25%	6.15%	6.26%
Weighted average rate paid	6.37%	6.21%	6.24%	6.29%	6.38%	6.33%

LIQUIDITY RISK MANAGEMENT

The Company manages its liquidity to provide adequate funds to meet its financial obligations, including withdrawals by depositors and debt service requirements as well as to fund customers' demand for credit. Liquidity is primarily provided by the regularly scheduled maturities of the Company's investment and loan portfolios. Management of the maturities of these portfolios is an important source of medium- to long-term liquidity. The Company's ability to raise funds in the capital markets through the securitization process allows it to take advantage of market opportunities to meet funding needs at a reasonable cost.

To meet the Company's short-term liquidity needs, on December 31, 1999 the Company had cash, money market investments, and liquid securities net of short-term or "purchased" liabilities and foreign deposits, of $618 million or 4.8% of core deposits. The Company's core deposits, consisting of demand, savings, money market, and time deposits under $100,000, constituted 90.8% of total deposits at year-end.

The Parent Company's cash requirements consist primarily of debt service, dividends to shareholders, operating expenses, income taxes and share repurchases. The Parent's cash needs are routinely met through dividends from subsidiaries, proportionate shares of current income taxes, management and other fees, unaffiliated bank lines and debt issuance.

At December 31, 1999, $55.5 million of dividend capacity was available from subsidiaries to pay to the Parent without having to obtain regulatory approval. During 1999, dividends from subsidiaries were $109.9 million. During 1998 the Company started a program to issue short-term commercial paper. At December 31, 1999 outstanding commercial paper was $239 million. At December 31, 1999 the Parent had revolving credit facilities with two banks totaling $50 million. On that date, the balance outstanding on these bank lines was $25 million.

YEAR 2000

The Company has successfully completed its Year 2000 program efforts and as of the date of this report has experienced no significant problems with its systems as a result of the Year 2000 date change. The Company also received no reports of significant customer problems related to the Year 2000 change that could put the Company at risk. The Company will continue to monitor systems activities related to identified additional critical dates during and beyond 2000.

The aggregate estimated increase in operating expense for the Company to achieve Year 2000 readiness was approximately $3 million which was incurred in 1999 and prior. In addition, a significant portion of the Company's personal computers were replaced during 1999 to achieve Year 2000 compliance. The capital outlay to replace these assets was approximately $3 million, a portion of which would also have been incurred in the ordinary course of business without regard to Year 2000 issues.

FORWARD-LOOKING INFORMATION

Statements in Management's Discussion and Analysis that are not based on historical data are forward-looking, including, for example, the projected performance of Zions and its operations. These statements constitute forward-looking information within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from the projections discussed in Management's Discussion and Analysis since such projections involve significant risks and uncertainties. Factors that might cause such differences include, but are not limited to: the timing of closing proposed acquisitions being delayed or such acquisitions being prohibited, competitive pressures among financial institutions increasing significantly; economic conditions, either nationally or locally in areas in which Zions conducts its operations, being less favorable than expected; and legislation or regulatory changes which adversely affect the Company's operations or business. Zions 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.

CONSOLIDATED CONDENSED STATEMENTS OF INCOME

The following consolidated condensed statements of income present earnings and operating cash earnings information as restated. The Company has restated prior year financial information for a significant acquisition accounted for as a pooling of interests. See Note 2 of Notes to Consolidated Financial Statements for further information on the acquisition.

	Consolidated Condensed Statements of Income				
(Amounts in millions)	**1999**	Restated 1998	Restated 1997	Restated 1996	Restated 1995
Net interest income	**$ 741.5**	$573.9	$369.6	$297.1	$259.7
Noninterest income	**266.5**	210.1	148.3	117.5	94.0
Total revenue	**1,008.0**	784.0	517.9	414.6	353.7
Provision for loan losses	**17.9**	14.0	5.9	4.8	4.3
Noninterest expense[1]	**617.9**	486.8	305.1	237.5	210.8
Pretax cash earnings	**372.2**	283.2	206.9	172.3	138.6
Income tax expense	**123.5**	88.4	68.6	57.3	45.6
Minority interest	**4.9**	0.4	-	-	-
Cash earnings[1]	**243.8**	194.4	138.3	115.0	93.0
Amortization of goodwill and core deposit intangibles	**36.0**	31.7	7.1	2.3	2.5
Merger expense	**27.7**	38.1	0.7	-	-
Income tax benefit	**(14.0)**	**(18.8)**	(0.9)	(0.1)	(0.3)
Net income	**$ 194.1**	$143.4	$131.4	$112.8	$ 90.8
Operating cash earnings per share (diluted)[1]	**$ 2.84**	$ 2.37	$ 2.03	$ 1.73	$ 1.46
Net income per share (diluted)	**$ 2.26**	$ 1.75	$ 1.92	$ 1.69	$ 1.42

[1] Before amortization of goodwill and core deposit intangible assets and merger expense.

Independent Auditors' Report

The Board of Directors and Shareholders
Zions Bancorporation:

We have audited the accompanying consolidated balance sheets of Zions Bancorporation and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of income, cash flows, and changes in shareholders' equity and comprehensive income for each of the years in the three-year period ended December 31, 1999. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Zions Bancorporation and subsidiaries as of December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1999, in conformity with generally accepted accounting principles.

/s/KPMG LLP

Salt Lake City, Utah
February 7, 2000

(1) Summary of Significant Accounting Policies

Business - Zions Bancorporation (the Parent) is a multibank holding company organized under the laws of Utah in 1955, which provides a full range of banking and related services through its subsidiaries operating primarily in Utah, Idaho, California, Colorado, Arizona, Nevada, and Washington.

Basis of Financial Statement Presentation - The consolidated financial statements include the accounts of Zions Bancorporation and its subsidiaries (the Company). All significant intercompany accounts and transactions have been eliminated in consolidation. Certain prior year amounts have been reclassified to conform to the current financial statement presentation. In addition, consolidated financial statements for all periods presented have been restated to include the results of operations, financial position and cash flows for the 1999 acquisition of Pioneer Bancorporation, which was accounted for as a pooling of interests.

The consolidated financial statements have been prepared in conformity with generally accepted accounting principles and prevailing practices within the financial services industry. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses for the period. Actual results could differ from those estimates.

Security Resell Agreements - Security resell agreements represent overnight and term agreements, the majority maturing within 30 days. Either the Company or, in some instances, third parties on behalf of the Company take possession of underlying securities. The market value of such securities is monitored throughout the contract term to ensure that asset value remains sufficient to protect against counterparty default. Security resell agreements averaged approximately $1,038 million during 1999, and the maximum amount outstanding at any month-end during 1999 was $1,525 million.

Securities - The Company classifies its securities according to their purpose and holding period. Gains or losses on the sale of securities are recognized on a specific identification method and recorded in noninterest income.

Held to maturity securities, primarily debt securities, are stated at cost, net of unamortized premiums and unaccreted discounts. The Company has the intent and the ability to hold such securities until maturity.

Debt securities that may not be held until maturity and marketable equity securities are classified as available for sale and are reported at fair value, with unrealized gains and losses, after applicable taxes, reported as a component of cumulative other comprehensive income. Declines in the value of debt securities and marketable equity securities that are considered other than temporary are recorded in noninterest income.

Securities acquired for a short-term appreciation or other trading purposes are classified as trading securities and are recorded at fair value. Realized and unrealized gains and losses resulting from such fair value adjustments and from recording the results of sales are recorded in trading income.

The market values of available for sale and trading securities are generally based on quoted market prices or dealer quotes. If a quoted market price is not available, market value is estimated using quoted market prices for similar securities.

Nonmarketable Securities – Nonmarketable securities include venture capital securities and securities acquired for various debt and regulatory requirements. Venture capital securities are reported at estimated fair values, in the absence of readily ascertainable market values. Changes in fair value and gains and losses from sales are recognized in noninterest income. The values assigned to the securities where no market quotation exists are based upon available information and may not necessarily represent amounts that will ultimately be realized. Such estimated amounts depend on future circumstances. These estimated amounts will not be realized until the individual securities are liquidated. The valuation procedures applied include consideration of economic and market conditions, current and projected financial performance of the investee company, and the investee company's management team. Management believes that the cost of an investment is initially considered the best indication of estimated fair value unless there have been significant subsequent positive or negative developments that justify an adjustment in the fair value estimate. Other nonmarketable securities acquired for various debt and regulatory requirements are accounted for at cost. These nonmarketable securities are included in other assets on the Company's balance sheet.

Loans - Loans are reported at the principal amount outstanding, net of unearned income. Unearned income, which includes deferred fees net of deferred direct incremental loan origination costs, is amortized to interest income generally over the life of the loan using an interest method or the straight-line method if it is not materially different.

Loans held for sale are carried at the lower of cost or market value because the Company does not intend to hold these loans until maturity or sales of loans are pending. Gains and losses are recorded in noninterest income, based on the difference between sales proceeds and carrying value.

Nonaccrual Loans - Loans are generally placed on a nonaccrual status when principal or interest is past due 90 days or more unless the loan is both well-secured and in the process of collection, or when in the opinion of management, full collection of principal or interest is unlikely. Generally, consumer loans are not placed on a nonaccrual status, inasmuch as they are generally charged off when they become 120 days past due. Generally, a loan may be returned to accrual status when all delinquent interest and principal become current in accordance with the terms of the loan agreement or when the loan is both well-secured and in the process of collection.

Impaired Loans – Loans, other than those included in large groups of smaller-balance homogeneous loans, are considered impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement, including scheduled interest payments. For a loan that has been restructured, the contractual terms of the loan agreement refer to the contractual terms specified by the original loan agreement, not the contractual terms specified by the restructuring agreement.

This assessment for impairment occurs when and while such loans are on nonaccrual, or the loan has been restructured. When a loan with unique risk characteristics has been identified as being impaired, the amount of impairment will be measured by the Company using discounted cash flows, except when it is determined that the sole (remaining) source of repayment for the loan is the operation or liquidation of the underlying collateral. In such cases, the current fair value of the collateral, reduced by costs to sell, will be used in place of discounted cash flows.

If the measurement of the impaired loan is less than the recorded investment in the loan (including accrued interest, net deferred loan fees or costs and unamortized premium or discount), an impairment is recognized by creating or adjusting an existing allocation of the allowance for loan losses.

Restructured Loans – In cases where a borrower experiences financial difficulties and the Company makes certain concessionary modifications to contractual terms, the loan is classified as a restructured (accruing) loan. Loans restructured at a rate equal to or greater than that of a new loan with comparable risk at the time the contract is modified may be excluded from the impairment assessment and may cease to be considered impaired loans in the calendar years subsequent to the restructuring if they are not impaired based on the modified terms.

Generally, a nonaccrual loan that is restructured remains on nonaccrual for a period of six months to demonstrate that the borrower can meet the restructured terms. However, performance prior to the restructuring, or significant events that coincide with the restructuring, are included in assessing whether the borrower can meet the new terms and may result in the loan being returned to accrual at the time of restructuring or after a shorter performance period. If the borrower's ability to meet the revised payment schedule is uncertain, the loan remains classified as a nonaccrual loan.

Allowance for Loan Losses - In analyzing the adequacy of the allowance for loan and lease losses, management utilizes a comprehensive loan grading system to determine risk potential in the portfolio, and considers the results of independent internal and external credit review. To determine the adequacy of the allowance, the Company's loan and lease portfolio is broken into segments based on loan type. Historical loss experience factors by segment, adjusted for changes in trends and conditions, are used in determining the required allowance for each segment. Historical loss factors are evaluated and updated using migration analysis techniques and other considerations based on the makeup of the specific portfolio segment. Other considerations such as volumes and trends of delinquencies, nonaccruals, repossessions and bankruptcies, criticized and classified loan trends, current and anticipated foreclosure losses, new products and policies, economic conditions, concentrations of credit risk, and experience and abilities of lending personnel are also considered in establishing the loss factors.

All loans graded substandard in the amount of $1 million or more and all credits graded doubtful in the amount of $100 thousand or more are individually evaluated based on facts and circumstances of the loan and a specific allowance amount designated. Specific allowances may also be established for loans in amounts below the specific thresholds when it is determined that the risk differs significantly from factor amounts established for the category. Although management has allocated a portion of the allowance to specific loan categories using the methods described, the adequacy of the allowance must be considered in its entirety. To mitigate the imprecision in most estimates of expected credit losses, the allocated component of the allowance is supplemented by an unallocated component. The unallocated portion of the allowance includes management's judgmental determination of the amounts necessary for subjective factors such as economic uncertainties and concentration risks. Accordingly, the relationship of the unallocated component to the total allowance for loan losses may fluctuate from period to period.

Premises and Equipment - Premises and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation, computed on the straight-line method, is charged to operations over the estimated useful lives of the properties. Leasehold improvements are amortized over the terms of respective leases or the estimated useful lives of the improvements, whichever is shorter.

Goodwill and Identifiable Intangible Assets - Goodwill, representing the excess of purchase price over the fair value of net assets acquired, results from acquisitions made by the Company. Substantially all of the Company's goodwill is being amortized using the straight-line method over 25 years. Core deposit intangibles are amortized on an accelerated basis based on an estimated useful life of 10 years.

The Company reviews its intangible assets periodically for other-than-temporary impairment. If such impairment is indicated, recoverability of the asset is assessed based on expected undiscounted net cash flows.

Mortgage Servicing Rights - The Company recognizes as separate assets the rights to service mortgage loans for others, whether the servicing rights are acquired through purchases or loan originations. The fair value of capitalized mortgage servicing rights is based upon the present value of estimated future cash flows. Based upon current fair values capitalized mortgage servicing rights are periodically assessed for impairment, which is recognized in the statement of income during the period in which impairment occurs. For purposes of performing its impairment evaluation, the Company stratifies its portfolio on the basis of certain risk characteristics including loan type and note rate. Capitalized mortgage servicing rights are amortized over the period of estimated net servicing income and take into account appropriate prepayment assumptions.

Off-Balance Sheet Financial Instruments - In the ordinary course of business, the Company has entered into off-balance sheet financial instruments consisting of commitments to extend credit, commercial letters of credit, and standby letters of credit. Such financial instruments are recorded in the consolidated financial statements when they become payable. The credit risk associated with these commitments is considered in management's determination of the allowance for possible losses.

Interest Rate Exchange Contracts and Cap and Floor Agreements - The Company enters into interest rate exchange contracts (swaps) and cap and floor agreements as part of its overall asset and liability duration and interest rate risk management strategy. The objective of these financial instruments is to match estimated repricing periods of interest-sensitive assets and liabilities in order to reduce interest rate exposure and or manage desired asset and liability duration. With the exception of interest rate caps and floors, these instruments are used to hedge asset and liability portfolios and, therefore, are not marked to market. Fees associated with these financial instruments are accreted into interest income or amortized to interest expense on a straight-line basis over the lives of the contracts and agreements. Gains or losses on early termination of a swap are amortized on the remaining term of the contract when the underlying assets or liabilities still exist. Otherwise, such gains or losses are fully recorded as income or expense at the termination of the contract. The net interest received or paid on these contracts is reflected on a current basis in the interest income or expense related to the hedged obligation or asset.

Statements of Cash Flows – The Company paid interest of $617.6 million, $459.7 million, and $378.5 million, respectively, and income taxes of $28.3 million, $55.4 million, and $68.7 million, respectively, for the years ended December 31, 1999, 1998, and 1997. Loans transferred to other real estate owned totaled $11 million, $5 million, and $9 million, respectively, for the years ended December 31, 1999, 1998 and 1997.

Income Taxes - Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The exercise of stock options under the Company's nonqualified stock option plan, resulted in tax benefits reducing the Company's current income tax payable and increasing common stock in the amounts of $8.6 million, $3.4 million, and $1.2 million in 1999, 1998, and 1997, respectively.

Net Income Per Common Share - Diluted net income per common share is based on the weighted-average outstanding common shares during each year, including common stock equivalents. Basic net income per common share is based on the weighted-average outstanding common shares during each year.

Accounting Standards Not Adopted – In September 1998, the FASB issued Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*. Statement No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The accounting for gains and losses of a derivative depends on the intended use of the derivative and the resulting designation.

Under this statement, an entity that elects to apply hedge accounting is required to establish at the inception of the hedge the method it will use for assessing the effectiveness of the hedging derivative and the measurement approach for determining the ineffective aspect of the hedge. Those methods must be consistent with the entity's approach to managing risk. The original effective date of this statement, as amended by Statement No. 137, has been delayed and it is now effective for all fiscal quarters of fiscal years beginning after September 15, 2000, and should not be applied retroactively to financial statements of prior periods. The Company is currently studying the statement to determine its future effects.

(2) Mergers and Acquisitions

On October 5, 1999, the Company acquired all of the outstanding shares of Regency Bancorp ("Regency"), a bank holding company headquartered in Fresno, California, in exchange for 985 thousand shares of the Company's common stock. The acquisition was accounted for as a purchase and accordingly, the Company's financial statements reflect its operations from the date of acquisition. Goodwill of approximately $33 million was recorded in the fourth quarter of 1999 and is being amortized over 25 years using the straight-line method. The pro forma effect on prior period results of operations is not significant.

On October 15, 1999, the Company completed its acquisition of Pioneer Bancorporation ("Pioneer"), located in Reno, Nevada, resulting in the issuance of approximately 5.4 million shares of the Company's common stock for all the outstanding shares of Pioneer common stock in a tax free exchange. The acquisition of Pioneer was accounted for as a pooling of interests and, accordingly, financial information for all periods presented prior to the date of acquisition has been restated to present the combined financial condition and results of operations as if the acquisition had been in effect for all such periods. At September 30, 1999, Pioneer had assets of approximately $1 billion, net loans of $675 million, deposits of $941 million, shareholders' equity of $73 million, and net income applicable to common shareholders of $10.6 million.

On January 6, 1998, the Company completed its acquisition of Vectra Banking Corporation and its banking subsidiary,Vectra Bank, located in Denver, Colorado, in exchange for 4.0 million shares of the Company's common stock. The acquisition was accounted for using the purchase method of accounting, the results of the acquisition are included in the periods subsequent to the acquisition date. Excess cost over net assets purchased of $129 million was recorded in the first quarter of 1998 in connection with this purchase.

On May 22, 1998, the Company acquired all the outstanding shares of FP Bancorp, Inc. ("FP") of Escondido, California, and its banking subsidiary, First Pacific National Bank. The Company issued 1.9 million shares of the Company's common stock. The acquisition was accounted for as a purchase, the results of the acquisition are included in the periods subsequent to the acquisition date. Excess cost over net assets purchased of $57 million was recorded in the second quarter of 1998 in connection with this purchase.

On September 8, 1998, the Company acquired The Commerce Bancorporation ("Commerce"), and its banking subsidiary The Commerce Bank of Washington, N.A. for 1.9 million shares of the Company's common stock. On the date of acquisition, Commerce had total assets of $318 million and total shareholders' equity of $24 million. The acquisition was accounted for as a pooling of interests and, accordingly, financial information for all periods presented prior to the date of acquisition has been restated to present the combined financial condition and results of operations as if the acquisition had been in effect for all such periods.

On October 1, 1998, the Company acquired The Sumitomo Bank of California ("Sumitomo"), located in San Francisco, California. Cash consideration of approximately $546.0 million was paid for the acquisition. Sumitomo had total assets of $4.5 billion and total shareholders' equity of $427 million at the date of acquisition. The acquisition was accounted for using the purchase method of accounting, the results of the acquisition are included in the periods subsequent to the acquisition date. The Company recorded $107 million of goodwill with this transaction. Sumitomo and FP were merged with Grossmont Bank and the name was changed to California Bank & Trust ("CB&T"). The Company sold a minority interest in CB&T to a limited partnership and Director of the Company for its cost basis of approximately $33 million.

During 1998, the Company completed the acquisition of four additional banking organizations in Colorado, namely, Sky Valley Bank Corp., Tri-State Finance Corporation, Routt County National Bank Corporation, and SBT Bankshares for an aggregate of 2.4 million shares of common stock. These acquisitions were accounted for as purchases and, accordingly, the Company's financial statements reflect them from the date of acquisition. The Company recorded $69 million in goodwill in connection with these purchases.

During 1998, the Company issued 1.7 million shares of the Company's common stock to acquire four additional banking organizations in Colorado, namely Kersey Bancorp., N.A., Eagle Holding Company, Citizens Banco, Inc. and Mountain Financial Holding Company. Each of these acquisitions was accounted for as a pooling of interests and was not considered material to the historical results of the Company, and accordingly, the Company's financial statements were not restated.

On January 7, 2000, the Company announced a definitive agreement to acquire County Bank in Prescott, Arizona in exchange for Zions Bancorporation common stock. As of December 31, 1999, County Bank had total assets of approximately $242 million (unaudited). This transaction is intended to be accounted for as a pooling of interests and is expected to close in the second quarter of 2000.

Merger expenses for each of the years in the three-year period ended December 31, 1999, are presented below.

	Years ended December 31,		
(In thousands)	**1999**	**1998**	**1997**
Severance and other employee benefits	$ 12,363	16,604	-
Equipment and occupancy expense	1,722	7,773	-
Integration of business operations	451	5,834	-
Integration of information systems	3,403	1,668	-
Legal and other professional fees	4,810	5,957	940
Other integration costs	4,942	5,134	1,767
	$ 27,691	42,970	2,707

In connection with the Regency and Pioneer mergers, the Company recorded pre-tax merger expenses of $14.3 million in 1999. These costs were comprised of; $9.6 million in severance and other employee benefits; integration of information systems totaling $320 thousand; $3.5 million in expenses for legal and other professional fees; and other integration costs of $912 thousand. During 1999, the Company paid $4.5 million in accrued severance and other employee benefits and $5.1 million in legal and other professional fees and other integration costs. At December 31, 1999, $5.1 million in severance and other employee benefits, $320 thousand in integration of information systems and $491 thousand of other integration costs remained accrued. The Company expects that substantially all of the unpaid merger expenses at December 31, 1999, will be paid in 2000. During 1999, the Company paid $455 thousand of severance and other employee benefits, $1.1 million of legal and other professional fees, and $3.5 million in other integration costs associated with earlier acquisitions.

The Company recorded pre-tax merger expenses of $38.1 million in 1998 in connection with the Sumitomo and eleven other mergers. The Sumitomo merger expenses included; $5.3 million in severance and other employee benefits; $7.8 million in real property lease terminations; $5.8 million in integration of business systems and $1.7 million in integration of information systems. In connection with the other eleven mergers, the Company incurred $6.3 million in severance and other employee benefits, $6.0 million in legal and other professional fees, and $5.2 million in other integration costs. As a result of these twelve mergers, merger costs of $38.1 million, and a liability of $22.1 million was recorded in 1998 and was paid in total during 1999.

As a result of the consolidation effort associated with Sumitomo, the Company recorded additional pre-tax merger expenses of $8.4 million during 1999 which amount remained accrued at December 31, 1999. Those costs are comprised of $2.3 million for severance and other employee benefits; $1.7 million in equipment and occupancy costs; $451 thousand in integration of business operations; $3.1 million in integration of information systems; $295 thousand in legal and professional fees; and $546 thousand in other integration costs. The Company expects that substantially all of the unpaid merger expenses at December 31, 1999, will be paid in 2000.

(3) Investment Securities

Investment securities as of December 31, 1999, are summarized as follows (in thousands):

	Held to maturity			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated market value
U.S. Treasury securities	$ 1,497	-	2	1,495
U.S. government agencies and corporations:				
Small Business Administration loan-backed securities	439,818	7,077	2,284	444,611
Other agency securities	1,269,677	445	36,903	1,233,219
States and political subdivisions	313,743	1,265	6,146	308,862
Mortgage-backed securities	1,305,709	4,448	7,836	1,302,321
	$ 3,330,444	13,235	53,171	3,290,508

	Available for sale			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated market value
U.S. Treasury securities	$ 93,106	178	455	92,829
U.S. government agencies and corporations	50,682	28	920	49,790
States and political subdivisions	102,108	165	5,025	97,248
Mortgage - and other asset-backed securities	146,920	350	4,453	142,817
	392,816	721	10,853	382,684
Equity securities:				
Mutual funds:				
Accessor Funds, Inc.	140,935	186	2,447	138,674
Stock	242,700	14,921	49	257,572
	$ 776,451	15,828	13,349	778,930

Investment securities as of December 31, 1998, are summarized as follows (in thousands):

	Held to maturity			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated market value
U.S. Treasury securities	$ 62,412	155	-	62,567
U.S. government agencies and corporations:				
Small Business Administration loan-backed securities	358,161	1,065	3,110	356,116
Other agency securities	940,059	5,753	1,984	943,828
States and political subdivisions	331,314	9,134	128	340,320
Mortgage-backed securities	1,158,810	7,787	266	1,166,331
	$ 2,850,756	23,894	5,488	2,869,162

	Available for sale			
	Amortize d cost	Gross unrealized gains	Gross unrealize d losses	Estimate d market value
U.S. Treasury securities	$ 97,859	1,843	4	99,698
U.S. government agencies and corporations:				
Small Business Administration originator fees certificates	84,933	-	16,283	68,650
Other agencies	277,001	1,942	1,078	277,865
States and political subdivisions	66,590	1,444	47	67,987
Mortgage- and other asset-backed securities	179,389	1,248	401	180,236
	705,772	6,477	17,813	694,436
Equity securities:				
Mutual funds:				
Accessor Funds, Inc.	116,566	1,865	10	118,421
Federal Home Loan Bank stock	100,579	-	-	100,579
Other stock	36,804	3,817	-	40,621
	$ 959,721	12,159	17,823	954,057

The amortized cost and estimated market value of investment securities as of December 31, 1999, by contractual maturity, excluding equity securities, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties (in thousands):

	Held to maturity		Available for sale	
	Amortize d cost	Estimate d market value	Amortized cost	Estimate d market value
Due in one year or less	$ 557,604	556,200	116,892	116,560
Due after one year through five years	1,989,885	1,957,853	146,134	143,387
Due after five years through ten years	423,039	420,722	75,091	71,331
Due after ten years	359,916	355,733	54,699	51,406
	$ 3,330,444	3,290,508	392,816	382,684

Gross gains of $2.4 million, $9.4 million, and $9.1 million and gross losses of $5.4 million, $5.3 million, and $8.2 million were recognized on sales and write downs of investment securities for the years ended December 31, 1999, 1998, and 1997, respectively.

Included in other noninterest income for 1999 is $42.6 million of net gains from securities held by the Company's venture capital subsidiary, Wasatch Venture Corporation. Consolidated net income for 1999 includes approximately $22.9 from Wasatch Venture Corporation's operations for the year.

As of December 31, 1999 and 1998, securities with an amortized cost of $1,730 million and $1,233 million, respectively, were pledged to secure public and trust deposits, advances, and for other purposes as required by law.

(4) Loans and Allowance for Loan Losses

Loans are summarized as follows (in thousands):

		1999	1998
Loans held for sale	$	204,800	232,253
Commercial, financial, and agricultural		3,036,229	2,844,046
Real estate			
Construction		1,722,295	960,236
Other		6,902,855	6,332,798
Consumer		597,375	571,097
Lease financing		274,732	214,124
Foreign		52,697	44,368
Other receivables		62,142	70,623
	$	12,853,125	11,269,545

As of December 31, 1999 and 1998, loans with a carrying value of $1,140 million and $63 million, respectively, were pledged as security for Federal Home Loan Bank advances.

During 1999, 1998, and 1997, sales of loans held for sale totaled $879 million, $1,238 million, and $733 million, respectively. Consumer and other loan securitizations totaled $982 million in 1999, $884 million in 1998, and $951 million in 1997, and relate primarily to loans sold under revolving securitization structures. Gain on the sales, excluding servicing, of both loans held for sale and loan securitizations amounted to $24.2 million in 1999, $36.2 million in 1998, and $28.3 million in 1997.

The allowance for loan losses is summarized as follows (in thousands):

	1999	1998	1997
Balance at beginning of year	$ 212,557	88,622	76,963
Allowance for loan losses of companies acquired	2,623	125,691	14,316
Additions:			
Provision for loan losses	17,956	14,034	5,930
Recoveries	16,544	9,416	5,971
Deductions:			
Loan charge-offs	(45,566)	(25,206)	(14,558)
Balance at end of year	$ 204,114	212,557	88,622

At December 31, 1999, 1998, and 1997, the allowance for loan losses includes an allocation of $23 million, $20 million, and $9 million, respectively, related to commitments to extend credit and standby letters of credit.

The Company's total recorded investment in impaired loans amounted to $57 million and $41 million as of December 31, 1999 and 1998, respectively. Included in the allowance for loan losses as of December 31, 1999 and 1998, is a required allowance of $16 million and $5 million, respectively, on $22 million and $11 million, respectively, of the recorded investment in impaired loans. Contractual interest due and interest foregone on impaired loans totaled $5.3 million and $3.2 million, respectively, for 1999, $3.8 million and $2.1 million, respectively, for 1998, and $554 thousand and $244 thousand, respectively, for 1997. The average recorded investment in impaired loans amounted to $27 million in 1999, $18 million in 1998, and $7 million in 1997.

(5) Concentrations of Credit Risk

Credit risk represents the loss that would be recognized subsequent to the reporting date if counterparties failed to perform as contracted. Concentrations of credit risk (whether on- or off-balance sheet) that arise from financial instruments exist for groups of customers or counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Company does not have significant exposure to any individual customer or counterparty.

Most of the Company's business activity is with customers located within the states of Utah, Idaho, California, Colorado, Arizona, Nevada, and Washington. The commercial loan portfolio is well diversified, consisting of 11 major industry classification groupings. As of December 31, 1999, the larger concentrations of risk in the commercial loan and leasing portfolio are represented by the real estate, construction, business services and transportation industry groupings. The Company has minimal credit exposure from lending transactions with highly leveraged entities. The majority of foreign loans are supported by domestic real estate or letters of credit.

(6) Premises and Equipment

The following table presents comparative data for premises and equipment (in thousands):

	1999	1998
Land	$ 50,209	47,931
Buildings	150,399	134,618
Furniture and equipment	263,270	224,160
Leasehold improvements	64,887	55,800
Total	528,765	462,509
Less accumulated depreciation and amortization	241,317	212,613
Net book value	$ 287,448	249,896

(7) Mortgage Servicing Rights

Mortgage servicing rights, included in other assets in the accompanying balance sheets, are summarized as follows (in thousands):

	1999	1998
Balance at beginning of year	$ 15,314	10,595
Additions	2,223	9,231
Obtained through acquisition	-	1,595
Amortization	(1,054)	(5,484)
Sales	(14,619)	(623)
Balance at end of year	$ 1,864	15,314

At December 31, 1999 and 1998, the aggregate fair value of mortgage servicing rights was $2.5 million and $20.4 million, respectively. Fair values are determined by discounted anticipated future net cash flows from mortgage servicing activities considering market consensus loan prepayment predictions, interest rates, servicing costs, and other economic factors.

(8) Deposits

At December 31, 1999, the scheduled maturities of all time deposits are as follows (in thousands):

2000	$ 2,452,435
2001	279,733
2002	82,069
2003	65,653
2004 and thereafter	35,386
	$ 2,915,276

The aggregate amount of time deposits with a denomination of $100,000 or more was $1,079 million and $1,637 million at December 31, 1999 and 1998, respectively. At December 31, 1999, the contractual maturities of these deposits were as follows: $447 million in 3 months or less, $229 million over 3 months through 6 months, $334 million over 6 months through 12 months and $69 million over 12 months.

Deposit overdrafts that have been reclassified as loan balances were $21 million and $23 million at December 31, 1999 and 1998, respectively.

(9) Short-Term Borrowings

Short-term borrowings generally mature in less than 30 days. The following table shows selected information for these borrowings (in thousands):

	1999	1998	1997
Federal funds purchased:			
Average amount outstanding	$ 717,085	401,412	297,399
Weighted average rate	4.91%	4.61%	5.46%
Highest month-end balance	866,716	594,503	487,098
Year-end balance	825,997	337,283	294,129
Weighted average rate on outstandings at year-end	4.69%	4.58%	5.83%
Security repurchase agreements:			
Average amount outstanding	$ 1,651,514	1,507,196	1,907,410
Weighted average rate	4.44%	4.77%	5.17%
Highest month-end balance	2,462,928	1,771,702	2,277,067
Year-end balance	1,366,653	992,671	1,067,060
Weighted average rate on outstandings at year-end	4.53%	4.40%	5.70%

The Company participates in overnight and term security repurchase agreements. Most of the overnight agreements are performed with sweep accounts in conjunction with a master repurchase agreement. In this case, securities under the Company's control are pledged for and interest is paid on the collected balance of the customers' accounts. For term repurchase agreements, securities are transferred to the applicable counterparty.

(10) Federal Home Loan Bank Advances and Other Borrowings

The following table presents comparative data for FHLB advances and other borrowings over one year (in thousands):

	1999	1998
FHLB advances payable by subsidiaries, 4.97%-7.30%	$ 100,622	44,696
Notes payable, 5.60%-8.32%	12,000	12,100
	$ 112,622	56,796

Federal Home Loan Bank advances as of December 31, 1999 are borrowed by Zions First National Bank (ZFNB) and Vectra Bank Colorado, N.A. (Vectra), wholly-owned subsidiaries, under their lines of credit with the Federal Home Loan Bank of Seattle and Topeka, respectively. The lines of credit are secured under a blanket pledge whereby ZFNB and Vectra maintain unencumbered collateral with carrying amount, which has been adjusted using a pledge requirement percentage based upon the types of collateral pledged, equal to at least 100 percent of outstanding advances.

Interest expense on FHLB advances and other borrowings over one year was $4.8 million, $6.6 million, and $8.2 million for the years ended December 31, 1999, 1998, and 1997, respectively.

Maturities of Federal Home Loan Bank advances and other borrowings over one year are as follows (in thousands):

2000	$ 70,342
2001	3,813
2002	3,005
2003	3,364
2004	2,632
Thereafter	29,466
	$ 112,622

(11) Long-Term Debt

Long-term debt is summarized as follows (in thousands):

		1999	1998
Guaranteed preferred beneficial interests in junior subordinated deferrable interest debentures	$	223,000	223,000
Subordinated notes:			
Floating rate subordinated notes, maturity 2005-2008		177,000	177,000
8.625%-9.00% subordinated notes, maturity in 1998-2002		50,100	50,150
Capital leases and other notes payable		3,371	3,585
	$	453,471	453,735

The guaranteed preferred beneficial interests in junior subordinated deferrable interest debentures include $200 million of 8.536 percent debentures issued by Zions Institutional Capital Trust A (ZICTA), $5.5 million of 10.25 percent debentures issued by GB Capital Trust (GBCT), and $17.5 million of 9.50 percent debentures issued by VBC Capital I Trust (VBCCIT).

The ZICTA debentures are direct and unsecured obligations of ZFNB and are subordinate to the claims of depositors and general creditors. The Company has irrevocably and unconditionally guaranteed all of ZFNB's obligations under the debentures. The GBCT and VBCCIT debentures are direct and unsecured obligations of the Company through the acquisition of GB Bancorporation and Vectra Banking Corporation, and are subordinate to other indebtedness and general creditors of the Company. ZICTA, GBCT, and VBCCIT debentures have the right, with the approval of banking regulators, to early redemption in 2006, 2007, and 2002, respectively. ZICTA and GBCT debentures require semiannual interest payments and mature on December 15, 2026 and January 15, 2027, respectively. VBCCIT debentures require quarterly interest payments and mature on April 30, 2027.

Floating-rate subordinated notes consist of $67 million callable in 2000 and $110 million callable in 2003. These notes require quarterly interest payments. Subordinated notes also include $50.1 million of 8.625 percent notes which are not redeemable prior to maturity and require semiannual interest payments. All subordinated notes are unsecured.

Interest expense on long-term debt was $35.1 million, $29.1 million, and $22.4 million for the years ended December 31, 1999, 1998, and 1997, respectively.

Maturities and sinking fund requirements on long-term debt at December 31, 1999 for each of the succeeding five years are as follows (in thousands):

	Consolidated	Parent only
2000	$ 590	100
2001	456	-
2002	50,481	50,000
2003	516	-
2004	522	-
Thereafter	400,906	177,000
	$ 453,471	227,100

(12) Commitments and Contingent Liabilities

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers, to reduce its own exposure to fluctuations in interest rates, and to make a market in U.S. government, agency, and municipal securities. These financial instruments involve, to varying degrees, elements of credit, liquidity, and interest rate risk in excess of the amount recognized in the balance sheets.

Contractual amounts of the off-balance sheet financial instruments used to meet the financing needs of the Company's customers are as follows (in thousands):

	1999	1998
Commitments to extend credit	$ 5,810,745	4,765,945
Standby letters of credit:		
Performance	79,184	219,820
Financial	110,676	104,530
Commercial letters of credit	17,689	25,294

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require the payment of a fee. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral varies but may include accounts receivable, inventory, property, plant and equipment, and income-producing properties.

Establishing commitments to extend credit gives rise to credit risk. As of December 31, 1999, a significant portion of the Company's commitments is expected to expire without being drawn upon; commitments totaling $3.5 million expire in 2000. As a result, the Company's actual future credit exposure or liquidity requirements will be lower than the contractual amounts of the commitments. The Company uses the same credit policies and procedures in making commitments to extend credit and conditional obligations as it does for on-balance sheet instruments. These policies and procedures include credit approvals, limits, and monitoring.

Standby and commercial letters of credit are conditional commitments issued by the Company generally to guarantee the performance of a customer to a third party. The guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions. Standby letters of credit include commitments in the amount of $183.3 million expiring in 2000 and $6.6 million expiring thereafter through 2007. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company generally holds marketable securities and cash equivalents as collateral supporting those commitments for which collateral is deemed necessary.

Notional values of interest rate contracts are summarized as follows (in thousands):

	1999	1998
Caps and floors - written	$ 875,634	707,137
Swaps	711,228	1,364,584
Forwards	14,885	133,204

The Company enters into interest rate caps and floors, exchange contracts (swaps), and forward agreements as part of its overall asset and liability duration and interest rate risk management strategy. These transactions enable the Company to manage asset and liability durations, and transfer, modify, or reduce its interest rate risk. With the exception of interest rate caps and floors, these instruments are used to hedge asset and liability portfolios and, therefore, are not marked to market. The notional amounts of the contracts are used to express volume, but the amounts potentially subject to credit risk are much smaller. Exposure to credit risk arises from the possibility of nonperformance by counterparties to the interest rate contracts. The Company controls this credit risk (except futures contracts and interest rate cap and floor contracts written, for which credit risk is de minimus) through credit approvals, limits, and monitoring procedures. As the Company generally enters into transactions only with high-quality counterparties, no losses associated with counterparty nonperformance on interest rate contracts have occurred. Nevertheless, the related credit risk is considered and provided for in the allowance for loan losses.

Interest rate caps and floors obligate one of the parties to the contract to make payments to the other if an interest rate index exceeds a specified upper "capped" level or if the index falls below a specified "floor" level. The interest rate caps and floors to which the Company is a party at December 31, 1999, have remaining terms of three to twenty-three years.

Interest rate swaps generally involve the exchange of fixed and variable rate interest payment obligations based on an underlying notional value, without the exchange of the notional value. Entering into interest rate swap agreements involves not only the risk of dealing with counterparties and their ability to meet the terms of the contract but also the interest rate risk associated with unmatched positions. Swaps to which the Company is a party at December 31, 1999, have remaining terms ranging from one to six years.

Forwards are contracts for the delayed delivery of financial instruments in which the seller agrees to deliver on a specified future date, a specified instrument, at a specified price or yield. As of December 31, 1999, the Company's forward contracts have remaining terms ranging from one to four months.

As a market maker in U.S. government, agency, and municipal securities, the Company enters into agreements to purchase and sell such securities. As of December 31, 1999 and 1998, the Company had outstanding commitments to purchase securities of $240 million and $533 million, respectively, and outstanding commitments to sell securities of $243 million and $529 million, respectively. These agreements at December 31, 1999, have remaining terms of one month or less.

The contract or notional amount of financial instruments indicates a level of activity associated with a particular class of financial instrument and is not a reflection of the actual level of risk. As of December 31, 1999 and 1998, the regulatory risk-weighted values assigned to all off-balance sheet financial instruments described herein totaled $1,389 million and $876 million, respectively.

The Company has a total of $50 million available in lines of credit from two separate institutions. At December 31, 1999, the Company had drawn $25 million on these lines, with interest rates ranging from 5.17 percent to 6.64 percent. There were no compensating balance arrangements on either of these lines of credit.

At December 31, 1999, the Company was required to maintain a cash balance of $38 million with the Federal Reserve Banks to meet minimum balance requirements in accordance with Federal Reserve Board regulations.

The Company is a defendant in various legal proceedings arising in the normal course of business. The Company does not believe that the outcome of any such proceedings will have a material adverse effect on its consolidated financial position, operations, or liquidity.

The Company has commitments for leasing premises and equipment under the terms of noncancelable capital and operating leases expiring from 2000 to 2067. Premises leases under capital leases were recorded at $15 million, net of $13 million accumulated amortization at December 31, 1999. Amortization charge applicable to premises leased under capital leases is included in depreciation expense. Future aggregate minimum rental payments under existing noncancelable leases at December 31, 1999 are as follows (in thousands):

	Capital leases	Operating leases
2000	$ 719	20,753
2001	671	18,491
2002	671	16,917
2003	671	15,510
2004	671	14,262
Thereafter	3,701	62,379
	7,104	148,312
Amounts representing interest	(3,988)	-
Present value of net minimum lease payments	$ 3,116	148,312

Future aggregate minimum rental payments have been reduced by noncancelable subleases as follows: 2000, $1.0 million; 2001, $739 thousand; 2002, $481 thousand; 2003, $307 thousand; 2004, $269 thousand; and thereafter $5.8 million. Aggregate rental expense on operating leases amounted to $40.3 million, $33.3 million, and $18.3 million for the years ended December 31, 1999, 1998, and 1997, respectively.

(13) Stock Options

The Company adopted a qualified stock option plan in 1981, under which stock options may be granted to key employees; and a nonqualified plan under which options may be granted to nonemployee directors. Under the qualified plan and nonqualified plan, respectively, 3,244,000 and 400,000 shares of common stock were reserved.

No compensation expense was recorded for the qualified and nonqualified option plans, as the exercise price was equal to the quoted market price of the stock at the time of grant. Options granted are generally exercisable in increments from one to four years after the date of grant and expire six years after the date of grant. Under the nonqualified plan, options expire five to ten years from the date of grant. At December 31, 1999, there were 86,573 and 259,000 additional shares available for grant under the qualified and nonqualified plan, respectively.

During 1998, the Company adopted a broad-based employee stock option plan in substitution of an employee profit-sharing plan, which assets were comprised of Company common stock. Substantially all participants of the employee profit-sharing plan are eligible to participate in the employee stock option plan. The Company bases participation in the employee stock option plan upon employment for a full year prior to the option grant date with service of 20 hours a week or more. Stock options will be granted to eligible employees based on an internal job grade structure. All options vest at a rate of one third each year with expiration at four years after grant date. At December 31, 1999, there were 1,500,000 options authorized with 399,763 options outstanding. The plan is noncompensatory and results in no expense to the Company, as the exercise price of the options is equal to the quoted market price of the stock at the option grant date.

The per share weighted-average fair value of stock options granted during 1999, 1998, and 1997 was $28.01, $17.82, and $10.56, respectively, on the date of grant using the Black-Scholes option-pricing model. The following weighted-average assumptions were used in 1999, 1998, and 1997: expected dividend yield ranging from 1.4% to 1.8%; expected volatility ranging from 22.2% to 39.3%; risk-free interest rates ranging from 5.2% to 6.5% and expected life ranging from 1 to 5.5 years.

Had the Company determined compensation cost based on the fair value at the grant date for its stock options under Statement No. 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

	1999	1998	1997
Net income (in thousands):			
As reported	$ 194,064	143,353	131,403
Pro forma	185,136	138,549	130,163
Earnings per share:			
As reported:			
Basic	2.29	1.77	1.95
Diluted	2.26	1.75	1.92
Pro forma:			
Basic	2.19	1.71	1.93
Diluted	2.16	1.69	1.91

Pro forma amounts reflect only stock-based compensation grants made after 1994. The full impact of calculating compensation cost for stock options under Statement No. 123 is not reflected in the pro forma amounts presented above because compensation cost is reflected over the options' vesting period and compensation cost of options granted prior to January 1, 1995 is not considered.

The following table is a summary of the Company's stock option activity and related information for the three years ended December 31, 1999:

	Number of shares	Weighted average exercise price
Balance at December 31, 1996	1,532,373	10.35
Acquired	184,991	12.54
Granted	581,182	28.87
Exercised	(373,656)	8.59
Forfeited	(47,767)	13.25
Balance at December 31, 1997	1,877,123	16.57
Acquired	430,998	11.35
Granted	1,343,612	45.62
Exercised	(659,168)	11.38
Forfeited	(25,964)	32.82
Balance at December 31, 1998	2,966,601	29.98
Acquired	64,652	27.26
Granted	1,172,542	65.29
Exercised	(625,537)	20.06
Forfeited	(232,567)	42.32
Balance at December 31, 1999	3,345,691	43.30
Outstanding options exercisable as of:		
December 31, 1999	1,222,187	26.62
December 31, 1998	1,116,087	14.90
December 31, 1997	671,333	10.04

Selected information on stock options as of December 31, 1999 follows:

	Outstanding options			Exercisable options	
Exercise price range	**Number of shares**	**Weighted-average exercise price**	**Weighted-average remaining contractual life**	**Number of shares**	**Weighted-average exercise price**
\$2.38 to \$3.81	32,943	3.29	2.83 years	29,343	3.40
\$4.06 to \$6.19	24,893	4.93	7.83	24,893	4.93
\$6.42 to \$9.63	65,998	8.25	4.74	65,998	8.25
\$9.94 to \$14.78	287,486	12.05	3.55	274,912	11.99
\$16.79 to \$23.08	373,832	19.14	4.68	212,659	18.90
\$25.68 to \$38.58	452,225	30.32	3.61	239,909	29.76
\$39.13 to \$56.03	1,196,135	47.58	4.83	363,786	45.59
\$60.31 to \$69.13	912,179	68.61	5.14	10,687	67.83
	3,345,691	43.30	4.96 years	1,222,187	26.62

(14) Net Income Per Common Share

Basic and diluted net income per common share, based on the weighted-average outstanding shares, are summarized as follows (in thousands, except per share amounts):

	1999	1998	1997
Basic:			
Net income	\$ 194,064	143,353	131,403
Less preferred dividends	34	46	41
Net income applicable to common stock	\$ 194,030	143,307	131,362
Average common shares outstanding	84,613	80,788	67,303
Net income per common share - basic	\$ 2.29	1.77	1.95
Diluted:			
Net income applicable to common stock	\$ 194,030	143,307	131,362
Average common shares outstanding	84,613	80,788	67,303
Stock option adjustment	1,082	1,130	955
Average common shares outstanding - diluted	85,695	81,918	68,258
Net income per common share - diluted	\$ 2.26	1.75	1.92

(15) Shareholder Rights Protection Plan

The Company has in place a Shareholder Rights Protection Plan. The Shareholder Rights Protection Plan contains provisions intended to protect shareholders in the event of unsolicited offers or attempts to acquire the Company, including offers that do not treat all shareholders equally, acquisitions in the open market of shares constituting control without offering fair value to all shareholders, and other coercive or unfair takeover tactics that could impair the Board of Directors' ability to represent shareholders' interests fully. The Shareholder Rights Protection Plan provides that attached to each share of common stock is one right (a "Right") to purchase one one-hundredth of a share of participating preferred stock for an exercise price of $90, subject to adjustment.

The Rights have certain anti-takeover effects. The Rights may cause substantial dilution to a person that attempts to acquire the Company without the approval of the Board of Directors. The Rights, however, should not affect offers for all outstanding shares of common stock at a fair price and, otherwise, in the best interests of the Company and its shareholders as determined by the Board of Directors. The Board of Directors may, at its option, redeem all, but not fewer than all, of the then outstanding Rights at any time until the 10th business day following a public announcement that a person or a group had acquired beneficial ownership of 10 percent or more of the Company's outstanding common stock or total voting power.

(16) Income Taxes

Income taxes are summarized as follows (in thousands):

	1999	1998	1997
Federal:			
Current	$ 46,485	64,855	61,746
Deferred	43,648	(4,978)	(1,610)
State	19,365	9,755	7,531
	$ 109,498	69,632	67,667

A reconciliation between income tax expense computed using the statutory federal income tax rate of 35 percent and actual income tax expense is as follows (in thousands):

	1999	1998	1997
Income tax expense at statutory federal rate	$ 107,979	74,694	69,675
State income taxes, net	12,587	6,341	4,895
Nondeductible expenses	11,232	8,643	2,738
Nontaxable interest	(13,893)	(9,125)	(6,526)
Tax credits and other taxes	(1,819)	(1,877)	(1,826)
Corporate reorganization	(6,416)	(6,117)	-
Decrease in valuation allowance	-	(1,992)	(761)
Other items	(172)	(935)	(528)

Income tax expense	$ 109,498	69,632	67,667

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of December 31, 1999 and 1998, are presented below (in thousands):

	1999	1998
Gross deferred tax assets:		
Book loan loss deduction in excess of tax	$ 78,979	78,299
Postretirement benefits	722	9,258
Deferred compensation	8,996	8,577
Deferred loan fees	2,498	5,059
Deferred agreements	2,650	3,046
Capital leases	1,648	3,268
Other real estate owned	4,584	4,890
Accrued severance costs	1,685	3,361
Other	23,452	18,673
Total deferred tax assets	125,214	134,431
Gross deferred tax liabilities:		
Core deposits and purchase accounting	(23,281)	(23,719)
Premises and equipment, due to differences in depreciation	(4,566)	(7,667)
FHLB stock dividends	(21,320)	(18,100)
Leasing operations	(33,416)	(28,267)
Security investments	(19,199)	-
Prepaid pension reserves	(2,016)	(1,405)
Mortgage servicing	(745)	(2,176)
Other	(6,698)	(6,529)
Total deferred tax liabilities	(111,241)	(87,863)
Statement No. 115 market equity adjustment	2,628	2,216
Net deferred tax assets	$ 16,601	48,784

The Company has determined that it is not required to establish a valuation reserve for the net deferred tax assets since it is "more likely than not" that such net assets will be principally realized through future taxable income and tax planning strategies. The Company's conclusion that it is "more likely than not" that the net deferred tax assets will be realized is based on history of growth in earnings and the prospects for continued growth and profitability.

(17) Regulatory Matters

The Company is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory--and possibly additional discretionary--actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company must meet specific capital guidelines that involve quantitative measures of the Company's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Company's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company to maintain minimum amounts and ratios (set forth in the table below) of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier I capital (as defined) to average assets (as defined). Management believes, as of December 31, 1999, that the Company meets all capital adequacy requirements to which it is subject.

As of December 31, 1999, the Company's capital ratios significantly exceeded the minimum capital levels and is considered well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Company must maintain minimum total risk-based, Tier I risk-based, and Tier I leverage ratios as set forth in the table. There are no conditions or events that management believes have changed the Company's category.

The actual capital amounts and ratios of the Company and significant banking subsidiaries are as follows (in thousands):

	Actual		For capital adequacy purposes		To be well capitalized	
	Amount	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
As of December 31, 1999:						
Total capital (to risk-weighted assets)						
The Company	1,646,581	11.29	1,167,056	8.00	1,458,820	10.00
Zions First National Bank	692,026	14.73	375,744	8.00	469,680	10.00
California Bank & Trust	527,964	10.32	409,093	8.00	511,367	10.00
Tier I capital (to risk-weighted assets)						
The Company	1,260,090	8.64	583,528	4.00	875,292	6.00
Zions First National Bank	432,845	9.22	187,872	4.00	281,808	6.00
California Bank & Trust	353,777	6.92	204,547	4.00	306,820	6.00
Tier I capital (to average assets)						
The Company	1,260,090	6.16	613,398	3.00	1,022,331	5.00
Zions First National Bank	432,845	5.61	231,406	3.00	385,676	5.00
California Bank & Trust	353,777	5.68	186,973	3.00	311,622	5.00

	Actual		For capital adequacy purposes		To be well capitalized	
	Amount	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
As of December 31, 1998:						
Total capital (to risk-weighted assets)						
The Company	1,412,508	11.34	996,180	8.00	1,245,225	10.00
Zions First National Bank	619,784	15.15	327,213	8.00	409,016	10.00
California Bank & Trust	461,981	10.43	354,427	8.00	443,034	10.00
Tier I capital (to risk-weighted assets)						
The Company	1,046,600	8.40	498,090	4.00	747,135	6.00
Zions First National Bank	369,900	9.04	163,607	4.00	245,410	6.00
California Bank & Trust	297,294	6.71	177,213	4.00	265,820	6.00
Tier I capital (to average assets)						
The Company	1,046,600	5.91	531,363	3.00	885,605	5.00
Zions First National Bank	369,900	5.56	199,729	3.00	332,881	5.00
California Bank & Trust	297,294	5.14	173,527	3.00	289,212	5.00

Dividends declared by the Company's national banking subsidiaries in any calendar year may not, without the approval of the appropriate federal regulator, exceed their net earnings for that year combined with their net earnings less dividends paid for the preceding two years. At December 31, 1999, the Company's subsidiaries had approximately $55.5 million available for the payment of dividends under the foregoing restrictions.

(18) Retirement Plans

The Company has a noncontributory defined benefit pension plan for eligible employees. Plan benefits are based on years of service and employees' compensation levels. Benefits vest under the plan upon completion of five years of service. Plan assets consist principally of corporate equity and debt securities and cash investments.

Effective January 1, 1997, the plan was amended such that plan benefits are now defined as a lump-sum cash value or an annuity at age 65. The 1997 income from curtailment resulted from the merger of Grossmont Bank plan participants into the Company’s plan at December 31, 1997.

On January 1, 1998, the Company adopted the provisions of Statement of Financial Accounting Standards (Statement) No. 132. Statement No. 132 revises employer’s disclosures about pension and other postretirement benefit plans. Statement No. 132 does not change the method of accounting for such plans.

The following table presents the change in the plan's benefit obligation for the years ended December 31, 1999 and 1998, as follows (in thousands):

	1999	1998
Benefit obligation at beginning of year	$ 108,973	66,267
Service cost	8,294	5,587
Interest cost	7,397	5,192
Acquisitions	-	41,626
Actuarial gain	(7,379)	(5,536)
Benefits paid	(10,895)	(4,163)
Benefit obligation at end of year	$ 106,390	108,973

Plan assets included 88,558 shares of Company common stock as of December 31, 1999 and 86,760 shares as of December 31, 1998. The following table presents the change in plan assets for the years ended December 31, 1999 and 1998, as follows (in thousands):

	1999	1998
Fair value of plan assets at beginning of year	$ 107,245	72,966
Actual return on plan assets	25,595	10,534
Acquisitions	-	27,831
Employer contributions	17,044	77
Benefits paid	(10,895)	(4,163)
Fair value of plan assets at end of year	$ 138,989	107,245

The following table presents the plan's funded status reconciled with amounts recognized in the Company's consolidated balance sheets at December 31, 1999 and 1998, as follows (in thousands):

	1999	1998
Funded status	$ 32,599	(1,728)
Unrecognized net actuarial (gain) loss	(21,302)	2,372
Unrecognized net transition asset	-	(431)
Unrecognized prior service cost	(2,646)	(3,031)
Net prepaid cost (accrued liability)	$ 8,651	(2,818)

The ending net accrued liability and net prepaid benefit cost at December 31, 1999 and 1998, respectively, is fully recognized in the Company's respective consolidated balance sheets.

Net periodic benefit cost recognized for the years ended December 31, 1999, 1998, and 1997, includes the following components (in thousands):

	1999	1998	1997
Service cost	$ 8,294	5,587	3,042
Interest cost	7,397	5,192	4,066
Expected return on plan assets	(9,300)	(6,851)	(5,076)
Amortization of prior service cost	(385)	(385)	(384)
Amortization of transitional asset	(431)	(625)	(625)
Recognized actuarial loss	-	39	260
Net periodic benefit cost recognized	$ 5,575	2,957	1,283

The weighted average discount rate used in determining the pension benefit obligation was 8.00 percent and 6.75 percent in 1999 and 1998, respectively. The rate of compensation increase and the expected long-term rate of return were 5.00 percent and 9.00 percent, respectively, for both 1999 and 1998. Any net transition asset or obligation and any unrecognized prior service cost are being amortized on a straight-line basis. Unrecognized gains and losses are amortized using the minimum recognition method described in paragraph 32 of Statement of Financial Accounting Standards No. 87.

The Company also sponsors three unfunded, nonqualified supplemental executive retirement plans, which restore pension benefits limited by federal tax law. At December 31, 1999 and 1998, the Company's liability included in accrued expenses totaled $5.7 million and $5.4 million, respectively.

In addition to the Company's defined benefit pension plan, the Company sponsors a defined benefit health care plan that provides postretirement medical benefits to full-time employees hired before January 1, 1993, who meet minimum age and service requirements. The plan is contributory, with retiree contributions adjusted annually, and contains other cost-sharing features such as deductibles and coinsurance. Plan coverage is provided by self-funding or health maintenance organizations (HMOs) options. Reductions in the Company's obligations to provide benefits resulting from cost sharing changes have been applied to reduce the plan's unrecognized transition obligation. During 1999, the Company adopted several plan changes that reduced the liability for retiree medical coverage. The Company's retiree premium contribution rate is frozen at 50 percent of 1996 dollar amounts until 2003, when all retiree medical coverage will be fully paid by retirees.

The following table presents the change in the plan's benefit obligation for the years ended December 31, 1999 and 1998, as follows (in thousands):

		1999	1998
Benefit obligation at beginning of year	$	12,306	3,817
Service cost		91	114
Interest cost		852	230
Acquisitions		-	8,833
Actuarial gain		(385)	(389)
Benefits paid		(149)	(299)
Curtailments		(3,594)	-
Benefit obligation at end of year	$	9,121	12,306

The following table presents the plan's funded status reconciled with amounts recognized in the Company's consolidated balance sheets at December 31, 1999 and 1998, as follows (in thousands):

		1999	1998
Benefit obligation at end of year	$	9,121	12,306
Unrecognized net actuarial gain		(1,889)	(1,821)
Accrued benefit cost	$	11,010	14,127

Net periodic benefit cost recognized for the years ended December 31, 1999, 1998, and 1997, includes the following components (in thousands):

		1999	1998	1997
Service cost	$	91	114	111
Interest cost		852	230	270
Recognized net gain		(317)	(515)	(487)
Net periodic benefit cost (credit)		626	(171)	(106)
Recognized curtailment gain		(3,594)	-	-
Recognized liability due to acquisitions		-	8,833	-
Net periodic benefit cost (credit) after recognition of extraordinary items		(2,968)	8,662	(106)

The weighted-average discount rate used in determining the accumulated postretirement benefit obligation was 8.0 percent at December 31, 1999 and 7.0 percent at December 31, 1998.

The actuarial assumed health care cost trend rate is 6.5 percent for 2000, decreasing to an ultimate level of 5 percent for the years 2003 and thereafter. The effect of a one-percentage point increase and decrease in the assumed health care cost trend rate at December 31, 1999 would be a $2,000 increase and a $2,000 decrease, respectively, to the aggregate service and interest cost components of the net periodic postretirement health care benefit cost and a $25,000 increase and a $25,000 decrease, respectively, to the accumulated postretirement benefit obligation for health care benefits.

The Company has an Employee Stock Savings Plan and an Employee Investment Savings Plan (PAYSHELTER). Under PAYSHELTER, employees select from a nontax-deferred or tax-deferred plan and several investment alternatives. Employees can contribute from 1 to 15 percent of compensation, which is matched up to 50 percent by the Company for contributions up to 5 percent and 25 percent for contributions greater than 5 percent up to 10 percent. The Company's contributions to the plans amounted to $5.3 million, $3.7 million, and $2.4 million for the years ended December 31, 1999, 1998, and 1997, respectively.

(19) FAIR VALUE OF FINANCIAL INSTRUMENTS

Carrying value and estimated fair value of principal financial instruments are summarized as follows (in thousands):

	December 31, 1999		December 31, 1998	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Financial assets:				
Cash and due from banks	898,300	898,300	922,654	922,654
Money market investments	525,169	525,169	659,705	659,705
Investment securities	4,437,219	4,397,283	3,996,668	4,015,074
Loans, net	12,586,531	12,627,743	11,006,928	11,248,428
Total financial assets	18,447,219	18,448,495	16,585,955	16,845,861
Financial liabilities:				
Demand, savings, and money market deposits	10,936,883	10,936,883	9,939,491	9,939,637
Time deposits	2,915,276	2,898,930	4,077,175	4,107,952
Foreign deposits	209,780	209,726	204,244	205,812
Securities sold, not yet purchased	237,020	237,020	29,702	29,702
Federal funds purchased and security repurchase agreements	2,192,650	2,192,650	1,329,954	1,329,954
FHLB advances and other borrowings	1,389,327	1,379,127	206,763	209,797
Long-term debt	453,471	446,056	453,735	460,104
Total financial liabilities	18,334,407	18,300,392	16,241,064	16,282,958
Off-balance sheet instruments:				
Caps and floors:				
Written	(7,671)	(7,671)	(3,123)	(3,123)
Swaps	-	(9,641)	-	7,103
Forwards	-	-	-	(331)
Total off-balance sheet instruments	(7,671)	(17,312)	(3,123)	3,649

Financial Assets - The estimated fair value approximates the carrying value of cash and due from banks and money market investments. For securities, the fair value is based on quoted market prices where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments or a discounted cash flow model based on established market rates. The fair value of fixed-rate loans is estimated by discounting future cash flows using the London Interbank Offered Rate (LIBOR) yield curve adjusted by a factor which reflects the credit and interest rate risk inherent in the loan. Variable-rate loans reprice with changes in market rates. As such their carrying amounts are deemed to approximate fair value. The fair value of the allowance for loan losses of $204 million and $213 million at December 31, 1999 and 1998, respectively, is the present value of estimated net charge-offs.

Financial Liabilities - The estimated fair value of demand and savings deposits, securities sold not yet purchased, and federal funds purchased and security repurchase agreements approximates the carrying value. The fair value of time and foreign deposits is estimated by discounting future cash flows using generally the LIBOR yield curve. Substantially all FHLB advances reprice with changes in market interest rates or have short terms to maturity. The carrying value of such indebtedness is deemed to approximate market value. Other borrowings are not significant. The estimated fair value of the subordinated notes is based on a quoted market price. The remaining long-term debt is not significant.

Off-Balance Sheet Financial Instruments - The fair value of the caps, floors, and swaps reflects the estimated amounts that the Company would receive or pay to terminate the contracts at the reporting date based upon pricing or valuation models applied to current market information, thereby taking into account the current unrealized gains or losses of open contracts. The carrying amounts include unamortized fees paid or received and deferred gains or losses.

The fair value of commitments to extend credit and letters of credit, based on fees currently charged for similar commitments, is not significant.

Limitations - These fair value disclosures represent management's best estimates, based on relevant market information and information about the financial instruments. However, because no markets exist for the Company's financial instruments, fair value estimates are based on judgements regarding future expected loss experience, current economic conditions, risk characteristics of the various instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in the above methodologies and assumptions could significantly affect the estimates.

Further, the calculations do not represent the underlying value of the Company. Other significant assets and liabilities, which are not considered financial assets or liabilities and for which no fair values have been estimated, include premises and equipment, goodwill and other intangibles, deferred taxes, and other liabilities.

(20) OPERATING SEGMENT INFORMATION

As of December 31, 1998 the Company adopted FASB Statement No. 131, *Financial Reporting for Segments of a Business Enterprise*. This statement requires that a public business enterprise report financial and descriptive information about its reportable operating segments. According to the statement, operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

The Company evaluates segment performance internally based on geography, and thus the operating segments are so defined. All segments, except for the segment defined as "other," are based on commercial banking operations. The operating segment defined as "other" includes the Parent company, smaller nonbank operating units, and eliminations of transactions between segments.

The accounting policies of the individual operating segments are the same as those of the Company described in note 1. Transactions between operating segments are primarily conducted at fair value, resulting in profits that are eliminated for reporting consolidated results of operations. Expenses for centrally provided services are allocated based on the estimated usage of those services.

To Our Shareholders:

The year 1999 will long be remembered in the history of our Company as being a year marked by both significant successes and disappointments. It was a year in which Zions Bancorporation experienced record financial results, with extraordinary revenue and earnings growth, and it was a period of continued expansion of our franchise and diversification of our business activities. But 1999 will no doubt be remembered most notably for the announcement of the proposed merger of First Security Corporation with Zions Bancorporation, a transaction which would have substantially increased the size and scope of our business. It was a transaction beset with a number of challenges and delays; a deal which ultimately did not receive the support of our shareholders and was terminated nearly ten months after its announcement.

Financial Results

Operating cash earnings in 1999 reached $243.8 million or $2.84 per diluted share, an increase of 25.4% and 19.8%, respectively, over the restated $194.4 million or $2.37 per share earned in 1998. Net income for the year was $194.1 million or $2.26 per diluted share, including $18.5 million or $0.22 per diluted share in after-tax merger-related charges. For the year, cash return on tangible equity was 26.9%, and nominal return on equity was 12.4%. Financial results for 1999 and 1998 include the effects of applying the purchase accounting method to a number of business combinations completed in 1997 and 1998 which had originally been accounted for as poolings of interests, as further described below under "The First Security Merger."

Total loans and leases outstanding during 1999 averaged $11.8 billion, an increase of 54.9% from the $7.6 billion outstanding in 1998. Total deposits averaged $14.1 billion, a 37.8% increase from the $10.2 billion in deposits the prior year. Total assets at year end 1999 were $20.3 billion, an increase of 12.4% over the 1998 year-end total, while total tangible shareholders' equity was $993.6 million, an increase of 25.9% over the 1998 year-end figure. Dividends per share totaled $0.72 in 1999, an increase of 33.3% over the $0.54 paid in 1998, as the dividend was increased after the announcement of the First Security merger to conform the payout levels of both companies.

Credit quality remained strong in 1999. Non-performing assets, as a percentage of outstanding loans, leases and other real estate owned, totaled 0.58% at year-end - the same level as year-end 1998. Net loan and lease charge-offs totaled 0.25% of average loans in 1999 compared to 0.21% during the prior year.

Building the Franchise

In May, 1999 we announced a merger with Pioneer Bancorporation, a highly successful bank holding company with approximately $1 billion in assets and offices in the Las Vegas and Reno, Nevada markets. Its subsidiary, Pioneer Citizens Bank, was merged with Nevada State Bank in October. In April, we announced a merger with Regency Bancorp, located in Fresno, California. Regency Bank, with total assets of approximately $230 million, became a part of our California

Bank & Trust subsidiary in October as well. On January 7, 2000, we entered into a merger agreement with County Bank in Prescott, Arizona. With $242 million in assets, it is expected that this transaction will be completed in the second quarter of 2000, with the operations of County Bank being integrated into our National Bank of Arizona subsidiary.

This past year was also the first full year of operation of California Bank & Trust, which we created in late 1998 by merging our affiliate, Grossmont Bank, with The Sumitomo Bank of California, creating the fifth largest bank in California. Additional management was brought into the organization, and new products were introduced to the bank's customers. With operating cash earnings of approximately $6.9 million, the bank exceeded our expectations for the year.

During 1999, we continued to build the foundation for what we believe can become a very significant business for us, Digital Signature Trust Company, or "DST". This subsidiary of Zions First National Bank, whose minority equity partner is the American Bankers Association, made great strides during the year. Most notably, DST won the first of only three contracts awarded by the General Services Administration of the United States Government to provide Internet security and authentication services to government agencies under the Access Certificates for Electronic Services, or "ACES" program. ACES will make it possible for various government agencies to transact business and make sensitive information available to individuals, businesses and other organizations in a secure online environment using "Public Key Infrastructure" technology. Recently, DST became the first of the three authorized vendors to become certified as being operationally capable to issue "digital certificates" to government agencies and departments. DST also completed a successful pilot project for the Social Security Administration, demonstrating the feasibility of employer submission of wage and tax information. Currently, approximately six million employers file wage and tax withholding reports, with the majority of these entities submitting paper-based information. Substantial savings, for both the government and employers, could be realized by automating the submission of this information over the Internet. We expect to devote additional resources to this venture in the months ahead, and to tap external sources of capital, in order to fully realize the value in this enterprise.

Significant resources were devoted to the completion of the Company's "Year 2000" project during 1999, to ensure our readiness to operate without disruption as we entered a new century. While Zions, like most companies, experienced no operational failures as a result of the date change, the smooth transition into the new year was made possible by the hard work of a large number of dedicated employees who devoted many thousands of hours to this task. Many of these same employees were also involved in a variety of integration projects related not only to the prospective First Security merger, but also a number of systems conversions in conjunction with recent acquisitions in Colorado and other markets.

The First Security Merger

On June 6, 1999, the Company announced that it had entered into a merger agreement with First Security Corporation. The resulting enterprise would have had total assets of approximately $40 billion, with banking operations throughout the West. The merger agreement included the provision that the new company would use the First Security name, which, because it had widespread identity in multiple markets throughout the West, would result in the least amount of disruption for the greatest number of customers. It was also agreed that while the CEO's of both companies would become Co-CEO's of the new organization through a transitional period, managerial responsibility for the new organization would ultimately reside with Zions.

It was anticipated that federal regulators would require approximately $1.5 billion in deposits and related loans to be divested to satisfy antitrust concerns. Ultimately, approximately $2.1 billion in deposits and related loans were required to be divested, contingent upon the closing of the merger. A further, major disappointment was the fact that the Justice Department required that most of the offices to be divested come from the Zions branch network.

On December 16, Zions' independent auditor, KPMG LLP, notified the Company that it had developed concerns over the proper application of Staff Accounting Bulletin 96, issued by the U.S. Securities and Exchange Commission (the "SEC"), to a number of business combinations completed by Zions in recent years. These transactions, which had been accounted for using the pooling-of-interests method of accounting, had been accompanied in many cases by share buy-back programs in which Zions had acquired in the open market less than ten percent of the shares to be issued in a deal prior to the consummation of the transaction, the maximum permissible under pooling accounting rules.

Prior to accounting for these earlier transactions in accordance with the pooling accounting rules, Zions had consulted with KPMG on each occasion to confirm that the accounting treatment for each prospective pooling transaction was proper. Although no new or changed facts or circumstances relating to KPMG's prior advice had occurred, KPMG nevertheless informed Zions that it would no longer stand by its prior advice, and would withdraw its consent to permit Zions to use its prior opinions, unless the use of pooling accounting treatment was confirmed by the SEC.

On December 23, the SEC notified the Company that it would require shares repurchased in conjunction with the next merger to also be allocated to the last merger consummated within the prior six month period. Subsequently, the SEC notified the Company that the shares should additionally be allocated to all other mergers completed within the prior six months, resulting in the need to restate numerous prior business combinations as purchase transactions. In late January, 2000 the SEC provided a third and final interpretation of Staff Accounting Bulletin 96, requiring the application of a customized algorithm in allocating the repurchased shares to specific transactions. The final interpretation provided by the SEC had no prior foundation in the accounting literature, and has not been published or disseminated by the SEC. In applying this interpretation of Staff Accounting Bulletin 96, the Chief Accountant at the SEC indicated that Zions had not taken any actions which were inappropriate; on the contrary, he noted that Zions had taken proper steps to review the appropriate accounting methodology with its independent auditor in advance of the transactions in question, and had received written confirmation of the accounting treatment from its auditors.

Zions and First Security rescheduled their shareholders' meetings until March 22, 2000 in order to allow for the distribution of new proxy materials, which were disseminated on February 17, 2000. On March 3, First Security issued a press release indicating that the company's stand-alone first quarter, 2000 revenues and earnings were expected to fall short of market expectations. Zions' financial advisor, Goldman, Sachs & Co., notified Zions' board of directors that its "fairness opinion", which it had recently updated in conjunction with the proxy statement issued on February 17, 2000, could no longer be relied upon. Subsequently, Goldman Sachs delivered to Zions a letter to the effect that it could no longer conclude that the exchange ratio - the proportion of the new company's shares to be received by Zions and First Security shareholders, respectively - was fair to Zions shareholders from a financial point of view.

The First Security earnings forecast, the withdrawal of Goldman Sachs' fairness opinion and its determination that it could no longer conclude that the exchange rate was fair, and other relevant information was provided by Zions to Zions shareholders in a proxy statement supplement. The Zions shareholders' meeting was rescheduled for March 31 in order to provide adequate time for our shareholders to receive and evaluate the new information and to consider it in deciding how to vote.

At the March 31 meeting, Zions shareholders declined to adopt the merger agreement. The following day, First Security notified Zions that it was terminating the merger agreement.

On Monday, April 10, Wells Fargo & Company announced that it was acquiring First Security at a price which, based on the closing value of both Wells Fargo and Zions shares the preceding Friday, would have represented .347 Zions shares for each First Security share, or a reduction of 21.5% from the exchange ratio in the Zions merger agreement.

The Future

While the merger-related events of recent months have been difficult and costly, there have also been many lessons learned. It has sharpened our understanding of the strengths of our own organization, while also allowing us to focus on a number of steps we can take to improve our basic banking operations. It has made us more cognizant of the value creation possibilities in certain of our lines of business, and of the difficulty in creating value in other business lines. This experience will better prepare us for future opportunities.

Most of all, the events of recent months have led to an appreciation, in ways perhaps taken too much for granted before, of the incredible strength, talent and commitment of our employees. Their patience, their endurance and their support have been remarkable. It has become a cliché to state that a company's employees are its most important assets. In our case, it is an absolute truth. They are creative, energized, wonderful people, and they are great bankers.

We will continue to build our banking business, focusing on expanding our operations and market share in some of the most vibrant markets in the nation. But we will also devote increasing attention to building on our banking legacy to develop new products that create value for our customers and shareholders, harnessing new technologies which will revolutionize the way our customers conduct business.

Zions Bancorporation has been a luminary in the banking industry for creating shareholder value. The Company was recently recognized by both *The Wall Street Journal* and *Fortune* magazine as having had the best total return to shareholders over the past decade of any bank included in the universe of large institutions surveyed by these publications. This speaks to the ability of Zions Bancorporation to continue to excel in the years ahead of us.

We appreciate your patience through the events of recent months, and pledge that we will redouble our efforts to ensure that our future is as bright as our past.

Respectfully,

Harris H. Simmons
President and Chief Executive Officer April 13, 2000

Diluted Earnings Per Share

[Bar Chart, see sample]

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Cash Basis	.53	.57	.87	1.01	1.12	1.46	1.73	2.03	2.37	2.84
Reported	.52	.56	.86	.99	1.09	1.42	1.69	1.92	1.75	2.26

Return on Equity

[Bar Chart, see sample]

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Cash Basis	15.8	15.3	20.0	21.9	19.4	22.1	23.4	25.4	26.6	26.9
Reported	15.3	14.6	18.8	20.3	17.9	12.4	11.00	19.4	21.5	20.5

Rated by *The Wall Street Journal* and *Fortune Magazine* as the best performing bank holding company in providing total return to shareholders for the past decade.

Financial Highlights

For the Year (in millions)	99/98 Change	1999	1998	1997	1996	1995
Net income	+ 35%	**$194.1**	$143.4	$131.4	$112.8	$90.8
Operating cash earnings[1]	+ 25%	**243.8**	194.4	138.3	115.0	93.0
Per Share						
Net income (diluted)	+ 29%	**$ 2.26**	$ 1.75	$1.92	$ 1.69	$ 1.42
Net income (basic)	+ 29%	**2.29**	1.77	1.95	1.71	1.44
Operating cash earnings (diluted)[1]	+ 20%	**2.84**	2.37	2.03	1.73	1.46
Dividends declared	+ 33%	**.72**	.54	.47	.43	.35
Book value[2]	+ 12%	**19.39**	17.39	12.50	9.00	7.83
Market price – end		**59.19**	62.38	45.38	26.00	20.06
Market price – high		**75.88**	62.38	46.00	26.00	20.28
Market price – low		**49.00**	38.38	25.69	16.69	8.88
At Year End						
Assets	+ 12%	**$20,281**	$18,050	$10,794	$7,353	$6,302
Loans and leases	+ 14%	**12,791**	11,219	5,463	3,942	3,213
Loans sold being serviced[3]	+ 18%	**1,252**	1,057	1,050	868	831
Deposits	- 1%	**14,062**	14,221	7,830	5,301	4,675
Shareholders' equity	+ 14%	**1,660**	1,453	857	569	480
Performance Ratios						
Return on average assets		**.97%**	1.00%	1.35%	1.58%	1.45%
Return on average common equity		**12.42%**	10.98%	19.40%	21.54%	20.52%
Efficiency ratio		**66.55%**	70.10%	59.33%	56.50%	59.08%
Net interest margin		**4.31%**	4.56%	4.29%	4.69%	4.67%
Operating Cash Performance Ratios[1]						
Return on average assets		**1.27%**	1.41%	1.45%	1.62%	1.49%
Return on average common equity		**26.87%**	26.56%	25.40%	23.36%	22.06%
Efficiency ratio		**60.33%**	61.32%	57.99%	55.96%	58.40%
Capital Ratios[2]						
Equity to assets		**8.18%**	8.05%	7.94%	7.73%	7.61%
Tier 1 leverage		**6.16%**	5.91%	6.92%	8.91%	6.43%
Tier 1 risk-based capital		**8.64%**	8.40%	11.96%	14.36%	11.30%
Total risk-based capital		**11. 29%**	11.34%	13.85%	16.71%	13.94%
Selected Information						
Average common-equivalent shares (in thousands)		**85,695**	81,918	68,258	66,547	63,871
Common dividend payout ratio		**29.33%**	28.40%	22.10%	22.20%	22.68%
Full-time equivalent employees		**6,833**	7,099	4,652	3,327	3,085
Commercial Banking Offices		**362**	345	241	153	141
ATM's		**484**	476	495	337	264

1 Before amortization of goodwill and core deposit intangible assets and merger expense.

2 At year end

3 Amount represents the outstanding balance of loans and receivables sold and being serviced by the Company, excluding long-term first mortgage residential real estate loans.

ZIONS BANCORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 1999 and 1998

(In thousands, except share amounts)

Assets	**1999**	**1998**
Cash and due from banks	$ 898,300	922,654
Money market investments:		
Interest-bearing deposits	17,371	30,484
Federal funds sold	85,898	246,946
Security resell agreements	421,900	382,275
Investment securities:		
Held to maturity, at cost (approximate market value $3,290,508 and $2,869,162)	3,330,444	2,850,756
Available for sale, at market	778,930	954,057
Trading account, at market	327,845	191,855
Loans:		
Loans held for sale	204,800	232,253
Loans, leases, and other receivables	12,648,325	11,037,292
	12,853,125	11,269,545
Less:		
Unearned income and fees, net of related costs	62,480	50,059
Allowance for loan losses	204,114	212,557
Net loans	12,586,531	11,006,929
Premises and equipment, net	287,448	249,896
Goodwill and core deposit intangibles	666,219	663,606
Other real estate owned	8,939	5,270
Other assets	871,075	544,895
	$ 20,280,900	18,049,623
Liabilities and Shareholder's Equity		
Deposits:		
Noninterest-bearing	$ 3,276,097	3,394,884
Interest-bearing:		
Savings and money market	7,660,786	6,544,607
Time:		
Under $100,000	1,836,645	2,439,696
Over $100,000	1,078,631	1,637,479
Foreign	209,780	204,244
	14,061,939	14,220,910
Securities sold, not yet purchased	237,020	29,702
Federal funds purchased	825,997	337,283
Security repurchase agreements	1,366,653	992,671
Accrued liabilities	247,406	321,258
Commercial paper	238,660	49,217
Federal Home Loan Bank advances and other borrowings:		
Less than one year	1,038,045	100,750
Over one year	112,622	56,796
Long-term debt	453,471	453,735
Total liabilities	18,581,813	16,562,322
Minority interest	39,249	34,670
Shareholders' equity:		
Capital stock:		
Preferred stock, without par value; authorized 3,000,000 shares; issued and outstanding, none	—	—
Common stock, without par value; authorized 200,000,000 shares; issued and outstanding, 85,592,643 shares and 83,554,630 shares	888,231	796,519
Accumulated other comprehensive loss	(4,158)	(3,407)
Retained earnings	775,765	659,519
Total shareholders' equity	1,659,838	1,452,631
	$ 20,280,900	18,049,623

See accompanying notes to consolidated financial statements.

ZIONS BANCORPORATION AND SUBSIDIARIES

Consolidated Statements of Income

Years ended December 31, 1999, 1998, and 1997

(In thousands, except share amounts)

	1999	1998	1997
Interest income:			
Interest and fees on loans	$ 1,001,741	694,338	423,456
Interest on loans held for sale	12,194	14,256	11,874
Lease financing	13,293	12,630	13,190
Interest on money market investments	67,234	92,248	88,267
Interest on securities:			
Held to maturity:			
Taxable	175,701	131,712	106,691
Nontaxable	18,784	16,154	12,851
Available for sale:			
Taxable	36,480	44,735	41,581
Nontaxable	3,844	2,733	2,872
Trading account	30,067	24,043	16,211
Total interest income	1,359,338	1,032,849	716,993
Interest expense:			
Interest on savings and money market deposits	247,729	173,833	125,124
Interest on time and foreign deposits	166,749	143,313	69,260
Interest on borrowed funds	203,371	141,761	153,005
Total interest expense	617,849	458,907	347,389
Net interest income	741,489	573,942	369,604
Provision for loan losses	17,956	14,034	5,930
Net interest income after provision for loan losses	723,533	559,908	363,674
Noninterest income:			
Service charges on deposit accounts	76,756	61,131	44,682
Other service charges, commissions, and fees	66,098	57,027	40,861
Trust income	15,762	10,969	8,075
Investment securities gain (loss), net	(2,970)	4,055	888
Underwriting and trading income	11,551	9,239	5,716
Loan sales and servicing income	40,516	50,365	38,734
Other	58,832	17,411	9,354
Total noninterest income	266,545	210,197	148,310
Noninterest expense:			
Salaries and employee benefits	346,710	261,531	164,938
Occupancy, net	49,393	33,387	17,970
Furniture and equipment	45,477	38,256	24,500
Other real estate expense (income)	(66)	656	301
Legal and professional services	16,156	16,345	8,052
Supplies	11,168	11,904	8,444
Postage	11,656	11,030	7,284
Advertising	18,502	12,613	7,360
FDIC premiums	2,152	1,528	708
Merger expense	27,691	38,128	815
Amortization of goodwill and core deposit intangibles	36,008	31,641	7,069
Amortization of mortgage servicing assets	911	5,484	2,152
Other	115,809	94,197	63,321
Total noninterest expense	681,567	556,700	312,914
Income before income taxes and minority interest	308,511	213,405	199,070
Income taxes	109,498	69,632	67,667
Net income before minority interest	199,013	143,773	131,403
Minority interest	4,949	420	—
	$ 194,064	143,353	131,403
Weighted-average common and common-equivalent shares outstanding during the year	85,695	81,918	68,258
Net income per common share:			
Basic	$ 2.29	1.77	1.95
Diluted	$ 2.26	1.75	1.92

See accompanying notes to consolidated financial statements.

ZIONS BANCORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended December 31, 1999, 1998, and 1997

(In thousands)

		1999	1998	1997
Cash flows from operating activities:				
Net income	$	194,064	143,353	131,403
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Provision for loan losses		17,956	14,034	5,930
Depreciation of premises and equipment		39,155	29,861	18,689
Amortization		51,367	50,506	15,581
Accretion of unearned income and fees, net of related costs		18,437	(5,695)	1,545
Income to minority interest		4,949	420	—
Proceeds from sales of trading account securities		188,710,001	175,432,243	119,209,754
Increase in trading account securities		(188,845,991)	(175,540,070)	(119,259,359)
Investment securities (gain) loss, net		2,970	(4,055)	(888)
Proceeds from loans held-for-sale		878,638	1,237,514	742,244
Increase in loans held-for-sale		(852,309)	(1,296,803)	(764,066)
Net gain on sales of loans, leases and other assets		(31,674)	(43,644)	(28,402)
Change in accrued income taxes		4,792	22,916	677
Change in accrued interest receivable		(15,457)	1,420	(20,895)
Change in accrued interest payable		201	1,183	4,299
Other, net		(175,671)	(54,790)	(26,422)
Net cash provided by (used in) operating activities		1,428	(11,607)	30,090
Cash flows from investing activities:				
Net decrease (increase) in money market investments		135,386	874,130	(234,135)
Proceeds from maturities of investment securities held to maturity		804,139	3,466,594	1,002,836
Purchases of investment securities held to maturity		(1,360,049)	(3,519,660)	(1,653,038)
Proceeds from sales of investment securities available for sale		367,345	573,197	301,316
Proceeds from maturities of investment securities available for sale		353,714	275,785	123,369
Purchases of investment securities available for sale		(652,017)	(789,738)	(443,427)
Proceeds from sales of loans and leases		1,005,530	918,948	968,717
Net increase in loans and leases		(2,469,077)	(2,033,560)	(1,534,767)
Principal collections on leveraged leases		8,118	3,840	5,748
Payments on leveraged leases		(8,118)	(3,840)	(5,748)
Proceeds from sales of premises and equipment		17,441	5,370	7,677
Purchases of premises and equipment		(93,769)	(75,461)	(41,994)
Proceeds from sales of mortgage-servicing rights		21,307	6,654	1,771
Purchases of mortgage-servicing rights		(1,098)	(5,149)	(3,123)
Proceeds from sales of other assets		7,892	10,299	3,578
Cash paid for acquisitions, net of cash received		8,847	(246,485)	37,304
Net cash used in investing activities		(1,854,409)	(539,076)	(1,463,916)
Cash flows from financing activities:				
Net decrease (increase) in deposits		(365,695)	782,325	1,286,816
Net change in short-term funds borrowed		2,193,152	(91,272)	387,272
Proceeds from FHLB advances over one year		365,000	4,665	180,000
Payments on FHLB advances over one year		(309,755)	(167,886)	(47,980)
Proceeds from issuance of long-term debt		—	195,041	—
Payments on long-term debt		(264)	(20,556)	(554)
Proceeds from issuance of common stock		9,753	137,404	3,761
Payments to redeem common stock		(6,650)	(25,744)	(121,394)
Dividends paid		(56,914)	(41,600)	(29,040)
Net cash provided by financing activities		1,828,627	772,377	1,658,881
Net (decrease) increase in cash and due from banks		(24,354)	221,694	225,055
Cash and due from banks at beginning of year		922,654	700,960	475,905
Cash and due from banks at end of year	$	898,300	922,654	700,960

See accompanying notes to consolidated financial statements.

ZIONS BANCORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Shareholders' Equity and Comprehensive Income

Years ended December 31, 1999, 1998, and 1997

(In thousands, except share amounts)

	Common stock		Compre-hensive income	Accum-ulated other compre-hensive income (loss)	Retained earnings	Total share-holders' equity
	Shares	Amount				
BALANCES, DECEMBER 31, 1996	64,480,158	$ 101,605	—	(1,631)	468,775	568,749
Net income	—	—	131,403	—	131,403	131,403
Other comprehensive income, net of tax:						
Realized and unrealized holding gain arising during the year, net of tax expense of $3,868	—	—	6,245	—	—	—
Reclassification for realized gain recorded in the income statement, net of tax expense of $48	—	—	(77)	—	—	—
Other comprehensive income	—	—	6,168	6,168	—	6,168
Total comprehensive income	—	—	$ 137,571	—	—	—
Cash dividends:						
Common, $.47 per share	—	—		—	(28,428)	(28,428)
Preferred dividends of acquired companies prior to merger	—	—		—	(612)	(612)
Stock dividend of acquired company	389,380	11,447		—	(11,452)	(5)
Issuance of common shares for acquisitions	8,374,833	295,564		—	—	295,564
Stock redeemed and retired	(3,649,018)	(121,389)		—	—	(121,389)
Stock options exercised, net of shares tendered and retired	369,165	5,156		—	—	5,156
BALANCE, DECEMBER 31, 1997	69,964,518	292,383		4,537	559,686	856,606
Net income	—	—	143,353	—	143,353	143,353
Other comprehensive loss, net of tax:						
Realized and unrealized holding loss arising during the year, net of tax benefit of $3,595	—	—	(5,803)	—	—	—
Reclassification for realized gain recorded in the income statement, net of tax expense of $1,551	—	—	(2,504)	—	—	—
Other comprehensive loss	—	—	(8,307)	(8,307)	—	(8,307)
Total comprehensive income	—	—	$ 135,046	—	—	—
Cash dividends:						
Common, $.54 per share	—	—		—	(40,715)	(40,715)
Preferred dividends of acquired companies prior to merger	—	—		—	(887)	(887)
Stock dividend of acquired company	446,452	21,000			(21,009)	(9)
Net proceeds from stock offering	2,760,000	130,131		—	—	130,131
Issuance of common shares for acquisitions	10,041,306	368,259		363	19,091	387,713
Exercise of acquired company warrants prior to acquisition	257,056	1,852		—	—	1,852
Stock redeemed and retired	(591,009)	(25,696)		—	—	(25,696)
Stock options exercised, net of shares tendered and retired	676,307	8,590		—	—	8,590
BALANCE, DECEMBER 31, 1998	83,554,630	796,519		(3,407)	659,519	1,452,631

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ZIONS BANCORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Shareholders' Equity and Comprehensive Income

Years ended December 31, 1999, 1998, and 1997

(In thousands, except share amounts)

	Common stock		Compre-hensive income	Accum-ulated other compre-hensive income (loss)	Retained earnings	Total share-holders' equity
	Shares	Amount				
Net income	—	$ —	194,064	—	194,064	194,064
Other comprehensive loss, net of tax:						
Realized and unrealized holding loss arising during the year, net of tax benefit of $5,405	—	—	(8,726)	—	—	—
Reclassification for realized loss recorded in the income statement, net of tax benefit of $4,940	—	—	7,975	—	—	—
Other comprehensive loss	—	—	(751)	(751)	—	(751)
Total comprehensive income	—	—	$ 193,313	—	—	—
Cash dividends:						
Common, $.72 per share	—	—		—	(56,914)	(56,914)
Stock dividend of acquired company	107	21,694		—	(21,701)	(7)
Issuance of common shares for acquisitions	1,571,143	58,358		—	797	59,155
Stock redeemed and retired	(115,769)	(6,650)		—	—	(6,650)
Stock options exercised, net of shares tendered and retired	582,532	18,310		—	—	18,310
BALANCE, DECEMBER 31, 1999	85,592,643	$ 888,231		(4,158)	775,765	1,659,838

See accompanying notes to consolidated financial statements.

The following is a summary of selected operating segment information for the years ended December 31, 1999, 1998, and 1997 (in thousands):

	Zions First National Bank and Subsidiaries	California Bank & Trust	Vectra Bank Colorado	National Bank of Arizona	Nevada State bank and Subsidiary	The Commerce Bank of Washington	Other	Consoli-dated Company
1999:								
Net interest income	$ 220,018	263,682	83,103	76,928	99,885	15,792	(17,919)	741,489
Provision for loan losses	9,000	—	2,586	2,400	3,660	610	(300)	17,956
Net interest income after provision for loan losses	211,018	263,682	80,517	74,528	96,225	15,182	(17,619)	723,533
Noninterest income	169,902	35,806	17,206	13,022	23,933	735	5,941	266,545
Merger expense and amortization of goodwill and core deposit intangibles	1,916	25,909	13,807	1,831	1,490	—	18,746	63,699
Other noninterest expense	208,378	182,034	76,298	42,909	91,176	7,452	9,621	617,868
Income before income taxes and minority interest	170,626	91,545	7,618	42,810	27,492	8,465	(40,045)	308,511
Income taxes	53,327	42,101	5,616	16,617	9,001	2,788	(19,952)	109,498
Minority interest	3,065	—	—	—	—	—	1,884	4,949
Net income	$ 114,234	49,444	2,002	26,193	18,491	5,677	(21,977)	194,064
Assets	$ 7,156,888	6,566,985	2,161,216	1,600,135	2,277,356	408,409	109,911	20,280,900
Net loans and leases	4,085,175	4,559,136	1,372,710	1,212,531	1,340,534	200,320	20,239	12,790,645
Deposits	3,809,258	5,425,928	1,490,468	1,206,366	1,882,349	289,182	(41,612)	14,061,939
Shareholders' equity	444,401	679,288	384,398	131,322	163,422	25,329	(168,322)	1,659,838
1998:								
Net interest income	$ 222,044	112,726	73,447	70,687	90,518	13,939	(9,419)	573,942
Provision for loan losses	23,000	(18,717)	4,588	1,800	3,685	78	(400)	14,034
Net interest income after provision for loan losses	199,044	131,443	68,859	68,887	86,833	13,861	(9,019)	559,908
Noninterest income	142,654	14,284	14,844	9,312	25,298	1,702	2,103	210,197
Merger expense and amortization of goodwill and core deposit intangibles	2,717	37,363	17,076	1,867	1,490	7,702	1,554	69,769
Other noninterest expense	216,405	78,596	57,310	40,131	71,856	7,453	15,180	486,931
Income before income taxes and minority interest	122,576	29,768	9,317	36,201	38,785	408	(23,650)	213,405
Income taxes	35,477	13,360	5,745	14,013	11,835	346	(11,144)	69,632
Minority interest	—	—	—	—	—	—	420	420
Net income	$ 87,099	16,408	3,572	22,188	26,950	62	(12,926)	143,353
Assets	$ 6,047,071	6,183,044	2,151,029	1,451,866	2,150,095	337,351	(270,833)	18,049,623
Net loans and leases	3,509,319	4,180,999	1,216,359	1,012,038	1,133,680	154,892	12,199	11,219,486
Deposits	3,933,823	5,348,694	1,688,719	1,225,796	1,829,117	221,403	(26,642)	14,220,910
Shareholders' equity	383,350	606,195	388,506	116,262	152,530	23,159	(217,371)	1,452,631
1997:								
Net interest income	$ 206,009	11,727	12,980	61,577	71,006	12,596	(6,291)	369,604
Provision for loan losses	—	615	(70)	2,400	2,860	300	(175)	5,930
Net interest income after provision for loan losses	206,009	11,112	13,050	59,177	68,146	12,296	(6,116)	363,674
Noninterest income	113,756	1,775	1,668	6,272	19,470	1,303	4,066	148,310
Merger expense and amortization of goodwill and core deposit intangibles	1,270	1,511	1,556	1,568	450	—	1,422	7,777
Other noninterest expense	184,772	5,300	8,928	34,168	55,116	7,059	9,794	305,137
Income before income taxes	133,723	6,076	4,234	29,713	32,050	6,540	(13,266)	199,070
Income taxes	45,273	2,756	2,046	11,896	9,819	2,082	(6,205)	67,667
Net income	$ 88,450	3,320	2,188	17,817	22,231	4,458	(7,061)	131,403
Assets	$ 5,899,333	976,930	501,197	1,351,876	1,838,159	298,478	(72,377)	10,793,596
Net loans and leases	2,780,986	493,936	304,270	797,620	928,980	153,765	3,315	5,462,872
Deposits	3,665,705	776,177	395,341	1,191,774	1,573,422	235,771	(8,179)	7,830,011
Shareholders' equity	426,660	184,525	97,070	105,099	140,227	23,890	(120,865)	856,606

(21) Quarterly Financial Information (Unaudited)

Financial information by quarter for the three years ended December 31, 1999, is as follows (in thousands, except per share amounts):

		Gross interest income	Net interest income	Non-interest income	Non-interest expense	Provision for loan losses	Income before income taxes and minority interest	Net income	Diluted net income per common share
1999:									
First quarter	$	318,170	176,855	65,480	162,605	4,741	74,989	46,904	0.55
Second quarter		333,524	185,303	63,007	165,886	4,143	78,281	50,832	0.59
Third quarter		344,284	187,817	63,591	163,038	4,517	83,853	53,779	0.63
Fourth quarter		363,360	191,514	74,467	190,038	4,555	71,388	42,549	0.49
	$	1,359,338	741,489	266,545	681,567	17,956	308,511	194,064	2.26
1998:									
First quarter	$	221,870	119,546	45,855	106,406	3,645	55,350	38,086	0.49
Second quarter		234,570	130,272	50,215	126,872	3,624	49,988	34,323	0.42
Third quarter		250,809	139,681	53,071	126,298	3,130	63,324	41,007	0.49
Fourth quarter		325,599	184,445	61,056	197,123	3,635	44,743	29,937	0.35
	$	1,032,848	573,944	210,197	556,699	14,034	213,405	143,353	1.75

(22) Parent Company Financial Information

Condensed financial information of Zions Bancorporation (parent only) follows:

ZIONS BANCORPORATION

Condensed Balance Sheets

December 31, 1999 and 1998

(In thousands)

ASSETS	**1999**	**1998**
Cash and due from banks	$ 3,509	158
Interest-bearing deposits	22,899	20,744
Investment securities	251,949	9,950
Loans, lease financing, and other receivables, net	15,794	14,797
Investments in subsidiaries:		
Commercial banks and bank holding company	1,795,889	1,634,346
Other	84,160	25,711
Receivables from subsidiaries:		
Commercial banks	110,000	110,000
Other	9,565	2,865
Other assets	63,092	32,801
	$ 2,356,857	1,851,372

LIABILITIES AND SHAREHOLDERS' EQUITY		
Accrued liabilities	$ 32,486	36,731
Borrowings less than one year	413,660	111,217
Subordinated debt to subsidiary	23,773	23,773
Long-term debt	227,100	227,000
Total liabilities	697,019	398,721
Shareholders' equity:		
Common stock	888,231	796,519
Net unrealized holding losses on securities available for sale	(4,158)	(3,407)
Retained earnings	775,765	659,519
Total shareholders' equity	1,659,838	1,452,631
	$ 2,356,857	1,851,352

Condensed Statements of Income

Years ended December 31, 1999, 1998, and 1997

(In thousands)

	1999	**1998**	**1997**
Interest income - interest and fees on loans and securities	$ 11,846	7,066	948
Interest expense - interest on borrowed funds	32,529	17,307	6,674
Net interest loss	(20,683)	(10,241)	(5,726)
Other income:			
Dividends from consolidated subsidiaries:			
Commercial banks	109,868	210,890	98,234
Other	-	1,430	500
Other income	3,968	7,064	5,381
	113,836	219,384	104,115
Expenses:			
Salaries and employee benefits	8,659	5,504	7,768
Operating expenses	2,517	8,512	4,133
	11,176	14,016	11,901
Income before income tax benefit	81,977	195,127	86,488
Income tax benefit	14,471	8,304	5,678
Income before equity in undistributed income of consolidated subsidiaries	96,448	203,431	92,166
Equity in undistributed net income of consolidated subsidiaries:			
Commercial banks and bank holding company	103,767	(55,306)	39,588
Other	(6,151)	(4,772)	(351)
	97,616	(60,078)	39,237
Net income	$ 194,064	143,353	131,403

ZIONS BANCORPORATION

Condensed Statements of Cash Flows

Years ended December 31, 1999, 1998, and 1997

(In thousands)

		1999	1998	1997
Cash flows from operating activities:				
Net income	$	194,064	143,353	131,403
Adjustments to reconcile net income to net cash provided by operating activities:				
Undistributed net income of consolidated subsidiaries		(97,616)	60,078	(39,237)
Depreciation of premises and equipment		145	160	161
Investment securities gain		(800)	-	-
Amortization of intangibles		663	644	644
Other		(14,219)	16,272	(7,526)
Net cash provided by operating activities		82,237	220,507	85,445
Cash flows from investing activities:				
Net (increase) decrease in interest-bearing deposits		(2,155)	(17,895)	679
Collection of advances to subsidiaries		9,890	8,054	1,911
Advances to subsidiaries		(16,590)	(118,261)	(4,226)
Proceeds from sale of investment in securities available for sale		20,664	-	-
Purchase of investment securities available for sale		(250,780)	-	-
Increase of investment in subsidiaries		(88,725)	(335,340)	(31,430)
Other		178	(18,344)	(1,354)
Net cash used in investing activities		(327,518)	(481,786)	(34,420)
Cash flows from financing activities:				
Net change in commercial paper and other borrowings under one year		302,443	38,167	44,000
Proceeds from borrowings over one year		-	-	50,000
Payments on borrowings over one year		-	(25,000)	-
Proceeds from issuance of long-term debt		-	177,267	232
Payments on long-term debt		-	(2,000)	(5)
Proceeds from issuance of common stock		9,753	139,974	4,147
Payments to redeem common stock		(6,650)	(26,741)	(121,389)
Dividends paid		(56,914)	(41,600)	(29,004)
Net cash provided by (used in) financing activities		248,632	260,067	(52,019)
Net increase (decrease) in cash and due from banks		3,351	(1,212)	(994)
Cash and due from banks at beginning of year		158	1,370	2,364
Cash and due from banks at end of year	$	3,509	158	1,370

The parent company paid interest of $30.7 million, $16.4 million, and $8.3 million for the years ended December 31, 1999, 1998, and 1997, respectively.

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Zions Bancorporation

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Executive Officer

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Controller

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Executive Vice President
Operations and
Information Systems

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Credit Administration

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Chief Financial Officer

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Investments

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Salt Lake City, Utah

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San Diego, California

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Company and Chairman of
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Salt Lake City, Utah

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SCF Investment Partners
Houston, Texas

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Salt Lake City, Utah

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Salt Lake City, Utah

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Salt Lake City, Utah

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W. P. Harlin Construction
Company
Salt Lake City, Utah

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[2]Member, Audit Committee
[3]Member, Executive Compensation Committee
[4]Member, Credit Review/Compliance Committee

Zions First National Bank
Salt Lake City, Utah

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Chief Lending Officer

Dale M. Gibbons
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Bank Administration

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Chairman of the Board;
President and
Chief Executive Officer
Zions Bancorporation
Salt Lake City, Utah

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Chief Executive Officer
Zions First National Bank
Salt Lake City, Utah

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Salt Lake City, Utah

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Associated Foods
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President
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Retired
Salt Lake City, Utah

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Saints
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Jesus Christ of Latter-day
Saints
Salt Lake City, Utah

L. Tom Perry
Member of the Quorum of
the Twelve/The Church of
Jesus Christ of Latter-day
Saints
Salt Lake City, Utah

[1]Member, Executive
Committee
[2]Member, Trust Committee
[3]Member, Examining
Committee
[4]Member, Credit Review/
Compliance Committee
[5]Member, CRA Committee

The Board of Directors and
employees regret the
passing of Harold H.
Bennett,
Director from 1968-1984.

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Boyd Warren
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Neal R. Wilson
Daren Wright
Terrell W. York

Zions First National Bank
136 Branches Located in:

UTAH

American Fork
Blanding
Bountiful
Brigham City
Castle Dale
Cedar City
Centerville
Coalville
Cottonwood
Delta
Draper
Duchesne
Eden
Enterprise
Ephraim
Farmington
Gunnison
Heber City
Holladay
Huntington
Hurricane

Kamas
Kanab
Kearns
Layton
Lehi
Logan
Magna
Manti
Midvale
Moab
Monticello
Montezuma Creek
Murray
North Salt Lake
Ogden
Orem
Panguitch
Park City
Payson
Pleasant Grove
Price
Provo
Randolph
Richfield
Roosevelt
Salina
Salt Lake City
Sandy
Santaquin
Smithfield
Snow Canyon
South Jordan
South Ogden
Spanish Fork
Springdale
St. George
Sugarhouse
Sunset
Syracuse
Taylorsville
Tooele
Vernal
Washington
West Jordan
West Valley City
Woods Cross

IDAHO
Blackfoot
Bonners Ferry
Burley
Gooding
Idaho Falls
Lewiston
Montpelier
Moscow
New Plymouth
Paris
Pocatello
Rexburg
Richfield
Rigby
Twin Falls
Weiser
Wilder

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California Bank & Trust
San Diego, California
Irvine, California
Los Angeles, California
Oakland, California

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California Bank & Trust
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Kingman Tsang
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Harlene Leung
Glen Lezama
Luong Lieu
Kathy Lin

Kathleen Littlefield
Ronald Littlefield
Michael Lonegan
Nicole Lorenz
Nicky Lovejoy
Bettye Lovette
Joe Lui
Chih-Tao Ma
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Charles Mills
Deborah Minshew
Jan Mitrovich
Chisato Molina
Kristina Montag
Michael Moore
Paula Morgan
Denise Moriarty
Paul Moyer
Karen Murphy
Hisako Nagata
Ernest Nagatoshi
Theodore Nakada
Richard Nance
Eric Nelson
Gordon Nelson
Sarah Nichelson
Karen Nixon
Margaret Oae-Inaki
Richard Ohl
Christine Ono
Jerry Ono
Robert Ostrovsky
Kenneth Ota
Mary Ott
Ralph Padilla
Sean Parchman
Stephen Parks
Gail Parvanian
Sanat Patel
Thomas Paton Jr.
Susan Pattengill
Jeffrey Payne
Robert Peiler
Carol Perillo
Donna Pierce
Eileen Porter
Michael Princevalle
Kim Ramirez
William Rash
Gregory Rea
Mark Reardon
Rick Reisman
William Reynolds
Devon Richardson
Charlotte Roberson
Robin Ropolo
John Russell
Vic Ryder
Elaine Saculla
Lilia Salcedo
Craig Samuels
Fred Sandow
Sylvia Sanz
Patrick Saunders
Tomas Schmidt
Kelly Schneider
Regina Schnell
Paula Scott
David Sekigahama
Maxine Shearer
Dennis Sheehan
Harry Shigetomi
Emily Sidell
John Siemens
Steven Siemers
Bruce Silberman
Hyonbo Sim
Mark Spillner
Carol Stewart
Thomas Stout
Hung Kuan Su
Carlo Succi
Jeannie Swopes
James Tabata
Mark Tagwerker
Stanley Takemoto
Christine Tanizawa
Kyle Tatsumoto
Debbie Tellier
Darryll Terrell
Dorothy Thomas
Paul Tozzi
Marie Tran
Jenny Tseng
James Tustison
Shunichi Uchida
Clifford Uyeda
Vivian Van Hook
Eric Wada
Thomas Walker
Louis Weaver
Matthew West
Jonathan West
Timothy Williams
Joseph Wilson
Brenda Woeckener
Fone Wong
Lora Wong
William Wong
Rick Woody
Georgia Worsham
Amy Wu
David Wu
Howard Wu
Diane Wunderlich-Sipe
Larry Yamashiro
Won Yi
Priscilla Yip-Choi
Emiko Yonekura
Yoshiko Yoon
Patricia Young
Amir Zenhari

California Bank & Trust
73 Branches Located In:

Albany
Alhambra
Alpine
Anaheim
Arcadia
Brea
Carlsbad
Claremont
Costa Mesa
Crenshaw
Cupertino
Del Mar
El Cajon
Escondido
Fremont
Fresno
Gardena
Hacienda Heights
Hayward
Huntington Beach
Irvine
La Jolla
La Mesa
La Palma
Long Beach
Los Angeles
Madera
Millbrae
Monterey
Monterey Park
Moreno Valley
Mountain View
Oakland
Oxnard
Pleasant Hill
Pomona
Poway
Rancho Bernardo
Sacramento
San Diego
San Fernando Valley
San Francisco
San Jose
San Marcos
San Mateo
Santa Monica
Stockton
Temecula
Torrance
Valley Center
Vista
Walnut Creek
Watsonville

Vectra Bank Colorado
Denver, Colorado

Corporate Officers

Gary S. Judd
Chairman of the Board

Bruce K. Alexander
President and
Chief Executive Officer

Suzanne Clift
State Operations Director

Richard W. Lawrence
Chief Financial Officer

Robert A. Silverberg
Executive Vice President

David E. Broyles
Regional President
Alamosa

Wayne D. Glazner
Regional President
Cortez/Durango

Thomas W. Griffiths
Regional President
Aspen

John Jackson
Regional President
Colorado Springs

J. Patrick McDuff
Regional President
Boulder

Michael Y. Meganck
Regional President
Longmont

Gary Mosko
Regional President
Southwest Denver

James A. Simon
Regional President
Steamboat Springs

Joseph J. Wolf
Regional President
Denver

Ronald Allen
Mortgage Group President

JoAnn Clark
Human Resources Director

Tracie Davis
Director of Financial
Reporting and Analysis

R. Thad Allen
Credit Policy Officer

Lauren O'Connell
Director of Marketing
and Service Quality

Board of Directors

Bruce K. Alexander
President and
Chief Executive Officer
Vectra Bank Colorado N.A.

Mary Gittings Cronin
President and
Executive Director
The Piton Foundation
Denver, Colorado

Gerald J. Dent
Senior Vice President
Zions Bancorporation
Salt Lake City, Utah

Robert D. Greene
Former Senior Vice
President
Rocky Mountain Division
Safeway Stores, Inc.
Denver, Colorado

Gary S. Judd
Chairman of the Board
Vectra Bank Colorado, N.A.
Denver, Colorado

James L. Rumsey
Financial and Management
Consultant Former
President
Scott Capital Corporation
Denver, Colorado

Robert G. Sarver
President
California Bank and Trust
San Diego, California

Scott R. Tipton
President
Tipton Enterprises
Cortez, Colorado

Harris H. Simmons
President and
Chief Executive Officer
Zions Bancorporation
Salt Lake City, Utah

Terrance F. Smith
President
Consolidated Equities, Ltd.
Westminster, Colorado

James J. Tonso
President
Canon Potato Company
Center, Colorado

Richard B. Tucker
Chairman
Custom Envelope
Corporation
Denver, Colorado

Senior Officers

Diane Andrews
John Ablutz
Helen Adams
Yvonne Baca
Anthony Bagwell
Charles Bantis
Anne Banwart-Dellacrose
Maureen Barker
Amy Barwick
Brent Beichle
Sharon Bennett
Jim Bills
Kim Birkby-Buck
Rick Bleyle
Paul Bodek
Callen Borgias
Eileen Breslin
Joan Bristol
JoAnn Brockway
Stan Brown
Lisa Bugner
Kelley Burford
Eileen Cantu
Gregg Carr
Suzanne Clift
Charles Coffey
Steve Collin
James Cortinez
Joe Costello
Debra Custer
Denise Daniell
Terry Darby
Greg Dewit
Lorna Donovan
Jacqueline Enochs
Linda Fender
Dale Fullen
William Gibson
Billy Giunta
Sandra Greene
John Greenemeier
Kenneth Griffin
Steven Griffith
Angela Habben
Shirley Hanson
Mimi Hardendorf
Jody Heutink
Kayleen Hollines
Traci Holmes
Steve Ingham
Dale Ireland
Jeni jack
Mary Jane Hansen
Anne Jones
Roger Keel
Peter Kenworthy
June Kilburn
Mary Koziol
Nancy Law
Don Lenocker
Ellen Lidsky
James Mahlberg
James Makowitz
Michael malone
David Manley
Charles Mansuetti
Keith Marsden
Gwynne Massengill
Kerry Mayer
Leslie McNeal
Jan Me vigil
Curt Morgan
Suzanne Mutchler
Irlan Neas
Tom New
James Oaks
James Ocken
David Pellegrino
B.J. Pfankuch
Douglas Pogge
Russell Rathman
Spark Reed
Stephanie Reichert
Kendall Richards
Cherilyn Rosenbaum
Myron Sams
Doug Shepherd
Judith Shows
Geraldine Soukup
Andrew Spaulding
Alan Swansen
Ray Takala
John Tate
Kimberly Threlkeld
Susan Tucker
Chalmers Turner
Doug VanderZwaag
Carol Wadlei
Bruce Weber
Robert Whitcomb
Tom White
Diane Willett
Stan Winkler
Kim Woolf
Rod Young

Vectra Bank Colorado
55 Banking Locations In:

Colorado
Alamosa
Aspen
Basalt
Boulder
Broomfield
Center
Colorado Springs
Commerce City
Cortez
Cripple Creek
Del Norte
Denver
Dolores
Durango
El Jebel
Englewood
Federal Heights
Fort Lupton
Glendale
Grand Junction
Greely
Highlands Ranch
Lakewood
Littleton
Longmont
Montrose
Pagosa Springs
Palmer Park
Platteville
Saguache
Snowmass Village
Steamboat Springs
Sterling
Telluride
Thornton
Wellington
Westminster
Wheatridge
Wiggins
Woodland Park

New Mexico
Farmington

National Bank of Arizona
Tucson, Arizona

Corporate Officers

John J. Gisi
Chairman of the Board,
President and
Chief Executive Officer

James S. Lee
Vice Chairman

James D. Bruner
Executive Vice President
Trust Division Manager

Duane R. Froeschle
Executive Vice President
Credit Administration
Manager

Richard W. Krivel
Executive Vice President
Southern Division Manager

James H. Lundy
Executive Vice President
Maricopa Credit
Administrator

Keith D. Maio
Executive Vice President
Commercial Real Estate
Loan Manager

Julie L. Raymond
Executive Vice President
Operations Administrator

Board of Directors

John J. Gisi
Chairman of the Board,
President and
Chief Executive Officer
National Bank of Arizona
Phoenix, Arizona

Hugh M. Caldwell, Jr.
Secretary to the Board
National Bank of Arizona
Attorney
Waterfall, Economidis,
Caldwell, Hanshaw &
Villamana P.C.
Tucson, Arizona

Duane R. Froeschle
Executive Vice President
National Bank of Arizona
Phoenix, Arizona

Richard W. Krivel
Executive Vice President
National Bank of Arizona
Tucson, Arizona

James S. Lee
Vice Chairman of the Board
National Bank of Arizona
Phoenix, Arizona

James H. Lundy
Executive Vice President
National Bank of Arizona
Phoenix, Arizona

Julie L. Raymond
Executive Vice President
National Bank of Arizona
Phoenix, Arizona

Harris H. Simmons
President and
Chief Executive Officer
Zions Bancorporation
Salt Lake City, Utah

Roy W. Simmons
Chairman of the Board
Zions Bancorporation
Salt Lake City, Utah

Senior Vice Presidents

Susan M. Andrews
Benny J. Bennight
Robert E. Blakemore
Joseph P. Carroll
Darrell R. Coulter
Larry S. Davis
Peter J. Hill
David O. Lyons
Brian C. Middleton
Marie G. "Sandy" Murphy
Thomas G. Rumph
Pat H. Simmons
Scott B. Summers
Michael R. Weigel
T. David Yarnes

Vice Presidents

Samuel Andrews
Carol H. Babbitt
Richard S. Baker
Mark A. Berard
Kenneth Blanchard
Barbara J. Boone
Christian Bowers
Dee H. Burton
Dennis J. Calik
Reid H. Clark
Mary Jane Condit
David B. Cooper
Scott R. Davis
Felix J. Durazo
Barbara F. Dynes
Christina L. Fell
J. Lanette Ford
Bruce A. Fox
Gregory J. Geis
Ruth L. Giovacchini
Kenneth S. Goldstein
Ritamarie Harper
Harry H. Harvey
Cheryl Holdraker
Michael D. Hosmar
R. Scott Huth
Debra A. Irving
Robert F. Jamison
Donald E. Jenks
David O. Johnson
Kathrine J. Jorgenson
Kenneth R. Kellaney
Christopher E. King
Brenda B. Koedyker
Michael E. Kolb
Gary E. Lace
Christina Lee
David E. Lindbeck
Shirley J. Loos
John P. Lorenzen
Karen L. Marine
Stephen S. Mather
N. Carolyn Maxwell
Shanna Mayberry
James B. McIlhenny
Debra C. McKee
John C. Nelson
Jon C. Nimtz
Bruce G. Oman
James W. Patterson
Robert T. Payne
Lesli R. Pintor
Norman E. Rebenstorf, Jr.
Linda L. Rohmer
Cynthia J. Roney
Susan L. Scholl
Thomas W. Shelby
D. Scott Stemm
Willma L. Strattan
Robert I. Terry
Donald B. Thomas
Debra K. Tucker
Comer W. Wadzeck II
Marjorie L. Willis
Theresa N. Wine
Sandra R. Witt
Marshall D. Wong
Jamie L. Wright
Nelida A. Younce
David A. Zanath

National Bank of Arizona

37 Branches Located In:

Benson
Bisbee
Carefree
Chandler
Cottonwood
Douglas
Flagstaff
Florence
Mesa
Page
Payson
Phoenix
Prescott
Safford
San Luis
Scottsdale
Sedona
Sierra Vista
Springerville
Sun City
Tempe
Tucson
Wellton
Williams
Yuma

Nevada State Bank
Las Vegas, Nevada

Corporate Officers

William E. Martin
President and
Chief Executive Officer
Chairman of the Board

Jerry R. Martin
Executive Vice President

Carl W. Reed, Jr.
Executive Vice President

Board of Directors

William E. Martin
Chairman of the Board
President and
Chief Executive Officer
Nevada State Bank
Las Vegas, Nevada

Richard A. Carlson
Retired
Former President and
Chief Executive Officer of
Nevada State Bank
Las Vegas, Nevada

Wing Fong
Wing Fong Enterprises
Las Vegas, Nevada

W. David Hemingway
Executive Vice President
Zions Bancorporation
Salt Lake City, Utah

George B. Hofmann III
Former President and
Chief Executive Officer of
Nevada State Bank
Las Vegas, Nevada
Senior Vice President
Zions Bancorporation

John R. Larsen
Chief Executive Officer
Port of Subs, Inc.
Reno, Nevada

Dr. Robert E. Robinson
Las Vegas, Nevada

Harris H. Simmons
President and
Chief Executive Officer
Zions Bancorporation
Salt Lake City, Utah

Roy W. Simmons
Chairman of the Board
Zions Bancorporation
Salt Lake City, Utah

Gary L. Stewart
President and Owner
Central Grading Company
Las Vegas, Nevada

Senior Vice Presidents

Jeff Bargerhuff
Russ Browne
Mark Campbell
Michael Cunningham
Richard Deglman
Gary Gibson
Ronald Gifford
Michael Gogola
Shelle Grim-Brooks
Barry Harrison
Kathie E. Higgins
Lowell McGann
Kevin Sullivan
Richard Teixeira
Jacquelyn C. Williams

Vice Presidents

Denise Alderette
Roger Ashby
Greg Barrington
Jerry Bigler
Marsha Blasche
Barbara Boos
Annette Branning
Andrew Brauer
Derek Braybrooks
Kelly Brockman
Cecil Capps
Robert Capurro
Robin Collins
Joyce Corry
Floy Davis
Cassandra Eisinger
Nancy Elliott
Connie Etter
Robert Evans
Margaret Foster
Kathleen Gaffney
Jane Gallo
Robert Gerber
Charles Hainsworth
Nancy Hamer
Daylene Hendricks
Barbara Hill
Marcia Hollingsworth
Dan Holt
Sylvia Hooker
Juneen Horch
Penny Hunt
Nancy Irwin
Gary Jacobs
John Jent
Kathy Jumper
Lori Kennedy
Linda Kirk
Virginia Knudsen
Curt Krosta
Keri Kruspe
Joseph Laiacona
Veronica McKay
Sharon Murdock
Donna Nelson
Pamela Newell
Lorie Nummela
Kristine Olsen
Ray Pieretti
David Pooser
Dugan Pulsipher
Jeannie Redinger
Matthew Resler
Ken Ries
Kent Rose
Sandra Saliba-Durante
David Settle
Barry Smith
Sonia Smith
Robert Sperling
Robert Stehn
Steven A. Strunk
Bob Tepedino
Jerry Todd
Tay Tollefsen
Linda Tuxon
Fabian Vincent
Julie Wagner
William Waldren
Sarah Walker
Douglas Warden
Nicholas Webber
Rena Whitehead
Drew Zidzik
Gordon Zumwalt

Nevada State Bank
59 Branches Located in:

Boulder City
Carson City
Dayton
Elko
Eureka
Fernley
Gardnerville
Henderson
Las Vegas
Lovelock
Mesquite
North Las Vegas
Pahrump
Reno
Sparks
Tonopah
Wells
Wendover

The Commerce Bank of Washington
Seattle, Washington

Corporate Officers

James C. Hawkanson
Managing Director and
Chief Executive Officer

David Friedenberg
Managing Director
Client Relationships

John R. Kephart
Managing Director
Administration

Board of Directors

Tom A. Alberg
Managing Director
Madrona Venture Group,
LLC
Seattle, Washington

Graham S. Anderson
GRACO Investments
Seattle, Washington

Stanley H. Barer
Co-Chair/CEO
Saltchuk Resources, Inc.
Seattle, Washington

Christopher T. Bayley
Chairman
Dylan Bay Companies
Seattle, Washington

Carl G. Behnke
President
REB Enterprises
Chairman
Sur La Table
Seattle, Washington

William D. Bradford
Endowed Professor of
Business
& Economic Development/
Professor of Finance
School of Business
Administration
University of Washington
Seattle, Washington

Richard C. Clotfelter
Investor
Bozeman, Montana

Kirby L. Cramer
Chairman Emeritus
Hazleton Laboratories
Kirkland, Washington

Michael G. Foster
Chairman and Chief
Executive Officer
Foster & Baker
Seattle, Washington

Michael D. Garvey
Co-Chair/CEO
Saltchuk Resources, Inc.
Seattle, Washington

Herbert M. Gould, III
President and
Chief Executive Officer
Mad Anthony's, Inc.
Bellevue, Washington

James C. Hawkanson
Managing Director and
Chief Executive Officer
The Commerce Bank
Seattle, Washington

John A. Hilton, Jr.
Executive Vice President
Bessemer Trust Company, N.A.
Chicago, Illinois

Patrick W. Kuo
President
Cascadia Development Corporation
Bellevue, Washington

Earl P. Lasher, III
Senior Partner
Lasher, Holzapfel, Sperry & Ebberson
Seattle, Washington

Laurie McDonald Jonsson
President and
Chief Executive Officer
Stellar International
Seattle, Washington

Wallace E. Opdycke
Chairman
Keystone Capital
Bellevue, Washington

William Rademaker, Jr.
General Counsel
William E. Boeing, Jr. Enterprises
Seattle, Washington

William J. Rex
Managing Director (Retired)
Prudential Securities, Inc.
Seattle, Washington

Robert R. Richards
Economist
Mercer Island, Washington

Faye Sarkowsky
Community Volunteer
Seattle, Washington

Harris H. Simmons
President and
Chief Executive Officer
Zions Bancorporation
Salt Lake City, Utah

David C. Wyman
Wyvest
Seattle, Washington

Relationship Managers

Suzanne Duvel
Susan M. Finneran
Kurt Fischer
David Friedenberg
James C. Hawkanson
Dianne R. Howell
Yuko Kameoka
Lynda L. Linse
Reed L. Lloyd
Ralph P. Newell
Hiep Q. Quach
Norman R. Rea
Sri M. Thornton

The Commerce Bank of Washington
1 Branch Located in:

Seattle

Other Affiliates

Digital Signature Trust Co.

J. Scott Lowry
President

Vice Presidents

Keren Cummins
Randy Fox
Thomas J. Greco
Don Johnson
Trell Rohovit
Rusel Weiser

Zions Credit Corporation

Max T. Nichols
President

Vice Presidents

Nancy Olson
Norman G. Weldon

Zions Insurance Agency, Inc.

Russell W. Miller
President

David H. Fuhriman
Secretary/Treasurer

Vice Presidents

Brian Allen
Robert Lyons
Joni Moerman
Paul A. Wright

Zions Investment Securities, Inc.

Nathan J. Morgan
President

W. David Hemingway
Senior Vice President

Vice Presidents

David R. Nichols
James W. Barlow
Bruce K. Cook
Michael Hosmar
Vaughn Law
David J. Taylor
Holly Wakefield
Sharon Weinle

Zions Life Insurance Company

Russell W. Miller
President

Zions Management Services Company
Harris H. Simmons
President, Chief Executive Officer and Chairman

Vice Chairmen

Danne L. Buchanan
Gerald J. Dent
Dale M. Gibbons
W. David Hemingway

Executive Vice Presidents

John Itokazu
Thomas B. Morgan
B. George Saloom
Dianne L. Wynne

Senior Vice Presidents

Nolan Bellon
David Fischer
Thomas J. Harding

Vice Presidents

Banafsheh Bertram
Joel Brady
Brent Briggs
Richard G. Crandall
Margaret Crawford
Kelly Etherington
Cynthia Feight
Frank Fisher
Kay Hall
David Hinds
Jeffrey Johnson
John Kemeny
Annette M. Langheinrich
Jeff Mather
Robert Norton
John A. Payne
David Ratliff
Merrill Riggs
Richard D. Seely
James H. Stevenson
Pamela F. Wallis
Karen Wardle
Mark Wilkinson
Lynn C. Young

CORPORATE INFORMATION

Executive Offices:

One South Main Street
Salt Lake City, Utah 84111
(801) 524-4787

Annual Shareholders' Meeting:

Friday, May 26, 2000, 11:00 a.m.
Salt Lake City Marriott Hotel
75 South West Temple
Salt Lake City, Utah 84101

Transfer Agent:

Zions First National Bank
One South Main Street
Salt Lake City, Utah 84111
(801) 524-4624

Registar:

Zions First National Bank
One South Main Street
Salt Lake City, Utah 84111

Auditors:

KPMG Peat Marwick LLP
60 East South Temple, Suite 900
Salt Lake City, Utah 84111

Nasdaq National Market Symbol:

ZION

Number of Common Shareholders:

6,564 as of December 31, 1999

Dividend Reinvestment Plan:

Shareholders can reinvest their cash dividends in additional shares of our common stock at the market price. Shareholders, as well as brokers and custodians who hold our common stock for clients, can obtain a prospectus of the plan by writing to:

Zions Bancorporation
Dividend Reinvestment Plan
P.O. Box 30880
Salt Lake City, Utah 84130

NASDAQ Market Makers: A.G. Edwards & Sons, Inc.
Adams, Harkness & Hill, Inc.
Bear, Stearns & Co., Inc.
Cantor, Fitzgerald & Co.
Credit Suisse First Boston Corp.
Dain Rauscher Inc.
Donaldson, Lufkin & Jenrette
Fidelity Capital Markets
Friedman Billings Ramsey & Co.
G.V.R. Company
George K. Baum & Co.
Goldman, Sachs & Co.
Herzog, Heine, Geduld, Inc.
Jefferies & Company, Inc.
JW Genesis Capital Markets
Keefe, Bruyette & Woods, Inc.
Knight Securities L.P.
Lehman Brothers Inc.
Merrill Lynch, Pierce, Fenner & Smith, Inc.
Midwest Stock Exchange
NationsBanc Montgomery Securites
OTA Limited Partnership
Pershing Trading Company
Piper Jaffray Companies Inc.
Salomon Smith Barney, Inc.
Schwab Capital Markets
Sherwood Securities Corp.
Spear, Leeds & Kellogg
Van Kasper & Co. Inc.
Warburg Dillon Read, LLC
Weeden and Co. Inc.

Investor Relations:

For financial information about the Corporation, analysts, investors and news media representatives should contact:

Dale M. Gibbons
(801) 524-4787

Zions Bancorporation News Releases:

As a service to our shareholders and prospective investors, copies of the Company's recent news releases can be transmitted at no charge via fax by calling "Company News on Call" at 1-800-758-5804 ext. 988950. This electronic, menu-driven system, a service of PR Newswire, allows callers to receive Zions Bancorporation news releases within minutes of request. Our news releases are also available on our web site at www.zionsbank.com.

Internet Sites:

Zions Bancorporation	www.zionsbancorporation.com
Zions First National Bank:	www.zionsbank.com
California Bank & Trust:	www.calbanktrust.com
National Bank of Arizona:	www.nbarizona.com
Nevada State Bank:	www.nsbank.com
Digital Signature Trust Co.:	www.digsigtrust.com

Fixed Income Trading:

www.oddlot.com
www.govrate.com