

FINANCIAL HIGHLIGHTS

	00/99 Change	2000	1999	1998	1997	1996
FOR THE YEAR (in millions)						
Net income	-17%	161.7	194.1	143.4	131.4	112.8
Operating cash earnings ¹	+16%	281.4	242.8	194.4	138.3	115.0
PER SHARE						
Net income (diluted)	-18%	1.86	2.26	1.75	1.92	1.69
Net income (basic)	-18%	1.87	2.29	1.77	1.95	1.71
Operating cash earnings (diluted) ¹	+14%	3.23	2.83	2.37	2.03	1.73
Dividends declared	+24%	.89	.72	.54	.47	.43
Book value ²	+5%	20.42	19.39	17.39	12.50	9.00
Market price – end		62.44	59.19	62.38	45.38	26.00
Market price – high		62.75	75.88	62.38	46.00	26.00
Market price – low		36.44	49.00	38.38	25.69	16.69
AT YEAR END						
Assets	+8%	21,939	20,281	18,050	10,794	7,353
Loans and leases	+12%	14,378	12,791	11,219	5,463	3,942
Loans sold being serviced ³	+40%	1,750	1,252	1,040	1,050	868
Deposits	+7%	15,070	14,062	14,221	7,830	5,301
Shareholders' equity	+7%	1,779	1,660	1,453	857	569
PERFORMANCE RATIOS						
Return on average assets		.74%	.97%	1.00%	1.35%	1.58%
Return on average common equity		9.65%	12.42%	10.98%	19.40%	21.54%
Efficiency ratio		64.91%	66.55%	70.10%	59.33%	56.50%
Net interest margin		4.27%	4.31%	4.56%	4.29%	4.69%
OPERATING CASH PERFORMANCE RATIOS¹						
Return on average assets		1.34%	1.26%	1.41%	1.45%	1.62%
Return on average equity		27.40%	26.77%	26.56%	25.40%	23.36%
Efficiency ratio		57.46%	60.33%	61.32%	57.99%	55.96%
CAPITAL RATIOS²						
Equity to assets		8.11%	8.18%	8.05%	7.94%	7.73%
Tier 1 leverage		6.38%	6.16%	5.91%	6.92%	8.91%
Tier 1 risk-based capital		8.53%	8.64%	8.40%	11.96%	14.36%
Total risk-based capital		10.83%	11.29%	11.34%	13.85%	16.71%
SELECTED INFORMATION						
Average common-equivalent shares (in thousands)		87,120	85,695	81,918	68,258	66,547
Common dividend payout ratio		34.65% ⁴	29.33%	28.40%	22.10%	22.20%
Full-time equivalent employees		6,915	6,833	7,099	4,652	3,327
Commercial banking offices		373	362	345	241	153
ATMs		509	484	476	495	337

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

²At year end.

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

⁴Before impairment loss on First Security Corporation common stock.

TO OUR SHAREHOLDERS,

Zions Bancorporation's performance during 2000 demonstrated the tremendous strength of our franchise, the resilience and professionalism of our people, and the soundness of our banking philosophy and operating strategy.

After spending ten months engaged in detailed preparations for the merger of First Security Corporation with Zions, shareholders voted the deal down on the last day of the first quarter, following an announcement by First Security that their first quarter earnings would fall materially short of expectations. Although the pending transaction had been the focus of much of our senior management team's efforts for the prior three quarters, and the source of uncertainty for many of our employees and customers due to planned branch divestitures, branch and department consolidations, and systems conversions, our employees and officers were simply incredible in their determination to put the distractions of the failed merger behind them and move forward to complete a year of record performance.

FINANCIAL RESULTS

Zions Bancorporation's operating cash earnings (which excludes merger expenses, amortization of goodwill and core deposit intangible assets, and impairment losses on the company's holdings of First Security Corporation common stock) were \$281.4 million or \$3.23 per diluted share, an increase of 15.9% and 14.1%, respectively, over the \$242.8 million or \$2.83 per share earned in 1999. Net income was \$161.7 million or \$1.86 per diluted share, down 16.7% and 17.7% from \$194.1 million or \$2.26 per share in 1999. Included in net income are \$45.5 million in merger expenses, primarily related to the failed First Security transaction, \$37.2 million amortization of goodwill and core deposit intangible assets, and a \$96.9 million impairment loss on First Security Corporation stock.

The company's cash return on tangible common equity remained strong at 27.4%, as compared to 26.8% in 1999. The cash "efficiency ratio," or operating costs as a percentage of revenues, was 57.5% in 2000, an improvement from 60.3% in 1999.

Total dividends per share rose 23.6% to \$.89 in 2000 from \$.72 in 1999. The company adjusted its quarterly dividend to \$.29 subsequent to the announcement of the First Security transaction in 1999 in order to bring the two companies' dividends into conformance. Upon the dissolution of the transaction, the quarterly dividend was adjusted to \$.20, a 42.9% increase over the dividend level prevailing in the first half of 1999. Zions Bancorporation has traditionally maintained a conservative dividend payout in order to provide capital funds for the strong earning asset growth experienced in recent years.

Zions experienced strong loan growth in 2000, as average loans and leases outstanding rose 15.5% to \$13.6 billion from \$11.8 billion the previous year. Average deposits rose a modest 3.5% to \$14.6 billion from \$14.1 billion in 1999. The company's net interest margin was 4.27%, down slightly from 4.31% in 1999.

Credit quality remained strong, as nonperforming assets decreased 5.4% to \$70.5 million from \$74.6 million in 1999. Nonperforming assets as a percentage of net loans, leases and other real estate owned decreased to .49% from .58% a year ago. Net charge-offs as a percentage of average outstanding loans and leases were .31%, up from .25% in 1999.

BUILDING THE BUSINESS

Zions continued its pattern of expansion through the acquisition of quality community banking franchises during 2000. County Bank, headquartered in Prescott, Arizona, was acquired in July, adding approximately \$240 million in assets

to National Bank of Arizona's resources and providing a strong presence in fast-growing north central Arizona. Three other transactions were announced during the year, as follows:

- Draper Bancorp, with approximately \$250 million in assets and locations in the south Salt Lake Valley and in Park City, Utah. This transaction was completed in the first quarter of 2001, and the bank was merged with Zions First National Bank.
- Eldorado Bancshares, Inc., with assets of approximately \$1.3 billion and locations throughout southern California and in Sacramento. This transaction, which was announced in the fourth quarter of 2000, is expected to be completed in the first quarter of 2001. The bank will be merged into California Bank & Trust.
- Arizona branches of Pacific Century Financial Corporation, with approximately \$400 million in deposits and \$225 million in loans. This transaction, announced in the fourth quarter, will further strengthen National Bank of Arizona's franchise in Maricopa County and in Yuma. It is expected that the transaction will be completed in the second quarter of 2001.

Zions continued its efforts to streamline the management of certain of its business lines during 2000. The company has developed a "Centers of Excellence" approach to the delivery of certain services requiring a heightened degree of sophistication and oversight. Under this program, functional leadership is provided from one of the company's banking subsidiaries or centralized support entities for the delivery of services across the entire corporation. Products and services such as Cash Management, Employee Benefit Trust, Trust Operations, International Banking, SBA Operations, Call Centers, and Internet Banking were the subjects of reorganization under this program during the past year.

Management team reorganizations were undertaken at Nevada State Bank and at Vectra Bank Colorado. William Martin, formerly CEO of Pioneer Bancorporation, assumed the CEO position at Nevada State Bank. Bruce Alexander, formerly head of the Denver Urban Renewal Agency, took over the leadership of Vectra Bank Colorado. Both are talented bankers and leaders capable of building strong franchises in these markets.

ELECTRONIC COMMERCE

Zions remains recognized as a leader in providing trust solutions to the world of online commerce. Our Digital Signature Trust Co. ("DST") subsidiary won important contracts during the year, particularly in the federal government arena. In June, President Clinton signed into law—using a digital certificate provided by DST—the Electronic Signatures in Global and National Commerce Act, paving the way for the use of digital signatures and other electronic technologies to provide a legal substitute for written signatures in online commerce.

DST became the first vendor certified as operationally prepared to offer digital certificate services to the federal government under the General Services Administration's Access Certificates for Electronic Services ("ACES") program. DST has, to date, won the largest share of the contracts awarded under the ACES program, including contracts with the Environmental Protection Agency, the Federal Emergency Management Agency, the Department of Veterans Affairs, and a major contract with the Social Security Administration to implement online wage and tax reporting for the nation's employers. DST also won contracts from the states of Washington and Utah for state government initiatives and, in the private sector, DST was selected by VISA® as a provider of certificate services for the VISA Access smart card program.



Together with the American Bankers Association, DST has introduced the TrustID® certificate, an inter-operable online identification and encryption product which is available to banks throughout the nation.

Zions partnered with NetVoyage Corporation to develop and introduce online safe deposit boxes to our customers. We expect to participate in filling a growing need for online data storage, and believe that banks, with their heritage of trust and regulatory oversight, are well suited as long-term repositories for our customers' electronic files.

OUR FUTURE GROWTH

We continue to see numerous opportunities for growth in the West. Each of the eight states in which Zions Bancorporation has its primary operations is among the top third of the states in expected population growth over the next two decades as projected by the U.S. Census Bureau. We have strong management teams in place in each of the markets we serve, and we believe the company is capable of not only keeping pace with the growth in these extraordinary markets, but also of gaining market share as a result of our relatively unique organizational structure, which has been proven to be appealing to our customers and our employees, as well as to many of the community banks which we have acquired in recent years.

Zions Bancorporation's "Collection of Great Banks" represents an approach to the financial services business that emphasizes local responsiveness and responsibility. Our decision makers are close to the customers and the communities we serve. Our employees are associated with locally chartered and managed banking institutions, creating a greater sense of "ownership" in their franchises. We believe this sets us apart in an industry increasingly characterized by large, monolithic institutions with little local identity or authority.


The economy in the West has continued to remain relatively strong, despite the slowdown in the "dot-com" sector and disruptions in California's power supply. Recent concerns about energy availability in the West and throughout the nation also contain the promise of opportunity: this region of the country contains an abundance of energy resources waiting to be tapped. The capital investment necessary to provide the nation's energy infrastructure with additional capacity can be expected to include substantial expenditures on resource development in the West. We nevertheless remain alert to the possibility of a slowing economy in the West, are cautious in our approach to underwriting, and hopeful that recent interest rate cuts and the prospect of significant tax relief will provide the foundation for continued strong growth over the next several quarters.

We look forward to the challenges of continuing to build the premier locally oriented banking organization in the western United States. We appreciate your loyal support.

Respectfully,



Harris H. Simmons
President and Chief Executive Officer



Roy W. Simmons
Chairman

February 9, 2001



ZIONS BANCORPORATION

A Collection of Great Banks



UNCLE SAM

DESIGNER:	C G. SHEPARD AND PETER ADAMS
MANUFACTURER:	SHEPARD HARDWARE CO., BUFFALO, NY
PATENTED:	1886
ORIGINAL PRICE:	\$0.50
CURRENT VALUE:	\$4,000

> INSTRUCTIONS: Place a coin in Uncle Sam's extended hand and press the lever. Watch as Uncle Sam's jaw swings open as if he were talking. The carpetbag pops open and Uncle Sam simultaneously lowers his hand, depositing the coin.

ZIONS BANCORPORATION

A COLLECTION OF GREAT BANKS

In 1886, “Uncle Sam” mechanical banks were sold for \$6 a dozen. Back then, the bank was merely a novelty. Its cleverness was designed to engender thrift in American youth, to reward a child’s modest investment with a unique action.

Things have changed since then. If you’d like to invest in an Uncle Sam bank today, it will cost you \$4,000. In fact, the value of mechanical banks has increased so much, it’s rare to find someone who can assemble a quality collection. “I have about ten banks in my collection,” says Dan Morphy, mechanical bank collector and owner of Adamstown Antique Gallery in Denver, Pennsylvania. “And since I only collect banks in good condition, that’s quite a few.”

But Morphy understands the value of a collection of great banks. Of course, Zions Bancorporation has understood that for quite some time, which is why Zions has carefully selected banks over the past decade that enhance the overall value of its franchise. Now that collection includes six banks and several subsidiary companies, almost 7,000 employees, and more than 370 banking offices spread across eight western states.

Zions philosophy of “collection” is a rare one in today’s market. By contrast, most of Zions’ competitors acquire banks to, in essence, melt them down and cast them in their own image.

By doing so, they also destroy the cultural and community associations which create a good portion of the banks’ value.

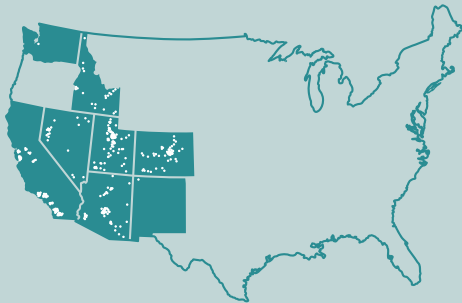
Much of Uncle Sam’s value is tied to both its history and uniqueness. The same holds true for Zions’ subsidiary banks, which is why Zions maintains their identities and regional flavors. As far as the customer is concerned, these banks stay essentially the same—same employees, same management. But behind the scenes, each bank enjoys the efficiencies of merged back-room operations, as well as a depth of resources and talent typically unavailable to small community banks.

Zions employs a management model that lets employees who are familiar with a client’s needs make the decisions regarding that client’s relationship. This “local decision making” model helps ensure that clients receive the services they truly need.

Under this unique philosophy, Zions Bancorporation has become one of the nation’s premier financial services companies, with locations in some of the country’s best growth markets. In fact, *Forbes* magazine recently named Zions one of America’s best big companies.

Zions has also received notice for its technological focus. In 2000, Zions introduced several new Internet-related products. For online banking customers, MyAlerts™ provides

ASSETS AT YEAR END:	\$21.9 BILLION
DEPOSITS AT YEAR END:	\$15.1 BILLION
TOTAL OFFICES:	374
TOTAL NEW BRANCHES IN 2000:	10
TOTAL ATMS:	509
TOTAL BANKS ACQUIRED IN 2000:	1 (+3 ANNOUNCED FOR 2001)
FULL-TIME EMPLOYEES:	6,915



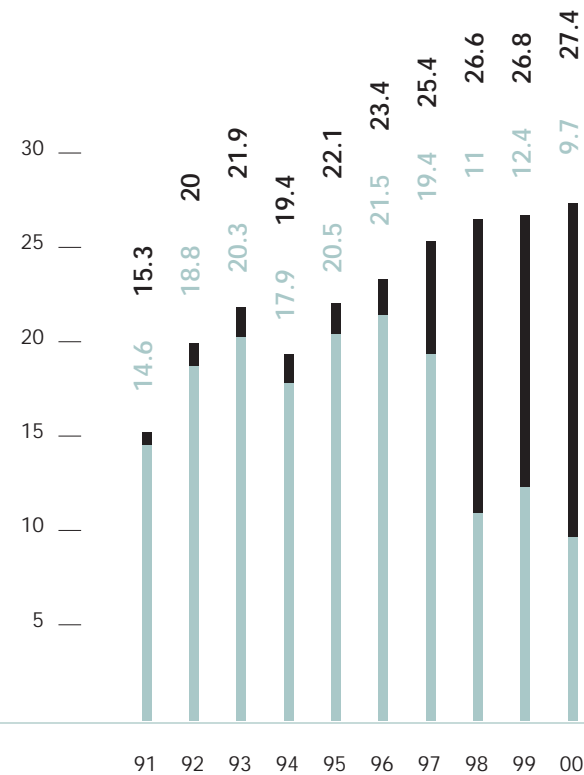
a customizable service that sends encrypted e-mail notification about account information. Zions also introduced customers to online safe deposit boxes, allowing them to securely store digital documents online. And GovRate.com™ now offers customers real-time, electronically executable U.S. Government securities quotes from Zions Bank Capital Markets.

But of all the technological innovations Zions introduced in 2000, the most significant may be TrustID® digital certificates. Developed by Zions’ affiliate, Digital Signature Trust Co., in partnership with the American Bankers Association, TrustID promises to infuse Internet transactions with a higher level of

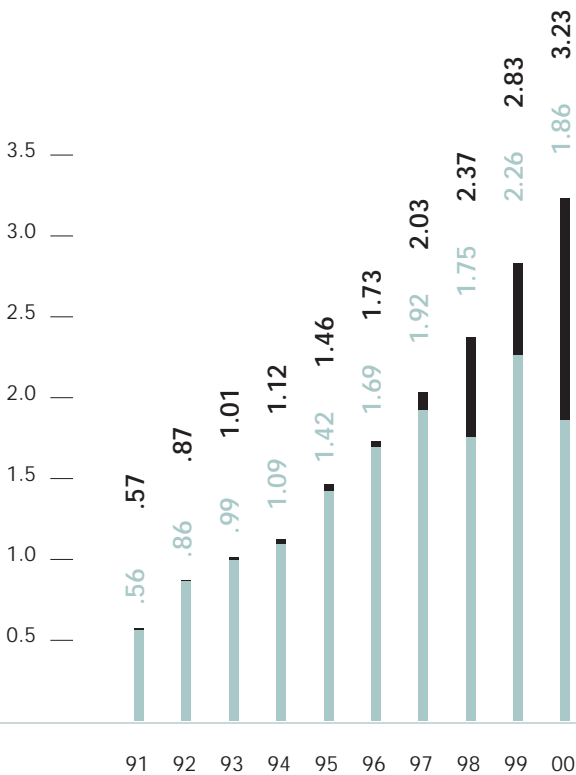
trust than was ever possible before. The results could revolutionize the way people conduct business online.

The value of Zions’ collection will continue to rise as customers enjoy the benefits of local decision making, quality service, innovative banking products, and greater technological conveniences. It’s as certain as the rising value of antique mechanical banks—which, by the way, is accelerating, thanks to online auctions. And who keeps driving up the market value? Dan Morphy is kind enough to reveal the identity of these new collectors.

“It’s bankers.”



RETURN ON EQUITY (IN PERCENT)



DILUTED EARNINGS PER SHARE (IN DOLLARS)

■ CASH BASIS
■ REPORTED

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We look forward to the challenges of continuing to build the premier locally oriented banking organization in the western United States. We appreciate your loyal support.

Respectfully,



Harris H. Simmons
President and Chief Executive Officer



Roy W. Simmons
Chairman

February 9, 2001





MILKING COW

DESIGNER:	CHARLES BAILEY
MANUFACTURER:	J. AND E. STEVENS COMPANY, CROMWELL, CT
PATENTED:	CIRCA 1888
ORIGINAL VALUE:	\$0.71
CURRENT VALUE:	\$9,500

> INSTRUCTIONS: Place a coin in the slot on the cow's back, then press the flower-shaped lever. The cow flips her tail while kicking over the milking boy, knocking his hands into the air and spilling the bucket on his face.

ZIONS BANK

As far as collectors are concerned, the “Milking Cow” bank is a classic—practically a standard—among mechanical banks. Its sophisticated action, remarkable workmanship, and nostalgic quality make it highly collectible. Although it has been reproduced several times, any true collector recognizes that the value of the original can never be duplicated. Nor can the value of Zions Bank. Founded by Mormon pioneers in 1873, there is an element of nostalgia about the bank. But in terms of modern banking, Zions is hardly nostalgic. Through its subsidiary, Digital Signature Trust Co., Zions continues to pioneer digital identity authentication. In addition, Zions continues to offer customers ever more sophisticated banking services and technology, including MyAlerts.™ Products like this have made Zions Bank both highly collectible and frequently imitated. But in the end, nothing matches the value of the original. Just ask any bank collector.

SELECTED HIGHLIGHTS

LOCAL AUTHORITY In Utah, Zions Bank stands alone as the only locally headquartered financial institution with a statewide network of branches.

DIGITAL SIGNATURE TRUST DST was the first bank subsidiary to receive approval from the Office of the Comptroller of the Currency to verify digital signatures, and Zions was the first bank in the country to offer TrustID® digital certificates to customers.

MYALERTS Customers are able to have personal account information, such as account balances, e-mailed to them.

“SELF-ENTRY” SAFE DEPOSIT BOX Zions installed the first-ever “self-entry” safe deposit box system in its marketplace. A fingerprint reader, coupled with a personal identification number, allows bank customers to access their safe deposit boxes at their convenience.

ONLINE SAFE DEPOSIT BOX Customers can encrypt important documents, such as wills or financial records, and securely upload them into an online safe deposit box.

7 AM TO 7 PM DRIVE-UP BANKING In an effort to offer more convenience, Zions extended drive-up banking hours at thirteen branch locations to twelve hours per day—7 AM to 7 PM.

SBA LENDING Zions Bank was ranked as the number one provider of U.S. Small Business Administration (SBA) government guaranteed loans in Utah and number two in Idaho for the SBA’s fiscal year 2000.

ACQUISITIONS Zions announced the acquisition of Draper Bank, a \$250 million community bank headquartered in the southern part of the Salt Lake Valley. The acquisition was completed on January 26, 2001.

MARKET SHARE OF BANK DEPOSITS (UTAH / IDAHO):	18% / 2%
STATE RANK BY BANK DEPOSITS (UTAH / IDAHO):	2ND / 9TH
ASSETS AT YEAR END:	\$8.1 BILLION
DEPOSITS AT YEAR END:	\$4.2 BILLION
DOMESTIC OFFICES:	142
IN-STORE OFFICES:	49
NEW BRANCHES IN 2000:	3
ATMS:	211
ACQUISITIONS:	DRAPER BANK (COMPLETED 1/26/01)
FULL-TIME EMPLOYEES:	1,909



DEAR SHAREHOLDER,

In 1873, Zions First National Bank was founded by the pioneer settlers of the Utah territory on the principle of service to its customers and its communities. Today, this same pioneering spirit continues to guide us as we explore and implement new technologies that will make banking easier, more convenient, and safer for our clients.

MAINTAINING OUR CORE MISSION

As the bank prepares to move into its 129th year, we continue to hold true to our core mission of assisting in the economic growth of our clients by ensuring safety for their funds, offering quality products that meet their needs, providing personalized service and competitive pricing, providing convenient access to funds and account information, and demonstrating an uncompromising commitment to the communities we serve. We take our role in the economy, and in each community we serve, very seriously. Our business is built on the trust established with our clients over decades. Maintaining that trust is no small matter to us.

Today, Zions Bank is a strong, diversified franchise and is well situated to benefit from market disruptions created by mergers and acquisitions affecting some of the largest banking enterprises in our marketplace. Through a strategy of decentralized decision making, community bank responsiveness, and consolidated operational and administration functions, coupled with an ability to offer the resources and product array available only through a major regional banking enterprise, Zions Bank expects to see continued growth in 2001.

GREATER RESOURCES AND CONVENIENCES

Loan growth in all sectors—consumer, construction, real estate, and small business—was exceptional in 2000, growing at a rate of 19.6 percent. Credit quality remained strong. But deposit growth was slower, as there was intense competition for core deposits during the year.

With a focus on offering greater convenience for our customers, Zions Bank continued to grow its branch network in 2000, adding a new branch in West Valley City, Utah, and two offices in Ammon and Pocatello, Idaho. Additionally, in November, Zions Bank announced an agreement to acquire Draper Bank, a \$250 million community bank headquartered in the southern part of the Salt Lake Valley. (The Draper Bank acquisition was completed on January 26, 2001.) The addition of four former Draper Bank offices, combined with the new branches, brings Zions Bank's domestic branch total to 146,

with 125 branches in Utah and 21 in Idaho. And, in Utah, Zions Bank stands alone as the only locally headquartered financial institution with a statewide network of branches.

Of the 146 branches in the Zions Bank branch network, 49 are located inside grocery stores. These offices not only provide customers with the convenience of banking where they shop, they also provide extended evening and weekend hours.

In response to requests from customers for the convenience of drive-up banking during the hours before and after work, Zions Bank recently extended the drive-up banking hours from 7 AM to 7 PM at thirteen of its branch locations located along significant traffic routes.

LEADER IN SBA LENDING, GOVERNMENT SECURITIES, AND TECHNOLOGY

2000 was also a year of firsts for Zions Bank. Zions ranked as the number one provider of U.S. Small Business Administration (SBA) government guaranteed loans in Utah, and number two in Idaho for the SBA's fiscal year 2000. Zions also topped the list in providing SBA loans to minority- and women-owned businesses in Utah.

Zions is the only primary government securities dealer headquartered west of the Mississippi. And Zions Bank Capital Markets group established itself this year as a leading dealer on the Bloomberg Bondtrader® electronic bond trading system.

Zions Bank continued to excel in 2000 as a leader in the use of technology to offer greater convenience to customers. On the heels of President Clinton's signing of the "E-SIGN Bill" into law in June, Zions Bank was the first bank in the country to offer TrustID® digital certificates to its customers through a program sponsored by the American Bankers Association. Utilizing the digital certificate technology, Zions Bank introduced two innovative services for customers. With MyAlerts™, customers can receive personal data regarding their account in an encrypted form via e-mail, and the customers determine what information they receive and how often they receive it. Zions Bank also introduced its customers to the secure, online storage of important documents. Using a personal digital certificate, customers are able to encrypt important documents (e.g. wills, financial records, images, etc.) and securely place them into an online safe deposit box. Documents can be uploaded and retrieved at any time, providing a convenient way to store and back up sensitive information.

In keeping with our goal of giving clients increased access to information on their accounts and greater convenience in dealing with the bank, Zions Bank added a variety of enhancements to its Internet Banking site at www.zionsbank.com. Zions Bank's Internet Banking customers are able to access account information, transfer funds, pay bills, get insurance quotes, apply for an insurance policy, order foreign currency, and apply for consumer loans and credit cards from the convenience of their own homes or offices. Mortgage rate monitoring, mortgage loan tracking, online stock trading, and much more are also available to Zions Internet Banking customers.

Another example of Zions Bank's use of technology to better serve the customer is found in the bank's installment of the first-ever "self-entry" safe deposit box system in its marketplace. Using a personal identification number (PIN), along with biometrics in the form of a fingerprint reader for identification, bank customers can access their safe deposit boxes without having to wait for the availability of a bank employee, and with the use of only one key.

LOOKING AHEAD

Looking forward to 2001, loan growth is expected to remain strong. Deposit growth should continue to rebound. In Utah, where Zions Bank enjoys a 14 percent market share among all financial institutions, loan and deposit growth should be in the double digits, as clients who want to deal with a locally headquartered bank with local decision-making ability switch their banking relationship to Zions.

Idaho presents a tremendous growth opportunity for Zions Bank. Our market share of deposits in Idaho is currently about 2 percent. However, the Zions Bank name has good recognition in the state, and our 21 branches provide a solid base from which to grow, particularly in the important markets of Boise and Idaho Falls.

STRONG COMMITMENT TO COMMUNITY

Zions Bank operates under the philosophy that banking is primarily a local business. Zions' bankers live and work in each of the communities in which we have a branch. Accordingly, we have a stake in how our communities prosper. This same philosophy guides our view on community involvement. We are committed to doing our part for our communities' future. It is a commitment we honor every time a local loan officer approves a loan, every time a local manager makes a decision, and every time an employee

participates or officiates in a community meeting or event. It is why we donate thousands of dollars to community activities, charities, and nonprofit organizations. It is why our employees donate thousands of volunteer hours each year, serving in local civic organizations, school boards, charitable groups, and even political office.

This past year, Zions Bank received the American Bankers Association Center for Community Development's Action Award in the Community Projects category. The award recognized Zions Bank for its annual Paint-a-Thon project, which has resulted in Zions Bank employees painting the homes of more than 330 low-income, elderly, and disabled homeowners in the past 10 years.

We are committed to the communities we serve, and we are committed to meeting the individual needs of our customers. And we know that those who are best able to identify and meet those needs are our local managers and employees. Because of this, Zions Bank branch managers and loan officers are empowered to make decisions regarding how to best meet the needs of their customers.

All of these things together demonstrate one thing—that we haven't forgotten who keeps us in business. We value the trust our customers place in us when they deposit their hard-earned money with us, but we also recognize whose money it is. If our customers want to access their accounts over the Internet, they can. If they want to do their banking at 7 AM on their way to work, they can. If they want to check their account balances, withdraw some cash, buy some stamps, or make a deposit at an ATM, they can. If they want to get account information over the telephone at midnight, they can. And, if they want to walk into or call a Zions Bank branch and talk to someone who has the authority to help them with their banking needs, they can. After all, it's their money.

2000 once again brought results that proved the Zions Bank strategy successful, and set the foundation for even greater success well into the future.



A. Scott Anderson
President and CEO



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ORGAN GRINDER AND PERFORMING BEAR

DESIGNERS:	L. KYSER AND A.C. REX
MANUFACTURER:	KYSER & REX COMPANY, PHILADELPHIA, PA
PATENTED:	1882
ORIGINAL PRICE:	\$35 IN 1939
CURRENT VALUE:	\$7,500

> INSTRUCTIONS: Wind the key on the outside of the building. Place a coin in the slot on the organ, then press the lever on the base. The bear revolves as the organ grinder turns the crank, sounding the bells inside.



For antique collectors, the “Organ Grinder and Performing Bear” bank is a must. Its spring-wound motor—rare among mechanical banks—is unique in its sustained motion. Equally unique is the sustained motion of the bank from the state symbolized by the grizzly bear. From a collector’s standpoint, the value is obvious: California Bank & Trust is the sixth largest bank in California, which has the ninth largest economy in the world. Just as compelling is CB&T’s commitment to shareholder value. And once you consider CB&T’s scheduled acquisition of Eldorado Bancshares, as well as its continued growth prospects, it becomes obvious why this bank is such a valuable part of the Zions Bancorporation collection.

SELECTED HIGHLIGHTS

RELATIONSHIP-STYLE BANKING CB&T is dedicated to providing personal, relationship-style banking to businesses, real estate companies, professional communities, and individuals.

EXEMPLARY PORTFOLIO MANAGEMENT AWARD Presented to CB&T, chosen from the field of local banks with SBA loan portfolios.

SUPPORTING COMMUNITIES The U.S. Department of Treasury presented CB&T with its Bank Enterprise Award in recognition of the bank’s ongoing commitment to offer full-service banking in distressed communities. The fact that CB&T increased SBA lending by over 150% in 2000 has also gained

some notice. The U.S. Small Business Administration’s San Diego office presented CB&T its Largest Hispanic-American 7(a) Lender Award as the region’s top SBA lender to Latino small businesses. The bank was also presented with the SBA Lender Achievement Award for exemplary community service and special achievements in assisting the SBA in reaching lending goals.

ACQUISITIONS CB&T continues to grow. Regency Bancorporation merged with CB&T in November of 1999, and the acquisition of Eldorado Bancshares is expected to be completed during the first quarter of 2001.



ACQUIRED BY ZIONS:	1997
MARKET SHARE OF BANK DEPOSITS:	2%
STATE RANK BY BANK DEPOSITS:	6TH
ASSETS AT YEAR END:	\$7.0 BILLION
DEPOSITS AT YEAR END:	\$5.6 BILLION
OFFICES:	75
NEW BRANCHES IN 2000:	4
ATMS:	88
ACQUISITIONS:	ELDORADO BANCSHARES (ANNOUNCED)
FULL-TIME EMPLOYEES:	1,703



DEAR SHAREHOLDER,

The expansion of CB&T over the last two and a half years has provided Zions Bancorporation with a meaningful banking presence in the world's ninth largest economy, the state of California. With total assets just shy of \$7 billion, CB&T now comprises approximately one-third of the Zions total asset base.

IMPROVED PERFORMANCE

Cash operating earnings for year 2000 increased 35% from 1999. Just as Zions has done for the last ten plus years, CB&T achieved above-market revenue growth of 15%, which fueled this strong earnings increase. CB&T was also successful in controlling costs, limiting the increase in non interest expenses to under 1%. The combination of revenue growth and expense control generated tremendous operating leverage for the year.

The bank cash operating efficiency ratio declined from 61% in 1999 to under 54% in 2000.

Shareholder value added (SVA) for CB&T increased 76%. CB&T is the first Zions affiliate to adopt SVA as a performance measurement tool. Incentive compensation for all CB&T associates is based upon it.

In nine short quarters since the merger of Sumitomo Bank of California into Grossmont Bank, CB&T has:

- Doubled the quarterly earnings run rate.
- Increased revenues by 29%.
- Reduced the number of full-time equivalent employees, resulting in a doubling of net income per FTE.

- Restructured both sides of the balance sheet, resulting in an expansion of the net interest margin by over 40 basis points.
- Decreased nonperforming assets from 1.23% of total loans to 0.40%.
- Reduced Other Real Estate Owned to under \$100,000.

The good news for Zions shareholders is that CB&T is now performing at the median of its peer group and has turned the Sumitomo Bank of California acquisition into an outstanding investment. The better news is that "median" is not a commonly used term at Zions. Improving CB&T's operating performance to the top 10% of its peer group is both a priority and attainable. There are three areas that CB&T will address:

- Retail Banking Revenue: CB&T has yet to develop any meaningful retail banking revenue. However, with the closing of the Eldorado Bancshares acquisition scheduled for the second quarter of this year, the bank will have approximately 100 banking offices concentrated in the San Francisco Bay area, metro Los Angeles, Orange County, and San Diego. This provides an opportunity to market to perhaps the most attractive retail customer base in the country.
- Fee Income: Fee income at CB&T for 2000 represented just 11% of revenue and 0.58% of average assets. These numbers are less than half of both the bank's peer group average and that of Zions'.
- Consolidation and Efficiency: Finally, there are still many back-office functions at CB&T that have yet to be attacked for consolidation and efficiency.



While on the surface, cash operating efficiency of 54% for 2000 looks good, given the bank's focus on business, real estate, and private banking, combined with a large average branch deposit size, this number can be reduced to the mid-40s over the next eight quarters.

In 2000, CB&T also took responsibility for stewarding Zions Bancorporation's SBA lending, cash management, and international banking activities through the creation of "Centers of Excellence." Significant opportunity for increased income to the corporation for 2001 and beyond exists through the sales of newly developed, state-of-the-art, Internet-based products in these areas.

VALUED BANKING RELATIONSHIPS

We take pride in the look and feel of our banking offices. During the year, we remodeled twenty of our banking offices, relocated four banking offices to significantly better locations, and expanded our footprint by opening new offices in Walnut Creek, North Oakland, Irvine, and in Kearny Mesa, San Diego.

The vision at CB&T is to create California's best banking relationships. That includes developing relationships that create outstanding value not only for our shareholders, clients, and our associates, but also for the communities we serve. In that regard, in 2000, CB&T increased its SBA lending by over 150%, instituted a statewide initiative for acquisition/rehab of residential housing for nonprofits, received the Department of Treasury's "Bank Enterprise Award" for servicing distressed areas in California, and opened up a full-service banking facility in the under-served Temescal district of North Oakland. In addition, the bank received regulatory approval for the opening of a new full-service banking office in East

Palo Alto, another under-served community that has been without a full-service banking office for 20 years. This office is scheduled to open in the 3rd quarter of 2001.

CB&T thanks Zions for both the opportunity and the pleasure of being a part of its "Collection of Great Banks."



Robert G. Sarver
Chairman and CEO



Need some ID for an online transaction? Want to sign the mortgage papers via e-mail? With just one TrustID® digital certificate, you'll be able to do that—and more. Digital Signature Trust Co., an affiliate of Zions Bancorporation, developed TrustID in partnership with the American

Bankers Association. It is the first digital certificate designed to be universally accepted for online transactions. It's only appropriate that Zions became the first bank in the country to issue TrustID digital certificates to banking customers. Visit www.abatrustid.com for more information.



HALL'S EXCELSIOR BANK

DESIGNER:	JOHN HALL
MANUFACTURER:	J. & E. STEVENS COMPANY, CROMWELL, CT
PATENTED:	1869
ORIGINAL PRICE:	\$0.60
CURRENT VALUE:	\$1,000

> INSTRUCTIONS: Pull the doorbell. The cupola's top lifts and a small wooden monkey emerges, wagging his head. Place a coin on the desk. The monkey and desk disappear, depositing the money.



“Hall’s Excelsior Bank” is considered the first cast iron mechanical bank and an essential piece to complete any serious bank collection. As one of the earliest mechanical banks, “Hall’s Excelsior” proved to be immediately popular. The same could be said for Nevada’s oldest state-chartered bank, Nevada State Bank. Nevada State Bank’s clients have long appreciated the statewide branches that offer consumer, small business, real estate, and corporate banking services in over 60 locations. They’ve also enjoyed the convenience of NSB’s 31 supermarket branches with extended and weekend hours. It just goes to show you that, in the end, it doesn’t take a collector to appreciate a classic that’s built to last.

SELECTED HIGHLIGHTS

INCREASED STATEWIDE BANKING Nevada State Bank’s merger with Pioneer Citizens Bank was completed in 1999, increasing the bank’s presence in the growing northern Nevada market. The merger gave NSB nearly \$2 billion in deposits and—with a statewide 12% market share—made Nevada State Bank the third largest bank in Nevada.

COMMUNITY BANKING AND MORE Nevada State Bank, founded in 1959 in Las Vegas, and Pioneer Citizens Bank, founded in 1965 in Reno, attribute their success to their community bank roots. Thanks to their staffs’ continued focus on personal service, as well as their commitment

to local communities, Nevada State Bank is Nevada’s largest community bank. And thanks to the resources and backing of Zions Bancorporation, NSB has become much more.

INCREASED WEB PRESENCE NSB already offers a full array of online banking services. In addition, the bank recently established a premier partnership with America Online. NSB will be the exclusive financial service sponsor of Digital City Las Vegas, an interactive search engine offering in-depth overviews of cities throughout the U.S. The strategic partnership provides direct links to Nevada State Bank’s web site.

MARKET SHARE OF BANK DEPOSITS:	12%
STATE RANK BY BANK DEPOSITS:	3RD
ASSETS AT YEAR END:	\$2.4 BILLION
DEPOSITS AT YEAR END:	\$2.0 BILLION
OFFICES:	60
IN-STORE OFFICES:	31
NEW BRANCHES IN 2000:	3
ATMS:	84
FULL-TIME EMPLOYEES:	701



DEAR SHAREHOLDER,

Nevada State Bank falls under Zions Bancorporation's guiding principle of a "Collection of Great Banks." That perhaps serves as an efficient way to condense our feelings about the bank today, and what we strive to be tomorrow—a great bank, and a great contributor.

INCREASED GROWTH, INCREASED CONVENIENCE

For several years, Nevada has been the fastest-growing state in the nation. We have seen population gains, increasing employment, and a booming business expansion that has led or competed for the top spot in these, and a host of other, economic and business-health indices. Clearly, our objective is to continue to capitalize on this vibrant situation.

Nevada State Bank, with \$2.4 billion in assets, now ranks as the third-largest bank in the state, a direct result of the merger at the end of 1999 of the 42-year-old Nevada State Bank and the 37-year-old Pioneer Citizens Bank. The banks were nearly equal in size, but had somewhat differing business plans when it came to target markets.

With 44 banking offices spanning from Elko in eastern Nevada, Reno in the northern part of the state, and Las Vegas/Henderson/North Las Vegas in the south, NSB is truly statewide. A recent survey we conducted among bank customers in Nevada determined that 51% of the respondents bank where they do for convenience. NSB's wide branch network offered this convenience and caused the bank to cast itself as a "retail-oriented" bank, with some 138,000 accounts. It should be noted that "convenience" today, in this technology-driven world, isn't only equated to geographic location of

branch offices, but also to the availability of step-saving, time-saving electronic conveniences—and that is supported by 85 NSB ATMs and state-of-the-art electronic products offered by the Zions Bancorporation parent.

Pioneer Citizens Bank, with 14 offices in northern and southern Nevada and 38,000 accounts, can best be characterized as a "commercial or business" bank. It was clear to those seeking the merger that the two banks complemented each other.

COMMUNITY BANKING

Both NSB and Pioneer Citizens Bank, each with their long histories as local state-chartered banks, built their assets and reputations on being "community" banks. Community banks can be defined as local banks with limited geographic service areas, under independent ownership, whose personal service focus is the driving force in obtaining and retaining customers. In that sense, not much has changed for the two banks. Although a member of the Zions' "Collection of Great Banks," the new NSB enjoys and markets itself on the autonomy derived from having its name and operations being largely distinct from a large holding company structure. This more decentralized management and organizational style is atypical of large banking companies, and should be viewed as a genuine strength and competitive advantage. In short, NSB is to a great extent operated as a local business.

Once you examine what has made NSB and Pioneer Citizens Bank successful, it's easy to remember that banking is still a people business. We want all employees to take ownership of



a client's needs or problems; selling a product is less important than developing a relationship. We recognize that when you treat a person with respect, you receive respect in return. In the end, only the customer can define a job well done.

Although by strict definition, the size and ownership of NSB may disqualify it as a "community bank," everything else suggests otherwise. Our philosophy, our mode of doing business, attitude, and approach to customer service—all these things define us as "a bank for the community."

MOVING FORWARD

Nevada State Bank has history. Lots of it. It also has a lot of pride. These are intangibles that don't appear in our product list or financial statements, but they remain a part of the foundation on which we continue to build the bank. These intangibles, combined with the competitive advantage of 60 banking offices, will continue to make Nevada State Bank a better way to bank.

2000 was a challenging year. Our efforts were heavily devoted to untangling the fallout from the protracted and unsuccessful local First Security Bank merger, and that meant returning to the basics, the fundamentals of banking. It was a challenge. Our staff performed well and met the challenge, and we are proud of our standing today.

In 2001, we will continue to make improvements to better serve our clients. We have introduced streamlined processes and procedures that make our work easier and that raise the convenience factor for our clients, including the opening of

three branches last year. Five more are scheduled for 2001. We have a keen eye on the expense side of our operations and are making a concerted effort to improve our earnings performance. We have the people to get the job done, and done right. Our outlook on 2001? In a word, optimistic.

Nevada State Bank of today is really a collection of two great banks. We are proud to be part of the Zions Bancorporation organization.

Sincerely,



William E. Martin
Chairman, President and CEO

Soon there will be plenty of places to store digital documents online, but very few will be subject to federal oversight. In 2000, Zions announced the founding of EnterVault,™ a secure, long-term storage provider for electronic data and documents. Customers can store important items such as financial records, wills, or personal documents.

The service has multiple levels of access security, including digital signatures issued by Digital Signature Trust. If approved by the Office of the Comptroller of the Currency (OCC), EnterVault will become the first national bank subsidiary to receive regulatory sanction for Internet storage. For more information, visit us at www.entervault.com.



INDIAN SHOOTING BEAR

DESIGNER:	CHARLES BAILEY
MANUFACTURER:	J. & E. STEVENS COMPANY, CROMWELL, CT
PATENTED:	CIRCA 1883
ORIGINAL PRICE:	\$0.70
CURRENT VALUE:	\$2,700

> INSTRUCTIONS: Draw back the gun sight, insert a paper cap and press the button. The gun fires and the coin is shot into the bear’s chest. Originally advertised as the “Bear Hunt Bank,” it was a popular seller for many years. However, the Indian’s back feathers are fragile, making a complete model a rare find.



National Bank of Arizona was added to the Zions collection in 1994. Since then, NBA has seen a 443% increase in assets, a 412% increase in deposits, and a 566% increase in net income. As part of Zions’ “Collection of Great Banks,” NBA maintains its flexibility to operate as a community bank while offering its customers greater depth of resources. Much like the “Indian Shooting Bear” bank, its value in the collection is assured due to a rare quality in banking—completeness.

SELECTED HIGHLIGHTS

BUSINESS FOCUS Although NBA continues to expand retail branch operations, its primary focus remains on business and professional banking segments.

ACQUISITION In the fall of 2000, NBA strengthened its presence in northern Arizona with the acquisition of five new branches from the Prescott-based County Bank. Later in December, NBA reached a definitive agreement to purchase the nine Arizona branches of Pacific Century Bank (approximately \$400 million in deposits, \$225 million in loans).

STRONG LOAN PORTFOLIO NBA’s net loan losses totaled less than .02% of loans. The national average is near .20%.

EXPANSION NBA projects six new branches for 2001.

CUSTOMER SERVICE NBA’s commitment to its founding principle—that banking is a local business—enables it to meet the needs of all its customers in all of the communities it serves.

BUSINESS SUPPORT Focus groups in 2000 reaffirmed that NBA bankers know their customers and their customers’ businesses. NBA works closely to help them manage their businesses by providing financial counseling and structuring sound financing programs.

EXPERIENCE & LOYALTY Low employee turnover allows customers to build long-term relationships with experienced bankers. Consequently, NBA maintains a strong base of loyal customers.

MARKET SHARE OF BANK DEPOSITS:	4%
STATE RANK BY BANK DEPOSITS:	4TH
ASSETS AT YEAR END:	\$2.0 BILLION
DEPOSITS AT YEAR END:	\$1.6 BILLION
OFFICES:	41
ATMS:	38
ACQUISITIONS IN 2000:	COUNTY BANK; PACIFIC CENTURY BRANCHES (ANNOUNCED)
FULL-TIME EMPLOYEES:	619



DEAR SHAREHOLDER,

Consistency has been the hallmark of National Bank of Arizona. Since joining the “Collection of Great Banks” in 1994, National Bank of Arizona (“NBA”) has remained committed to increased value for our shareholders. In fact, in our 16-year history, National Bank of Arizona has built a reputation of consistent, profitable growth.

CONSISTENT VALUE

Year after year, NBA has consistently and dramatically increased in profitability and size. The value we have brought to you, the shareholder, has been increased profitability in a growth market every year for the past seven years of our relationship with Zions Bancorporation.

CONSISTENT FOCUS

We were founded as a small, community bank, with a focus on a distinct market niche. Specifically, NBA serves small to mid-sized businesses, real estate development, construction firms, and professional service firms. Today, we continue our unwavering focus on that niche, recognizing that we can’t be all things to all people. But by serving this defined market, we have created a recipe for success that has proven effective year in and year out.

We continue to remain loyal to our founding principle of serving our customers with the quality and service of a community bank, but also recognizing that we have the resources and support of a much larger bank in Zions. Services such as cash management technology and an experienced trust and investment team allow us to further enhance our business banking services at a local level.

CONSISTENT CREDIT STANDARDS

NBA has nurtured a strong credit culture with year 2000 loan losses totaling less than two basis points—some 18 basis points under the national average. The quality of our loans can be attributed to three areas of emphasis: 1) strict adherence to documentation control, 2) sound underwriting standards that are well understood and observed, and 3) the expertise and experience of our officers, who are close to the customers, enabling them to anticipate financial weaknesses and to address the potential frailty before it becomes unmanageable.

CONSISTENT GROWTH

Positioned as one of the top states for growth during the next 25 years, Arizona has been a particularly fertile environment for growth. The year 2000 saw a continued pace of balanced growth for the bank. The acquisition of Prescott-based County Bank fortified NBA’s presence in northern Arizona. NBA now has 41 offices in 26 Arizona communities and 619 full-time employees. NBA is Arizona’s fourth-largest bank, with nearly \$2 billion in assets.

CONSISTENT COMMUNITY CARE

NBA remains true to its founding principle of local banking with local people. Recognizing that we serve many local communities, we have continued a tradition of commitment to caring for the communities where we are located. That’s why NBA continues to donate significantly to nonprofit organizations, charities and community events. Our employees have volunteered admirably in charitable groups, local civic organizations, and school boards. Their dedication to community and company stands as a testament to our success.



CONSISTENT PATH TO 2001

Our success and profitability in 2000 warrant reflection and a certain amount of pride, but NBA has not become so successful by resting on our laurels. It is with even greater dedication and enthusiasm that I look forward to 2001. For the upcoming year, NBA has positioned itself to continue our profitability without compromising the strategic focus we have preserved—especially in establishing and maintaining quality, one-on-one relationships with our customers.

In December 2000, we announced that we reached a definitive agreement to acquire the assets of nine Arizona offices of Pacific Century Bank. The Pacific Century acquisition will provide NBA with approximately \$400 million in deposits and \$225 in loans. The acquisition should be completed at the beginning of the second quarter of 2001 and will mark a milestone of 50 statewide locations for the bank.

In addition to the Pacific Century acquisition, NBA will open six new offices throughout the state during 2001. With the addition of new offices, we continue to celebrate the value of our employees with renewed vigor. NBA will continue to support our employees' fundamental character of high-energy, quality work and independent thinking. We will continue to develop programs to foster and nurture training and development. Our employees have been the determining factor in our consistent profitability and deserve to be recognized as such.

Strategic restructuring of senior management in 2001 will enable NBA to better facilitate future growth opportunities, as well as positioning senior management at a local level. Like

Zions Bank, NBA will continue to stress local management and decision making. Despite the size of the bank, we are regarded throughout the state as a local bank with locally known management. It has been a major strength of the bank for years and will clearly continue to be imperative to our future success.

Much like Zions, NBA is a progressive company and active acquirer. We remain open to in-state bank acquisitions that are compatible with our strategic market focus and complementary to our growth goals.

CONSISTENT

Consistency has been the backbone of our bank. NBA has built a reputation as one of Arizona's premier banks because of our ability to consistently perform—a result of our consistent market focus, consistent management team, and the consistent delivery of financial expertise.



John J. Gisi
Chairman and CEO

Zions' new GovRate.com™ is one of the most comprehensive Internet trading systems in the fixed income market. This unique Internet site provides real-time, electronically executable U.S. Government securities quotes from Zions Bank Capital Markets. Online trading is revolutionizing the

government securities market. With Zions' GovRate.com, now any institution can trade odd-lots and round-lots with a primary dealer, from one bond to thousands. The site also provides real-time pricing on discount, corporate, and municipal securities. Visit us at www.GovRate.com.



LEAP FROG

DESIGNERS:	CHARLES G. SHEPARD & PETER ADAMS
MANUFACTURER:	SHEPARD HARDWARE CO., BUFFALO, NY
PATENTED:	1891
ORIGINAL PRICE:	\$20 IN 1939
CURRENT VALUE:	\$7,000

- INSTRUCTIONS: Position the leaping boy behind the stooping boy. Place a coin in the slot located in the tree trunk, then depress the lever at the rear of the bank. The boy jumps over his companion and triggers a lever on the tree to make the coin drop.



Banking wherever, whenever you like

The premise behind a mechanical bank is simple: offer a sophisticated action to encourage continued investment. To a large extent, a “Leap Frog” bank has a high market value because its action is so sophisticated and unique. But if the bank still performs—as this one does—its value skyrockets. Vectra Bank Colorado understands the correlation between action and investment, performance and value. That’s why it offers sophisticated banking services, yet still maintains a community bank-orientation. By creating new lines of business which emphasize corporate banking and corporate real estate lending, Vectra offers stiff competition for the large national banks. In addition, Vectra offers enhanced cash management services through its partnerships with other Zions affiliates. With each added service, Vectra Bank Colorado continues to become more valuable—and continues to leap ahead of its competition.

SELECTED HIGHLIGHTS

STRATEGIC INITIATIVES In an effort to drive long-term results, Vectra has improved infrastructure, updated and enhanced the credit culture, and improved earnings by a combination of cost containment and creation of new revenue opportunities.

UNIQUE FOCUS Vectra has carved out its unique position in its marketplace by organizing its branches to serve three distinct economic markets in Colorado: the urban Front Range, the agricultural communities, and the mountain resorts.

LENDING LIMIT Vectra’s \$20 million lending limit meets the financing needs of most Colorado companies. In addition, customers who need loans or credit lines work directly with bankers holding approval authority.

TECHNOLOGY Check imaging allows customers to receive scanned images of each cleared check, along with a monthly statement; and monthly statements on CD-ROM add convenience for commercial account holders.

GROWTH REGION Colorado’s workforce is one of the most highly educated in the nation and continues to grow rapidly. Since 1994, Colorado’s annual rate of population growth has averaged 2.4%, well above the national average of .9%.

MARKET SHARE OF BANK DEPOSITS:	3%
STATE RANK BY BANK DEPOSITS:	5TH
ASSETS AT YEAR END:	\$2.2 BILLION
DEPOSITS AT YEAR END:	\$1.4 BILLION
OFFICES:	54
IN-STORE OFFICES:	4
ATMS:	88
FULL-TIME EMPLOYEES:	874



DEAR SHAREHOLDER,

Vectra Bank is the fifth-largest bank in Colorado and is uniquely positioned to be one of Colorado's premier banks. With 54 offices and assets of approximately \$2.2 billion, Vectra Bank is strategically poised to take advantage of Colorado's continuing economic growth and prosperity. By organizing our branches to serve three distinct economic markets—the urban Front Range, Colorado's agricultural communities, and its mountain resorts—we have been able to carve out a unique position in the marketplace. Unlike the large national banks that have organized themselves around national lines of business, or small community banks that can only serve a select market, Vectra Bank can provide the most sophisticated banking services while maintaining a community banking orientation.

THE GROWING COLORADO ECONOMY

Colorado's economic growth and prosperity serve to enhance our potential for future growth and increased shareholder value. The Colorado economy remained strong in 2000, helped by growth in major sectors such as high-tech manufacturing, construction, tourism, agriculture, and the energy industry. Colorado's workforce is one of the most highly educated in the nation and continues to grow at twice the national average. Since 1994, Colorado's annual rate of population growth has averaged 2.4%—well above the national average of .9%. In 2001, Colorado's population is expected to grow to 4.35 million. The cost of living in Colorado continues to increase annually, reflecting this strong statewide growth.

ORGANIZED FOR COLORADO'S THREE DISTINCT MARKETS

To take full advantage of Colorado's robust, yet diverse economy, we have organized our bank to emphasize the products and services that meet the unique needs of the regional markets we serve.

The urban Front Range market encompasses the Denver/Boulder metro area and the Colorado Springs metro area. There are significant business and retail opportunities in this heavily populated market. We have increased our ability to compete with large national banks by creating new lines of business emphasizing Corporate Banking, Corporate Real Estate lending, and by partnering with other Zions affiliates to offer enhanced cash management services. In addition to our business banking initiatives, we continue to emphasize retail banking and strive to give our branch personnel the tools they need to service their customers effectively.

Vectra Bank's presence in Colorado's agricultural communities and its mountain resorts continues to be a strong one. Our agricultural market segment includes the farming communities of northeastern Colorado and southwestern Colorado. Vectra Bank's mountain resort market includes the popular tourist areas of Aspen and the Roaring Fork Valley, Steamboat Springs, Durango, and the Grand Junction/Montrose area. Longstanding community relationships forged by our regional and market presidents in these areas continue to allow us to compete effectively against local community banks and take advantage of the unique opportunities in these specialized markets.



STRATEGIC INITIATIVES TO INCREASE SHAREHOLDER VALUE

Today's Vectra Bank is the product of multiple acquisitions, with systems conversions completed in the latter half of 1999. During the year 2000, the management team identified a series of strategic initiatives to drive long-term results for the bank. These initiatives included improving infrastructure, updating and enhancing the credit culture, accelerating improvements in earnings by a combination of cost containment, and creating new revenue opportunities.

The initiative to transform Vectra Bank's infrastructure included consolidating back-office operations, developing consistent procedures, improving internal controls, and minimizing operating losses. These initiatives resulted in increased efficiencies while preserving and enhancing decision making at the customer contact level.

Updating and improving the credit culture was also a critical initiative for Vectra Bank. During the last year, we reorganized the credit approval function, formalized written policies and procedures for problem loan administration, built a formal special assets group, improved loan information reporting, adopted a formal appraisal review process, and created a new construction risk management position. We're already seeing significant improvements in all aspects of loan administration.

To accelerate earnings gains, Vectra Bank put several cost management and non interest income initiatives into place. Infrastructure improvements allowed for a staff reduction of 50 FTE. Additionally, projects to resolve operational issues,

reduce waivers of fees on deposit accounts and loans, and improve the check collection process were pursued. These initiatives improved the quality of our service and contributed to substantial operating income improvements realized throughout the year.

We established several new business units in 2000 to enable the bank to compete more effectively in markets with significant revenue opportunities. These new units were designed to capitalize on larger real estate loan opportunities and middle market customer relationships. Both these lines of business allow Vectra Bank to leverage the sophistication of our Zions banking partners in Utah and California. Similarly, our international banking, Small Business Administration lending, and cash management services all benefit from synergies derived from Zions' partnerships.

2001 OUTLOOK

Vectra Bank is proud to be a part of the Zions' "Collection of Great Banks" and is committed to making significant contributions to Zions Bancorporation shareholders in the years ahead. The Colorado economy is strong, and we believe the bank is strongly positioned to capitalize on today's opportunities.



Bruce K. Alexander
President and CEO

As a leader in Internet technology, Zions has one of the most functional banking sites on the web. Customers can access account information, transfer funds, pay bills, get insurance quotes, or order foreign currency. Zions Internet Banking also allows customers to apply for insurance policies, consumer loans, and credit cards online. Mortgage

rate monitoring, mortgage loan tracking, and online stock trading are also available. And for added convenience, account information can be downloaded and imported into applications like Quicken,™ Microsoft® Money, Microsoft® Excel or Lotus 1-2-3.™



TWO FROGS

DESIGNER:	JAMES H. BOWEN
MANUFACTURER:	J. & E. STEVENS COMPANY, CROMWELL, CT
PATENTED:	1882
ORIGINAL PRICE:	\$0.95
CURRENT VALUE:	\$4,000

> INSTRUCTIONS: Place a coin on the extended front feet of the small frog and press the lever. The larger frog opens his mouth while the smaller frog kicks the coin inside. The bank's patent originally called for a "sound producing mechanism" to make the frog croak, but the mechanism was never implemented.



As mechanical banks go, the “Two Frogs” bank is rather small. Its value, however, is anything but. A combination of design, style, and clever action have made it a desirable piece for any antique bank collector. The Commerce Bank of Washington is equally collectible. If considered only in terms of offices and employees, the bank is deceptively small. Its value, however, is not. TCB’s assets per employee ratio and efficiency ratio are remarkable. In addition, the bank offers a degree of customer service that larger retail banks can never match. That’s the advantage of a smaller bank with a niche focus. Add to that the depth of resources Zions provides, and you’ve got an amazing bank worthy of any quality collection.

SELECTED HIGHLIGHTS

NARROW MARKET FOCUS The Commerce Bank of Washington focuses only on businesses and high net worth individuals. Clients are carefully targeted before being approached. Consequently, relationship managers become familiar with their clients before a formal banking relationship is even established.

TAILORED SERVICE TCB ensures quality service by servicing fewer (approximately 2,500) but larger clients and maintaining a high employee-to-client ratio. This allows TCB to tailor products and services for each client, resulting in satisfied clients who feel their banking needs have been personally and professionally addressed.

EXPERIENCED PROFESSIONALS TCB’s relationship managers are senior professionals with an average of 28 years of banking experience and a deep commitment to their clients.

LOCALLY MANAGED All decisions are made in Seattle by people familiar with their clients and their clients’ needs. Because bankers at TCB are granted significant authority, they can become more intimately knowledgeable about their clients’ financial activities. This allows them to make more accurate assessments of banking requirements.

MARKET SHARE OF BANK DEPOSITS:	1%
STATE RANK BY BANK DEPOSITS:	12TH
ASSETS AT YEAR END:	\$0.5 BILLION
DEPOSITS AT YEAR END:	\$0.4 BILLION
OFFICES:	1
FULL-TIME EMPLOYEES:	52



DEAR SHAREHOLDER,

The Commerce Bank of Washington (TCB) services the Puget Sound region of Washington State for Zions Bancorporation. The bank was founded by a group of seasoned local bankers in 1988 and became part of the Zions family in September 1998.

CREATED TO SERVE A UNIQUE MARKET SEGMENT

TCB was established to address the banking needs of two under-served local market segments—small- to medium-sized local businesses and the private banking market. It was the feeling of the bank's founders that these two segments were losing their traditional local bank support due to the substantial bank consolidation taking place in the greater Seattle marketplace.

In designing a business plan committed to reintroducing “an extraordinary level of service” to these two segments, it was the belief of the bank founders that they should design a bank solely around the needs of these two markets and not try to “be all things to all people.” Specifically, rather than deliver the bank's products from the traditional branch network found in banks also serving the broad consumer market, TCB operates from only one office location—off the street in a downtown Seattle high-rise—and offers its clients a courier system in lieu of branches to handle bank transactions.

Knowing that these two market segments expect experienced bankers in whom they can entrust their most important financial decisions, the bank has hired commercial bankers averaging 28 years of banking experience in the Puget Sound region. These bankers are supported by an equally experienced group of customer service personnel and support staff. These experienced relationship managers and support staff have successfully built a reputation for the bank in Seattle for providing a truly extraordinary level of service.

RAPID ASSET GROWTH

Interestingly, even though TCB ranks ninth in Puget Sound in total assets with over \$520 million, its staff numbers only 52 people, about one-quarter the staff size of a traditional community bank of comparable asset size. By choosing not to utilize a branch system and outsourcing some of its other

activities, the bank has succeeded in growing rapidly in asset size and capability while remaining small enough internally to assure consistent delivery of products and services.

What does all of this mean to the Zions shareholder? The concept of TCB has been received very well in its marketplace. Since its inception, the bank has experienced an asset growth rate in excess of 30% annually. Loans grew by over 27% in 2000, while deposits were up 43% over the average in 1999. With its nontraditional delivery system and outsourcing of selected back-office activities, the bank's business model has proven to be very profitable. In the year 2000, the bank recorded a 40% gain in pre-tax earnings over the prior year. Return on assets was 1.78% and return on equity 27.8%. The bank's efficiency ratio of under 41% in 2000 demonstrates the power of its business model.

INCREASED RESOURCES

The Commerce Bank has benefited significantly from its merger into Zions. TCB now has access to more sophisticated cash management and short-term investment products for its business and high net worth clients. The needs of commercial real estate construction in the market are now met by a team of real estate lenders from Zions, co-located with the TCB office in Seattle. International trade financing products and services are available through affiliate California Bank & Trust. Our lending capacity has been enhanced by the investment of subordinated debt into TCB from our parent. Our clients' out-of-state banking needs throughout the West can be referred to our sister banks in Colorado, Utah, Nevada, Idaho, Arizona, and California. We have benefited from the broader product line and financial strength of Zions, while retaining the local decision-making authority that we had before the merger. To us it is the best of all worlds.

COMMUNITY COMMITMENT

Commitment to the community is an important part of our philosophy in building a local bank for the Puget Sound marketplace. A corporate willingness to allow our people the time for community organizations, as well as providing the financial support for those organizations, is an essential part of that commitment.

The Commerce Bank has strongly held that corporate commitment since its founding, and Zions has reinforced its support of the concept. Each senior manager and relationship manager at TCB is expected to be meaningfully involved in at least two community organizations of their own choosing. That individual's time commitment is matched with financial support from the bank. TCB has a reputation in its market of providing leadership for community organizations far in excess of its staff size. We are very proud of our commitment to the betterment of our community and the willingness of our staff to give of their time to key community organizations.

While our bank is represented by the leadership positions in most of our community's civic and cultural organizations, we are particularly proud of an award we received this year for our efforts on behalf of the Compass Center, a social services organization in downtown Seattle targeting the homeless population. This organization provides the homeless with a variety of life services, including banking accounts. Through some other volunteer support provided by TCB staff, we learned of their need to automate the Center's banking office to allow them to serve their homeless clients more efficiently. Three members of TCB's management designed a hardware/software solution and then united several major Washington banks, the City of Seattle, and several private vendors in delivering the solution.

The joint effort solved a need (banking services for the homeless) that would have been difficult for any one of the sectors to provide. By completion of the project, the Compass Center went from a paper-based operation running literally out of a shoebox to an automated office, including its own Fed routing number, a newly upgraded computer network,

an up-to-date banking software platform, and an automated cash dispensing unit. The Center now receives a large percentage of deposits for homeless clients via electronic entry from the federal government, increasing safety and efficiency. TCB provides the Center with ongoing support in the form of computer and ACH processing, training, and coordination of donated services. A member of the original project team from TCB has become a member of the Compass Center's Board of Directors. For its efforts in taking leadership in this innovative program, TCB received the 2000 CRA Award for Community Development from the Federal Reserve Bank of San Francisco and the Federal Home Loan Bank of San Francisco.

The Commerce Bank is very proud to be a member of the "Collection of Great Banks." It is a concept that allows us to continue to manage our bank to the needs of our local clients and changing local market conditions while benefiting from the substantial financial and product resources of Zions Bancorporation. Most importantly, we continue to act and think like a small local bank, meeting the banking and community needs of our local market.



James C. Hawkanson
Managing Director and CEO

For those who want to know when the balance on their checking account is low, or if a CD just hit a good rate, Zions now offers MyAlerts.™ Using TrustID® technology, MyAlerts automatically sends an encoded e-mail notice regarding the customer's account information. Users have the option of receiving e-mails about account transactions on a monthly, weekly, or daily basis. MyAlerts can even be used to notify customers of personal events such as birthdays and anniversaries. Zions Bank customers can sign up now at www.zionsbank.com.



PROFESSOR PUG FROG'S GREAT BICYCLE FEAT

DESIGNER:	CHARLES BAILEY
MANUFACTURER:	J. AND E. STEVENS CO., CROMWELL, CT
MANUFACTURED:	CIRCA 1890 (NO PATENT)
ORIGINAL PRICE:	\$0.71
CURRENT VALUE:	\$9,500

> INSTRUCTIONS: First, wind the spring, then place a coin on the rear wheel of the bicycle and press the lever. The frog on the bicycle makes one full revolution, catapulting the coin into the clown's basket. While returning to its original position, the frog kicks Mother Goose's book up, sending her tongue wagging.

OTHER AFFILIATES

Even the most sophisticated people react to “Professor Pug Frog’s Great Bicycle Feat” essentially the same way. You explain to them how it is going to work and what is going to happen. You point to the pieces that will move, the parts that will wind. You point and talk and explain, and they nod. Then you put a penny on the rear wheel of the bicycle, press the lever, and SNAP! They jump. Finally, they understand why this mechanical bank is so valuable. It’s also true for many of Zions’ affiliates. You can explain TrustID®, talk about GovRate.com,™ or explain the processes handled by Zions Management Services, but in the end, they must be seen and experienced. Only then do people step back and say, “Wow!”

ZIONS MANAGEMENT SERVICES COMPANY

Zions Management Services Company was formed in 1998 to provide cost-effective back-office support to the Zions banks. The primary services provided by ZMS are Customer Service, Bank Operations, Investment Management, Finance and Human Resources, and Credit and Compliance.

CUSTOMER SERVICE The Customer Service division allows clients quick, convenient access to account information 24 hours a day, seven days a week, from any phone or PC. Zions’ Call Center, which works in conjunction with Zions’ Reddi-Response automated telephone service, allows customers to obtain account information and process requests anywhere at any time. During 2000, Reddi-Response delivered 21,769,148 minutes of service, and Call Center operators provided an additional 12,836,152 minutes—equivalent to nearly 66 years of telephone customer service. By consolidating affiliate call centers to an efficient central location, cost-per-minute expenses declined by 17% from 1999.

BANK OPERATIONS Bank Operations includes Items Processing, Corporate Services, System Support, ATM Operations, and Bankcard Operations. As Zions continues to consolidate its operations, these departments have become responsible for servicing various combinations of Zions First National Bank, Nevada State Bank, National Bank of Arizona, and Vectra Bank Colorado. During the year 2000, Bank Operations processed a total of 215,889,267 items, 11,716,631 pieces of mail, and 10,068,622 ATM transactions.

INVESTMENT PORTFOLIO Managing a bank investment portfolio requires increasingly sophisticated techniques. Consequently, Zions Management Services manages the portfolio of each individual bank. Not only is it more efficient, but it also provides each bank with greater investment expertise than a community bank would typically have.

FINANCE AND HUMAN RESOURCES Zions has reduced the expenses of its affiliate banks and enhanced services and benefits by centralizing many corporate finance and human resources functions.

CREDIT ADMINISTRATION AND COMPLIANCE Zions’ model of individual community banks allows each bank to make credit decisions based on their knowledge of the customer. To assist in that process, Zions’ Credit Administration supports hundreds of Zions’ bankers across eight states to help ensure consistently high credit quality while facilitating fast response times.

Credit Administration includes a retail loan center for efficient processing and underwriting of retail loans for affiliate banks. The center also provides automated services, such as Loan-by-Phone. In addition, Credit Administration provides a corporate compliance function to assist each bank in meeting the numerous demands of regulatory compliance.



DIGITAL SIGNATURE TRUST CO.

Digital Signature Trust Co. (DST), an affiliate of Zions Bancorporation, was established in 1996 as the first licensed certificate authority in the United States. Since then, DST has been both a pioneer in digital identity authentication and a leading-edge provider of digital certificate services. With the support of the American Bankers Association, combined with comprehensive risk management warranties, DST has transformed technology-based digital security solutions.

DST specializes in Universal Digital IDs, a platform that employs technology-based solutions utilizing Public Key Infrastructure (PKI). In essence, the technology allows an organization to positively identify its patrons. This in turn enables reliable e-commerce and cross-enterprise interoperability. Consequently, Universal Digital IDs are ideal for streamlining financial, healthcare, e-business, or government transactions.

After President Clinton signed the federal "E-SIGN Bill" in June of 2000, Zions Bank was the first bank in the country to offer TrustID® digital certificates to its customers.

As the only PKI service provider subject to federal regulatory oversight, DST has secured several federal, state, and local contracts. Currently, DST supports a number of government organizations, including the States of California, Utah, and Washington; the Social Security Administration; the Department of Veterans Affairs (VA); and the Federal Emergency Management Agency (FEMA). In July of 2000, DST entered into a sole agency agreement with Nippon System Development Co. Ltd., entitling NSD to be the exclusive reseller of DST's certificate-based solutions in Japan. In December, VISA™ U.S.A. also selected DST to provide certificate services for its smart VISA Access application, a component of VISA's smart VISA technology platform.

ZIONS SMALL BUSINESS FINANCE

During fiscal 2000, Zions Bancorporation was the seventh largest SBA 7(a) lender in the nation, generating 705 loans totaling \$108 million. Zions Bank was recognized as the leading SBA lender in Utah for both total loans and minority lending. In fact, the number of SBA loans Zions granted to women alone was greater than the total number of SBA loans granted by any other Utah bank.

Zions Bank is also the largest provider of SBA 504 financing in the nation. Zions created the secondary market for SBA 504 loans and completed the first-ever sale of these loans in 1994.

CAPITAL MARKETS

Zions Bank Capital Markets is one of only 26 primary U.S. Government securities dealers and the only primary dealer headquartered west of the Mississippi River. Its customer base is comprised of global institutions such as major corporations, banks, insurance companies, municipalities, and foreign central banks. As a primary dealer, Zions makes markets in U.S. Treasuries, Agencies, Municipals, Small Business Administration (SBA) Pools, Mortgage-Backed/Asset-Backed Securities, and Repurchase Agreements. Zions also offers Liquid Asset Management, an investment service that enhances earnings on cash while maintaining liquidity.

Zions provides online trading through Zions Direct Online Brokerage (www.zionsdirect.com), the online brokerage arm of Zions Investment Securities, Inc. (ZISI), a member of the NASD and SIPC. Zions Direct offers free real-time quotes, free news, free access for reviewing personal portfolios, and inexpensive online trading of stocks, options, and over 6,000 mutual funds. Other services include estate planning, investment management, financial planning, registered investment advisors services, and retirement planning.



Electronic trading of U.S. Treasury and Agency issues is available through Zions on five electronic delivery platforms. Institutional investors with the Bloomberg system can access Zions at BBT (GO) and Zions (GO), or via the Internet at GovRate.com,[™] OddLot.com, or MoneyLine.com. Zions' proprietary site, GovRate.com, also provides a search engine for municipal, corporate, and agency securities. On average, Zions expedites over \$2 billion in trades a day.

PUBLIC FINANCE

Not only does Zions Bank underwrite and purchase municipal bonds, it also provides financial advisory service. For four consecutive years, the combined financial advisory business of Zions has been ranked in the nation's top ten municipal financial advisors.

Zions' top ten ranking includes the combined financial advisory business of Zions Bank Public Finance (Utah and Idaho), Howarth & Associates (Nevada), National Bank of Arizona, and Kelling, Northcross & Nobriga (California).

ZIONS INSURANCE AGENCY

Established in 1984, Zions Insurance Agency is an independent agency representing numerous insurance carriers. Insurance offerings capitalize on a tremendous opportunity to develop and sell fee income products to existing clients. In addition, insurance products complement existing bank products while using very little capital or overhead. Consider the results: For the year 2000, Zions increased the number of clients served to over 35,000, while salary costs were down 12.5%.

ZIONS AGRICULTURAL FINANCE

Zions Agricultural Finance is the nation's top originator of secondary market agricultural real estate mortgage loans

through the Federal Agricultural Mortgage Corporation (Farmer Mac). Zions provides financing for capital expansion, farm and ranch land acquisitions, and refinances existing debt. Since 1996, Zions Agricultural Finance has held a primary contract with Farmer Mac to underwrite and service loans sold by financial institutions to the secondary market. In addition, Zions offers proprietary agricultural finance products to over 150 brokerages and banks in 48 states. Consequently, over the year 2000, Zions serviced 1,114 loans totaling over \$463 million and closed 128 loans totaling over \$58 million.

INTERNATIONAL BANKING GROUP

The International Banking Group offers a full range of international banking services, including trade financing, letters of credit, documentary collections, and foreign exchange. During 2000, the group handled over \$2 billion in international transactions.

In 2000, a new, state-of-the-art Internet based system, CBTrade[®], was developed and installed. With CBTrade, customers can now initiate international trade transactions from their own offices, avoiding the traditional paper application. The new system also allows the customer to determine the status of documentary collections and letters of credit from their own PC at any time. Our Trade Payment Wizard[™] are used over the Internet by a host of companies worldwide to initiate and complete international payments. Customers have found this state-of-the-art tool easy to use, reliable, and fast.





MANAGEMENT'S COMMENTS

PERFORMANCE SUMMARY

Zions Bancorporation and subsidiaries (the Company) reported net income of \$161.7 million or \$1.86 per diluted share in 2000. Net income decreased 16.7% from the \$194.1 million earned in 1999, which was up 35.4% over the \$143.4 million earned in 1998. On a diluted net income per share basis, earnings decreased 17.7% to \$1.86 in 2000, compared to \$2.26 in 1999. Per share earnings increased from \$1.75 to \$2.26, a 29.1% increase, from 1998 to 1999. Earnings for 2000 included pre-tax merger-related charges of \$45.5 million related primarily to a terminated merger with First Security Corporation and an impairment loss on First Security Corporation common stock of \$96.9 million. Excluding the merger-related expense and impairment loss, net income for 2000 was \$249.7 million, an increase of 17.5% over the \$212.5 million of net income before merger-related charges earned in 1999. Net income before merger-related charges for 1999 increased 26.9% over the \$167.5 million earned in 1998. On a diluted net income per share basis, net income before merger-related charges was \$2.87 per diluted share for 2000, an increase of 15.7% over \$2.48 earned in 1999, which was up 21.6% over the \$2.04 earned in 1998.

Operating cash earnings were \$281.4 million or \$3.23 per share for 2000, an increase of 15.9% and 14.1%, respectively, over the \$242.8 or \$2.83 per share for 1999, which was up 24.9% and 19.4% over the \$194.4 million or \$2.37 per share for 1998. The return on average shareholders' equity and the return on average assets on an operating cash basis were 27.40% and 1.34%, respectively, for 2000, compared to 26.77% and 1.26% for 1999 and 26.56% and 1.41% for 1998.

The Company is 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-related charges.

Return on average shareholders' equity was 9.65% and the return on average assets was 0.74% for 2000, compared with 12.42% and 0.97%, respectively, in 1999, and 10.98% and 1.00%, respectively, in 1998. Dividends per share were \$0.89 in 2000, an increase of 23.6% over \$0.72 in 1999, which were up 33.3% from \$0.54 in 1998.

During 1999 the Company 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 included from the effective dates of acquisition, January 1, 1998 and April 1, 1998, respectively, which resulted in immaterial differences to results of operations. Results of operations for The Sumitomo Bank of California are included from October 1, 1998, the actual date of acquisition. Results of operations cannot be compared directly between periods because of these transactions. The Company's acquisitions and related merger charges are further described in Note 3 of the Notes to Consolidated Financial Statements.

The performance of the Company was driven by a 15.5% growth in average loans and leases and a 9.5% growth in average total earning assets resulting in an 8.4% increase in taxable-equivalent net interest income to \$821.5 million in 2000. Noninterest income, excluding the impairment loss on the First Security Corporation common stock, increased 8.5% to \$289.1 million in 2000, with strong growth in trust income and loans sales and servicing income. Noninterest expense, including merger expenses, increased 5.8% to \$720.8 million in 2000. Excluding merger expenses, noninterest expense increased 3.3% over 1999 to \$675.3 million. The Company's operating cash "efficiency ratio", or noninterest expenses, excluding amortization of goodwill and core deposit intangibles and merger-related expenses, as a percentage of total taxable-equivalent net revenues, improved to 57.5% in 2000, compared to 60.3% in 1999 and 61.3% in 1998.

The Company's provision for loan losses totaled \$31.8 million for 2000, compared to \$18.0 million for 1999 and \$14.0 million for 1998. The increased provision for loan losses for 2000 is mainly the result of the robust loan growth experienced by the Company. Net charge-offs were \$42.4 million, or 0.31% of average loans and leases in 2000, compared to \$29.0 million or 0.25% in 1999 and \$15.8 million or 0.21% in 1998. Nonperforming assets decreased to \$71 million or .49% of loans and other real estate owned as of December 31, 2000 from \$75 million or .58% as of December 31, 1999.

BUSINESS SEGMENT RESULTS

The Company manages its operations and prepares management reports with a primary focus on geographical area. Operating segment information is presented in Schedule 1 and Note 20 of the 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 Zions Bancorporation (the Parent), several smaller business units and inter-segment eliminations.

ZIONS FIRST NATIONAL BANK AND SUBSIDIARIES

Zions First National Bank and Subsidiaries (ZFNB) includes the Company's operations in Utah and Idaho. ZFNB experienced strong loan growth in 2000, with loans increasing 19.6% over 1999 to \$4.9 billion. Deposits increased 9.5% during the year to \$4.2 billion. Operating cash earnings were \$107.4 million in 2000, a decrease of 7.2% from \$115.7 million earned in 1999, which were up 30.1% over \$89.0 million earned in 1998. Net income decreased 8.6% to \$104.4 million compared to \$114.2 million for 1999, which was up 31.2% from the \$87.1 million earned in 1998. The decrease in net income for 2000 compared to 1999 results mainly from decreased pre-tax income of \$50.9 million from investments in venture capital entities and increased pre-tax losses of \$7.6 million from a subsidiary, Digital Signature Trust Company. 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 compared to 1998 is mainly attributable to gains experienced by a venture capital subsidiary, Wasatch Venture Corporation, and increased income from investments in bank-owned life insurance. The decrease in noninterest expense for 1999 included a \$4.6 million decrease in amortization of mortgage servicing rights resulting from the sale of mortgage servicing rights during the first quarter of 1999.

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 3 of the Notes to Consolidated Financial Statements for further information about the acquisitions.

Operating cash earnings were \$92.9 million for 2000, up 34.6% from the \$69.0 million earned in 1999, which were up 79.7% from the \$38.4 million earned in 1998. California Bank & Trust reported net income of \$74.1 million for 2000 compared to \$49.4 million for 1999 and \$16.4 million for 1998. In 2000 net loans and leases increased 6.5% to \$4.9 billion and deposits increased 3.0% to \$5.6 billion from year end 1999. Net interest income for 2000 increased \$33.5 million or 12.9% from 1999, while other noninterest income increased \$7.8 million

or 21.7%. Noninterest expense excluding merger-related expense and amortization of intangibles increased a modest 0.8%. The increase in earnings for 1999 compared to 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 \$5.6 million during 2000, \$9.4 million during 1999 and \$27.5 million during 1998.

NEVADA STATE BANK

Operating cash earnings for Nevada State Bank were \$27.5 million for 2000, down 5.2% from the \$29.0 million earned in 1999, which were up 2.5% from \$28.3 million earned in 1998. Net income increased 23.2% to \$22.8 million as compared to \$18.5 million in 1999 and \$27.0 million for 1998. Earnings for 2000 included a provision for loan losses of \$10.1 million compared to provisions of \$3.7 million in both 1999 and 1998, which covered increased credit losses in 2000. During 2000 Nevada State Bank incurred \$5.3 million of pre-tax merger expense related to the terminated First Security Corporation merger and the conversion of Pioneer Bancorporation compared to \$12.6 million of merger-related expense incurred during 1999. Net loans at year end 2000 increased 3.2% from 1999, while total deposits increased 5.9%.

NATIONAL BANK OF ARIZONA

Operating cash earnings at National Bank of Arizona were \$32.0 million for 2000, up 15.9% from the \$27.6 million earned in 1999, which were up 16.5% from the \$23.7 million of cash earnings in 1998. Net income was up 15.4% to \$30.2 million in 2000, compared to \$26.2 million in 1999 and \$22.2 million for 1998. The increases for both 2000 and 1999 were driven by strong loan growth. Net loans increased 22.8% to \$1.5 billion at year end 2000, and net loans increased 19.8% during 1999. Net interest income for 2000 was up 20.0% from 1999. The provision for loan losses was increased to \$3.6 million for 2000, a 48.8% increase from the \$2.4 million provided for in 1999.

VECTRA BANK COLORADO

In January 1998 the Company acquired Vectra Banking Corporation in a transaction accounted for as a purchase. 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 3 of the Notes to Consolidated Financial Statements for further information about the acquisitions.

Operating cash earnings for Vectra Bank Colorado were \$18.3 million for 2000, up 18.8% from the \$15.4 million earned in 1999, which were down 13.0% from the \$17.7 million earned in 1998. Net income increased 190.0% to \$5.8 million from \$2.0 million in 1999, which was down 44.4% from the \$3.6 million earned in 1998. Improved earnings for 2000 resulted primarily from improved operating efficiencies. Noninterest expense excluding merger-related expense and amortization of intangibles decreased 4.9%, while net interest income increased 7.2% and noninterest income increased 17.5% from 1999 levels. The provision for loan losses was increased to \$9.1 million for 2000, compared to \$2.6 million for 1999. The increased provision for 2000 was made to cover increased credit losses. The decreased earnings for 1999 compared to 1998 were, in part, attributable to the expenses related to the conversion of acquired banks to Zions' systems.

THE COMMERCE BANK OF WASHINGTON

The Commerce Bank of Washington was acquired in September, 1998 and accounted for as a pooling of interests. Net income for 2000 was \$7.9 million compared to net income of \$5.7 million for 1999. The Bank experienced loan growth of 20.8% for 2000, which contributed to a 26.6% increase in net interest income.

OTHER

Other includes the Parent only and other various nonbanking subsidiaries. The \$61.6 million increase in net loss for 2000, compared to 1999, is mainly due to the recognition of a \$96.9 million pre-tax impairment loss during the first quarter on First Security Corporation common stock and \$28.2 million of pre-tax merger expense mainly related to the terminated First Security Corporation merger, offset in part by gains of \$23.6 million from the subsequent sale of the First Security Corporation common stock. The increased net loss of \$9.1 million for 1999 compared to 1998 is mainly attributable to increased net interest loss incurred by the 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 taxable-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 both 2000 and 1999, taxable-equivalent net interest income provided 74.0% of the Company's net revenues, excluding the impairment loss on the First Security Corporation common stock, compared with 73.5% in 1998.

The Company's taxable-equivalent net interest income increased by 8.4% to \$821.5 million in 2000, as compared to \$757.7 million in 1999 and \$583.9 million in 1998. The increased level of taxable-equivalent net interest income was driven by a 9.5% and 37.1% growth in average earning assets for 2000 and 1999, 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 2000 was \$2.6 million, compared to \$8.3 million in 1999 and \$6.9 million in 1998.

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 4.27% in 2000, 4.31% in 1999 and 4.56% in 1998. The decrease in the margins for 2000 and 1999 was primarily due to continued robust loan growth financed by short-term funding sources instead of traditional core deposit growth previously experienced by the Company.

Schedule 2 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 that represent the components of net interest income. Schedule 3 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 OPERATING SEGMENTS INFORMATION

	Zions First National Bank and Subsidiaries			California Bank & Trust			Nevada State Bank and Subsidiaries		
(Amounts in millions)	2000	1999	% Change	2000	1999	% Change	2000	1999	% Change
CONDENSED INCOME STATEMENT									
Net interest income	\$ 227.1	\$ 220.0	3%	\$ 297.2	\$ 263.7	13%	\$ 101.7	\$ 99.9	2%
Noninterest income	152.0	169.9	(11)	43.6	35.8	22	23.5	23.9	(2)
Total revenue	379.1	389.9	(3)	340.8	299.5	14	125.2	123.8	1
Provision for loan losses	8.2	9.0	(9)	-	-	-	10.1	3.7	173
Noninterest expense ¹	219.2	208.1	5	183.6	182.1	1	74.2	78.5	(5)
Pretax cash earnings	151.7	172.8	(12)	157.2	117.4	34	40.9	41.6	(2)
Income tax expense (benefit)	46.4	54.0	(14)	64.3	48.4	33	13.4	12.6	6
Minority interest	(2.1)	3.1	(168)	-	-	-	-	-	-
Cash earnings ¹	107.4	115.7	(7)	92.9	69.0	35	27.5	29.0	(5)
Merger expense	2.6	0.2	1,200	5.6	9.4	(40)	5.3	12.6	(58)
Impairment loss on First Security Corporation common stock	-	-	-	-	-	-	-	-	-
Amortization of goodwill and core deposit intangibles	1.9	1.9	-	18.1	16.5	10	1.5	1.5	-
Minority interest adjustment	-	-	-	-	-	-	-	-	-
Income tax (benefit)	(1.5)	(0.6)	(150)	(4.9)	(6.3)	22	(2.1)	(3.6)	42
Net income (loss)	\$ 104.4	\$ 114.2	(9)%	\$ 74.1	\$ 49.4	50%	\$ 22.8	\$ 18.5	23%
YEAR END BALANCE SHEET DATA									
Total assets	\$ 8,095	\$ 7,157	13%	\$ 6,953	\$ 6,567	6%	\$ 2,374	\$ 2,277	4%
Net loans and leases	4,885	4,085	20	4,856	4,559	7	1,383	1,341	3
Allowance for loan losses	61	65	(6)	71	86	(17)	17	14	21
Goodwill and core deposit intangibles	19	21	(10)	307	325	(6)	25	27	(7)
Total deposits	4,173	3,809	10	5,589	5,426	3	1,993	1,882	6
Common equity	460	444	4	714	679	5	176	163	8
OPERATING CASH									
PERFORMANCE RATIOS¹									
Return on average assets	1.30%	1.60%		1.45%	1.15%		1.19%	1.30%	
Return on average common equity	25.31%	29.26%		23.88%	20.30%		19.35%	22.10%	
Efficiency ratio	56.24%	52.25%		53.65%	60.52%		58.48%	61.71%	
OTHER INFORMATION									
Full-time equivalent employees	1,909	1,822		1,703	1,659		701	803	
Domestic offices:									
Traditional branches	93	91		75	74		29	31	
Banking centers in grocery stores	49	46		-	-		31	27	
Foreign office	1	1		-	-		-	-	
Total offices	143	138		75	74		60	58	
ATMs	211	207		88	84		84	73	

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

National Bank of Arizona			Vectra Bank Colorado			The Commerce Bank of Washington			Other			Consolidated Company		
2000	1999	% Change	2000	1999	% Change	2000	1999	% Change	2000	1999	% Change	2000	1999	% Change
\$ 92.3	\$ 76.9	20%	\$ 89.1	\$ 83.1	7%	\$ 20.0	\$ 15.8	27%	\$ (24.0)	\$ (17.9)	(34)%	\$ 803.4	\$ 741.5	8%
14.1	13.0	8	20.2	17.2	17	1.5	0.7	114	34.2	6.0	470	289.1	266.5	8
106.4	89.9	18	109.3	100.3	9	21.5	16.5	30	10.2	(11.9)	186	1,092.5	1,008.0	8
3.6	2.4	50	9.1	2.6	250	0.8	0.6	33	-	(0.3)	100	31.8	18.0	77
50.4	42.9	17	72.5	74.8	(3)	8.8	7.4	19	29.5	24.0	23	638.2	617.8	3
52.4	44.6	17	27.7	22.9	21	11.9	8.5	40	(19.3)	(35.6)	46	422.5	372.2	14
20.4	17.0	20	9.4	7.5	25	4.0	2.8	43	(19.2)	(18.8)	(2)	138.7	123.5	12
-	-	-	-	-	-	-	-	-	4.5	2.8	61	2.4	5.9	(59)
32.0	27.6	16	18.3	15.4	19	7.9	5.7	39	(4.6)	(19.6)	77	281.4	242.8	16
0.5	-	-	0.5	1.6	(69)	-	-	-	31.0	3.9	695	45.5	27.7	64
-	-	-	-	-	-	-	-	-	96.9	-	-	96.9	-	-
1.8	1.8	-	13.2	13.7	(4)	-	-	-	0.7	0.6	17	37.2	36.0	3
-	-	-	-	-	-	-	-	-	(0.9)	(1.0)	10	(0.9)	(1.0)	10
(0.5)	(0.4)	(25)	(1.2)	(1.9)	37	-	-	-	(48.8)	(1.2)	(3,967)	(59.0)	(14.0)	(321)
\$ 30.2	\$ 26.2	15%	\$ 5.8	\$ 2.0	190%	\$ 7.9	\$ 5.7	39%	\$ (83.5)	\$ (21.9)	(281)%	\$ 161.7	\$ 194.1	(17)%
\$ 1,944	\$ 1,600	22%	\$ 2,156	\$ 2,161	-	\$ 553	\$ 408	36%	\$ (136)	\$ 111	(223)%	\$ 21,939	\$ 20,281	8%
1,489	1,213	23	1,475	1,373	7%	242	200	21	48	20	140	14,378	12,791	12
23	18	28	18	18	-	4	3	33	2	-	-	196	204	(4)
23	25	(8)	244	257	(5)	-	-	-	23	11	109	641	666	(4)
1,551	1,206	29	1,385	1,490	(7)	405	289	40	(26)	(40)	35	15,070	14,062	7
161	131	23	390	384	2	33	25	32	(155)	(166)	7	1,779	1,660	7
1.87%	1.86%		0.96%	0.81%		1.78%	1.54%					1.34%	1.26%	
25.69%	27.42%		13.36%	12.64%		27.79%	24.30%					27.40%	26.77%	
46.81%	46.97%		65.64%	73.51%		40.57%	44.30%					57.46%	60.33%	
619	561		874	955		52	50		1,057	983		6,915	6,833	
41	37		50	51		1	1		-	-		289	285	
-	-		4	4		-	-		-	-		84	77	
-	-		-	-		-	-		-	-		1	1	
41	37		54	55		1	1		-	-		374	363	
38	30		88	90		-	-		-	-		509	484	

SCHEDULE 2
DISTRIBUTION OF ASSETS, LIABILITIES, AND SHAREHOLDERS' EQUITY
AVERAGE BALANCE SHEETS, YIELDS AND RATES

(Amounts in millions)	2000			1999		
	Average balance	Amount of interest ¹	Average rate	Average balance	Amount of interest ¹	Average rate
ASSETS:						
Money market investments	\$ 1,061	\$ 67.4	6.35%	\$ 1,185	\$ 67.2	5.67%
Securities:						
Held to maturity	3,254	222.1	6.83%	3,277	204.6	6.24%
Available for sale	685	44.8	6.53%	741	42.4	5.72%
Trading account	574	36.3	6.32%	538	30.1	5.59%
Total securities	4,513	303.2	6.72%	4,556	277.1	6.08%
Loans:						
Loans held for sale	192	14.5	7.52%	178	12.2	6.85%
Net loans and leases ²	13,457	1,259.2	9.36%	11,641	1,019.0	8.75%
Total loans	13,649	1,273.7	9.33%	11,819	1,031.2	8.72%
Total interest-earning assets	\$ 19,223	\$ 1,644.3	8.55%	\$ 17,560	\$ 1,375.5	7.83%
Cash and due from banks	826			856		
Allowance for loan losses	(203)			(211)		
Goodwill and core deposit intangibles	648			655		
Other assets	1,228			1,052		
Total assets	\$ 21,722			\$ 19,912		
LIABILITIES:						
Interest-bearing deposits:						
Savings and NOW deposits	\$ 1,783	\$ 40.0	2.24%	\$ 1,812	\$ 44.1	2.43%
Money market and super NOW deposits	6,210	289.4	4.66%	5,521	203.6	3.69%
Time deposits under \$100,000	1,719	87.7	5.10%	2,085	98.5	4.72%
Time deposits \$100,000 or more	1,408	80.4	5.71%	1,257	61.1	4.86%
Foreign deposits	138	6.3	4.56%	165	7.2	4.36%
Total interest-bearing deposits	11,258	503.8	4.48%	10,840	414.5	3.82%
Borrowed funds:						
Securities sold, not yet purchased	311	19.7	6.32%	271	15.6	5.76%
Federal funds purchased and security repurchase agreements	2,747	159.7	5.81%	2,369	108.5	4.58%
Commercial paper	316	20.7	6.55%	194	10.8	5.57%
FHLB advances and other borrowings:						
Less than one year	1,161	76.2	6.56%	545	28.5	5.23%
Over one year	140	8.5	6.06%	76	4.8	6.32%
Long-term debt	429	34.2	7.98%	453	35.1	7.75%
Total borrowed funds	5,104	319.0	6.25%	3,908	203.3	5.20%
Total interest-bearing liabilities	\$ 16,362	\$ 822.8	5.03%	\$ 14,748	\$ 617.8	4.19%
Noninterest-bearing deposits	3,316			3,249		
Other liabilities	329			316		
Total liabilities	20,007			18,313		
Minority interest	40			37		
Total shareholders' equity	1,675			1,562		
Total liabilities and shareholders' equity	\$ 21,722			\$ 19,912		
Spread on average interest-bearing funds			3.52%			3.64%
Net interest income and net yield on interest-earning assets		\$ 821.5	4.27%		\$ 757.7	4.31%

¹Taxable-equivalent rates used where applicable.

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

1998			1997			1996		
Average balance	Amount of interest ¹	Average rate	Average balance	Amount of interest ¹	Average rate	Average balance	Amount of interest ¹	Average rate
\$ 1,629	\$ 92.3	5.67%	\$ 1,558	\$ 88.3	5.67%	\$ 946	\$ 52.9	5.59%
2,271	154.8	6.82%	1,790	126.5	7.07%	1,314	93.9	7.15%
849	48.6	5.72%	671	46.0	6.86%	566	38.7	6.84%
430	24.0	5.58%	276	16.2	5.87%	156	9.2	5.90%
3,550	227.4	6.41%	2,737	188.7	6.89%	2,036	141.8	6.96%
202	14.3	7.08%	163	11.9	7.30%	151	11.5	7.62%
7,430	708.8	9.54%	4,384	437.6	9.98%	3,409	340.5	9.99%
7,632	723.1	9.47%	4,547	449.5	9.89%	3,560	352.0	9.89%
\$ 12,811	\$ 1,042.8	8.14%	\$ 8,842	\$ 726.5	8.22%	\$ 6,542	\$ 546.7	8.36%
657			471			368		
(132)			(81)			(75)		
573			132			31		
488			341			257		
\$ 14,397			\$ 9,705			\$ 7,123		
\$ 1,338	\$ 39.4	2.94%	\$ 860	\$ 24.6	2.86%	\$ 730	\$ 21.7	2.97%
3,712	134.5	3.62%	2,532	100.5	3.97%	2,017	78.9	3.91%
1,651	85.7	5.19%	866	44.9	5.18%	713	37.2	5.22%
894	49.3	5.51%	310	18.0	5.81%	223	12.8	5.74%
182	8.2	4.51%	142	6.4	4.51%	121	5.4	4.46%
7,777	317.1	4.08%	4,710	194.4	4.13%	3,804	156.0	4.10%
202	10.0	4.95%	92	5.3	5.76%	77	4.5	5.84%
1,908	90.5	4.74%	2,206	114.7	5.20%	1,358	67.9	5.00%
28	1.6	5.71%	-	-		-		
63	4.0	6.35%	34	2.4	7.06%	18	1.3	7.22%
114	6.6	5.79%	136	8.2	6.03%	79	4.8	6.08%
347	29.1	8.39%	253	22.4	8.85%	58	5.2	8.97%
2,662	141.8	5.33%	2,721	153.0	5.62%	1,590	83.7	5.26%
\$ 10,439	\$ 458.9	4.40%	\$ 7,431	\$ 347.4	4.68%	\$ 5,394	\$ 239.7	4.44%
2,448			1,439			1,098		
196			158			107		
13,083			9,028			6,599		
9			-			-		
1,305			677			524		
\$ 14,397			\$ 9,705			\$ 7,123		
		3.74%			3.54%			3.92%
\$ 583.9		4.56%	\$ 379.1		4.29%	\$ 307.0		4.69%

SCHEDULE 3 ANALYSIS OF INTEREST CHANGES DUE TO VOLUME AND RATE

(Amounts in millions)	2000 over 1999			1999 over 1998		
	Changes due to		Total changes	Changes due to		Total changes
	Volume	Rate ¹		Volume	Rate ¹	
INTEREST-EARNING ASSETS:						
Money market investments	\$ (6.9)	\$ 7.1	\$ 0.2	\$ (25.3)	\$ 0.2	\$ (25.1)
Securities:						
Held to maturity	(1.6)	19.1	17.5	62.9	(13.1)	49.8
Available for sale	(3.2)	5.6	2.4	(6.1)	(0.1)	(6.2)
Trading account	2.1	4.1	6.2	6.1	-	6.1
Total securities	(2.7)	28.8	26.1	62.9	(13.2)	49.7
Loans:						
Loans held for sale	1.0	1.2	2.2	(1.6)	(0.5)	(2.1)
Net loans and leases ²	166.2	74.0	240.2	368.9	(58.7)	310.2
Total loans	167.2	75.2	242.4	367.3	(59.2)	308.1
Total interest-earning assets	\$ 157.6	\$ 111.1	\$ 268.7	\$ 404.9	\$ (72.2)	\$ 332.7
INTEREST-BEARING LIABILITIES:						
Interest-bearing deposits:						
Savings and NOW deposits	\$ (0.6)	\$ (3.5)	\$ (4.1)	\$ 11.5	\$ (6.8)	\$ 4.7
Money market and super NOW deposits	27.7	58.1	85.8	66.6	2.5	69.1
Time deposits under \$100,000	(17.4)	6.6	(10.8)	20.6	(7.8)	12.8
Time deposits \$100,000 or more	7.9	11.4	19.3	17.7	(5.9)	11.8
Foreign deposits	(1.2)	0.3	(0.9)	(0.7)	(0.3)	(1.0)
Total interest-bearing deposits	16.4	72.9	89.3	115.7	(18.3)	97.4
Borrowed funds:						
Securities sold, not yet purchased	2.4	1.6	4.0	3.8	1.8	5.6
Federal funds purchased and security repurchase agreements	19.1	32.1	51.2	21.1	(3.1)	18.0
Commercial paper	7.7	2.2	9.9	9.3	(0.1)	9.2
FHLB advances and other borrowings:						
Less than one year	38.9	8.8	47.7	25.2	(0.7)	24.5
Over one year	3.9	(0.2)	3.7	(2.2)	0.4	(1.8)
Long-term debt	(1.8)	0.9	(0.9)	8.1	(2.1)	6.0
Total borrowed funds	70.2	45.4	115.6	65.3	(3.8)	61.5
Total interest-bearing liabilities	\$ 86.6	\$ 118.3	\$ 204.9	\$ 181.0	\$ (22.1)	\$ 158.9
Change in net interest income	\$ 71.0	\$ (7.2)	\$ 63.8	\$ 223.9	\$ (50.1)	\$ 173.8

¹Taxable-equivalent income used where applicable.

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

In the analysis of interest changes due to volume and rate, the changes due to the volume/rate variance have been allocated to volume with the following exceptions: when volume and rate have both increased, the variance has been allocated proportionately to both volume and rate; when the rate has increased and volume has decreased, the variance has been allocated to rate.

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 \$31.8 million in 2000, compared to \$18.0 million in 1999 and \$14.0 million in 1998. The provision was .23% of average loans for 2000, .15% in 1999 and .18% for 1998.

NONINTEREST INCOME

Noninterest income, excluding the impairment loss recognized on the First Security Corporation common stock, comprised 26.5% of net revenue in 2000, compared to 26.4% in 1999 and 26.8% in 1998. Noninterest income excluding the impairment loss was \$289.1 million in 2000, an increase of 8.5% over \$266.5 million in 1999, which was up 26.8% over \$210.2 million in 1998. Noninterest income from The Sumitomo Bank of California for 1998 included only income for the last quarter of the year, following the acquisition. Schedule 4 shows the major components of noninterest income.

SCHEDULE 4 NONINTEREST INCOME

(Amounts in millions)	2000	Percent change	1999	Percent change	1998	Percent change	1997	Percent change	1996
Service charges on deposit accounts	\$ 78.3	2.0%	\$ 76.8	25.7%	\$ 61.1	36.7%	\$ 44.7	25.6%	\$ 35.6
Other service charges, commissions and fees	65.3	(1.2)	66.1	16.0	57.0	39.4	40.9	32.8	30.8
Trust income	18.2	15.2	15.8	43.6	11.0	35.8	8.1	37.3	5.9
Investment securities gains (losses), net	14.8	593.3	(3.0)	(173.2)	4.1	355.6	0.9	800.0	0.1
Impairment loss on First Security Corporation common stock	(96.9)	-	-	-	-	-	-	-	-
Underwriting and trading income	10.1	(12.2)	11.5	25.0	9.2	61.4	5.7	111.1	2.7
Loan sales and servicing income	51.7	27.7	40.5	(19.6)	50.4	30.2	38.7	10.3	35.1
Other income	50.7	(13.8)	58.8	237.9	17.4	87.1	9.3	27.4	7.3
Total	\$ 192.2	(27.9)%	\$ 266.5	26.8%	\$ 210.2	41.7%	\$ 148.3	26.2%	\$ 117.5

Service charges for 2000, compared with 1999, were relatively flat, reflecting the modest deposit growth experienced by the Company during 2000 and a competitive service charge environment in the Company's markets. The 25.7% increase in deposit service charges for 1999, compared to 1998, resulted from the increase of the Company's deposit base through acquisitions and internal growth and the inclusion of fees from the 1998 acquisition of The Sumitomo Bank of California for only the last quarter of 1998.

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 \$65.3 million in 2000, down 1.2% from the \$66.1 million of fees earned in 1999, which were up 16.0% from 1998. The decrease in fees for 2000 results from a decrease in brokerage and fiscal agent fees of \$1.1 million and a decrease in commissions and fees from insurance products of \$1.4 million.

Trust income for 2000 was up 15.2% over 1999, which was up 43.6% over 1998. The Company has significantly expanded its trust services in Arizona and Colorado. Investment securities gains for 2000 include gains of \$23.6 million on the sale of First Security Corporation common stock and an impairment loss of \$13.4 million on a technology company investment by the Company's venture funding group.

Underwriting and trading income decreased 12.2% to \$10.1 million in 2000 from \$11.5 million in 1999, which was up 25.0% over \$9.2 million earned in 1998. The decrease for 2000 reflects the slow-down in capital markets transactions. During 1998, the Company commenced the provision of online executable government bond sales using Bloomberg and the Internet, which resulted in increased revenues for 1999 and 1998.

Loan sales and servicing income increased 27.7% in 2000 to \$51.7 million over \$40.5 million in 1999, which was down 19.6% from \$50.4 million in 1998. The increase for 2000 over 1999 resulted mainly from gains and servicing fees from SBA 504 loan securitizations completed during 2000 and 1999. The decrease in loan sales and servicing income for 1999 was 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.

Other income, which includes income from investments in bank-owned life insurance, income recognized on nonmarketable equity securities from the Company'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 \$50.7 million in 2000, a decrease of 13.8% from 1999, which was up \$41.4 million or 237.9% from 1998. The significant increase for 1999 was mainly due to increased income from venture funding operations. Included in other noninterest income for 1999 was \$42.6 million of income from the Company's venture funding operations. During 1999, the Company also recognized impairment and other losses related to SBA interest-only strips of \$8.3 million.

NONINTEREST EXPENSE

The Company's noninterest expense was \$720.8 million in 2000, an increase of 5.8% over \$681.6 million in 1999, which was up 22.4% over the \$556.7 million in 1998. Included in 2000, 1999 and 1998 expense was \$45.5 million, \$27.7 million and \$38.1 million, respectively, in merger-related expenses. Excluding merger-related expense and amortization of goodwill and core deposit intangibles, noninterest expense increased 3.3% for 2000 compared to 1999. Schedule 5 shows the major components of noninterest expense.

SCHEDULE 5 NONINTEREST EXPENSE

<i>(Amounts in millions)</i>	2000	Percent change	1999	Percent change	1998	Percent change	1997	Percent change	1996
Salaries and benefits	\$ 348.3	0.5%	\$ 346.7	32.6%	\$ 261.5	58.6%	\$ 164.9	25.9%	\$ 131.0
Occupancy, net	51.7	4.7	49.4	47.9	33.4	85.6	18.0	33.3	13.5
Furniture and equipment	52.7	16.1	45.4	18.5	38.3	56.3	24.5	41.6	17.3
Other real estate expense (income)	0.3	400.0	(0.1)	(114.3)	0.7	133.3	0.3	250.0	(0.2)
Legal and professional services	19.7	21.6	16.2	(0.6)	16.3	101.2	8.1	50.0	5.4
Supplies	11.0	(1.8)	11.2	(5.9)	11.9	41.7	8.4	23.5	6.8
Postage	10.9	(6.8)	11.7	6.4	11.0	50.7	7.3	23.7	5.9
Advertising	25.4	37.3	18.5	46.8	12.6	70.3	7.4	27.6	5.8
FDIC premiums	3.4	54.5	2.2	46.7	1.5	114.3	0.7	-	-
Merger-related expense	45.5	64.3	27.7	(27.3)	38.1	4,662.5	0.8	-	-
Amortization of goodwill and core deposit intangibles	37.2	3.3	36.0	13.6	31.7	346.5	7.1	208.7	2.3
Other expenses	114.7	(1.7)	116.7	17.1	99.7	52.4	65.4	25.8	52.0
Total	\$ 720.8	5.8%	\$ 681.6	22.4%	\$ 556.7	77.9%	\$ 312.9	30.5%	\$ 239.8

The increase in furniture and equipment expense for 2000 compared to 1999 includes increased expenses related to upgrading branch and administrative facilities of California Bank & Trust branches and increased expenses related to technology upgrades, including Internet security and authentication systems. The increased advertising expense for 2000 reflects efforts to promote Internet banking products and reestablish the Company's presence in critical markets subsequent to the terminated merger with First Security Corporation.

In 1999 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, 2000, the Company had 6,915 full-time equivalent employees and 373 domestic offices compared to 6,833 employees and 362 offices at year-end 1999 and 7,099 full-time equivalent employees and 345 offices at year-end 1998.

The Company's operating cash "efficiency ratio", or noninterest expenses, excluding amortization of goodwill and core deposit intangibles and merger-related expenses, as a percentage of total taxable-equivalent net revenues, improved to 57.5% in 2000, compared to 60.3% in 1999 and 61.3% in 1998.

INCOME TAXES

The Company's income tax expense for 2000 was \$79.7 million, compared to \$109.5 million in 1999 and \$69.6 million in 1998. The Company's effective income tax rate was 32.8% in 2000, 35.5% in 1999 and 32.6% in 1998. The lower effective tax rate for 2000 results mainly from a higher percentage of nontaxable income and a reduction in nondeductible merger-related expenses. The higher 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. The lower effective tax rate for 1998 resulted primarily from decisions regarding a corporate reorganization.

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 2.

Average earning assets increased 9.5% to \$19,223 million in 2000, compared to \$17,560 million in 1999. Earning assets comprised 88.5% of total average assets in 2000, compared with 88.2% in 1999.

Average money market investments, consisting of interest-bearing deposits, federal funds sold and security resell agreements, decreased 10.5% to \$1,061 million in 2000, compared to \$1,185 million in 1999.

Average securities decreased .9% to \$4,513 million in 2000, compared to \$4,556 million in 1999. Average held-to-maturity

securities decreased .7% to \$3,254 million, available-for-sale securities decreased 7.6% to \$685 million, and trading account securities increased 6.7% to \$574 million.

Average net loans and leases increased 15.5% to \$13,649 million in 2000, compared to \$11,819 million in 1999, representing 71.0% of earning assets in 2000 compared to 67.3% in 1999. Average net loans and leases were 93.7% of average total deposits in 2000, as compared to 83.9% in 1999.

INVESTMENT SECURITIES PORTFOLIO

Schedule 6 presents the Company’s year-end investment securities on December 31, 2000, 1999, and 1998. Schedule 7 presents the Company’s maturities and average yields on securities on December 31, 2000. See Note 4 of the Notes to Consolidated Financial Statements for additional information about securities.

SCHEDULE 6
INVESTMENT SECURITIES PORTFOLIO

	December 31,					
	2000		1999		1998	
	Amortized cost	Market value	Amortized cost	Market value	Amortized cost	Market value
<i>(Amounts in millions)</i>						
HELD TO MATURITY:						
U.S. Treasury securities	\$ 1	\$ 1	\$ 1	\$ 1	\$ 63	\$ 63
U.S. government agencies and corporations:						
Small Business						
Administration loan- backed securities	560	563	440	445	358	356
Other agency securities	1,269	1,285	1,270	1,233	940	944
States and political subdivisions	292	296	314	309	331	340
Mortgage-backed securities	1,003	1,008	1,305	1,303	1,159	1,166
	3,125	3,153	3,330	3,291	2,851	2,869
AVAILABLE FOR SALE:						
U.S. Treasury securities	51	52	93	93	98	100
U.S. government agencies and corporations	94	94	51	50	362	346
States and political subdivisions	185	190	102	97	67	68
Mortgage- and other asset-backed securities	274	273	147	143	179	180
	604	609	393	383	706	694
Equity securities:						
Mutual funds:						
Accessor Funds, Inc.	159	160	141	139	117	118
Other stock	18	13	242	257	137	142
	177	173	383	396	254	260
	781	782	776	779	960	954
Total	\$ 3,906	\$ 3,935	\$ 4,106	\$ 4,070	\$ 3,811	\$ 3,823

SCHEDULE 7
MATURITIES AND AVERAGE YIELDS ON SECURITIES
ON DECEMBER 31, 2000

	Total securities		Within one year		After one but within five years		After five but within ten years		After ten years	
(Amounts in millions)	Amount	Yield*	Amount	Yield*	Amount	Yield*	Amount	Yield*	Amount	Yield*
HELD TO MATURITY:										
U.S. Treasury securities	\$ 1	6.2%	\$ 1	6.2%	\$ -		\$ -		\$ -	
U.S. government agencies and corporations:										
Small Business										
Administration loan- backed securities	560	8.2%	49	8.1%	354	8.1%	82	8.3%	75	8.3%
Other agency securities	1,269	6.4%	33	6.2%	1,057	6.2%	41	7.3%	138	7.7%
States and political subdivisions	292	8.3%	59	8.3%	108	8.3%	63	8.3%	62	8.3%
Mortgage-backed securities	1,003	6.8%	295	6.8%	590	6.8%	65	7.2%	53	7.1%
	<u>3,125</u>	<u>7.0%</u>	<u>437</u>	<u>7.1%</u>	<u>2,109</u>	<u>6.8%</u>	<u>251</u>	<u>7.9%</u>	<u>328</u>	<u>7.8%</u>
AVAILABLE FOR SALE:										
U.S. Treasury securities	51	5.9%	21	5.1%	28	6.4%	2	6.5%	-	
U.S. government agencies and corporations:	94	6.1%	8	6.2%	86	6.1%	-		-	
States and political subdivisions	185	8.6%	30	9.0%	50	8.6%	54	8.1%	51	8.9%
Mortgage- and other asset-backed securities	274	7.1%	10	7.0%	46	6.7%	59	6.4%	159	7.5%
	<u>604</u>	<u>7.3%</u>	<u>69</u>	<u>7.2%</u>	<u>210</u>	<u>6.9%</u>	<u>115</u>	<u>7.2%</u>	<u>210</u>	<u>7.8%</u>
Equity securities:										
Mutual funds:										
Accessor Funds, Inc.	159	6.2%	-		-		-		159	6.2%
Other stock	18	1.0%	-		-		-		18	1.0%
	<u>177</u>	<u>5.7%</u>	<u>-</u>		<u>-</u>		<u>-</u>		<u>177</u>	<u>5.7%</u>
	<u>781</u>	<u>6.9%</u>	<u>69</u>	<u>7.2%</u>	<u>210</u>	<u>6.9%</u>	<u>115</u>	<u>7.2%</u>	<u>387</u>	<u>6.9%</u>
Total	\$ 3,906	7.0%	\$ 506	7.1%	\$ 2,319	6.8%	\$ 366	7.6%	\$ 715	7.3%

*Taxable-equivalent rates used where applicable.

LOAN PORTFOLIO

During 2000, the Company consummated securitized loan sales of automobile loans, credit card receivables, home equity credit lines, Small Business Administration (SBA) and Federal Agricultural Mortgage Corporation ("Farmer Mac") loans totaling \$1,141 million. The Company also sold \$533 million of long-term residential mortgage loans, SBA loans, Farmer Mac loans, and student loans classified as held for sale. After these sales, gross loans and leases on December 31, 2000

totaled \$14,458 million, an increase of 12.5% compared to \$12,853 million on December 31, 1999.

Schedule 8 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, 2000.

SCHEDULE 8 LOAN PORTFOLIO BY TYPE

(Amounts in millions)	December 31, 2000				December 31,			
	One year or less	One year through five years	Over five years	Total	1999	1998	1997	1996
Loans held for sale	\$ 145	\$ 11	\$ 25	\$ 181	\$ 205	\$ 232	\$ 179	\$ 150
Commercial, financial and agricultural	1,369	1,701	545	3,615	3,036	2,844	1,406	949
Real estate:								
Construction	1,026	1,221	26	2,273	1,722	960	576	387
Other:								
Home equity credit line	30	27	206	263	232	232	165	188
1-4 family residential	278	297	2,336	2,911	2,503	2,207	742	560
Other real estate-secured	482	1,058	2,650	4,190	4,168	3,894	1,678	1,213
	1,816	2,603	5,218	9,637	8,625	7,293	3,161	2,348
Consumer:								
Bankcard	93	42	-	135	107	99	73	47
Other	102	269	101	472	490	472	417	286
	195	311	101	607	597	571	490	333
Lease financing	16	213	88	317	275	214	176	160
Foreign loans	3	16	7	26	53	44	-	-
Other receivables	69	3	3	75	62	72	95	41
Total loans	\$ 3,613	\$ 4,858	\$ 5,987	\$ 14,458	\$12,853	\$11,270	\$ 5,507	\$ 3,981
Loans maturing in more than one year:								
With fixed interest rates		\$ 1,638	\$ 2,989	\$ 4,627				
With variable interest rates		3,220	2,998	6,218				
Total		\$ 4,858	\$ 5,987	\$ 10,845				

SOLD LOANS BEING SERVICED

On December 31, 2000, long-term first mortgage real estate loans serviced for others amounted to \$198 million, compared to \$237 million on December 31, 1999, and \$1,995 million on December 31, 1998. During 1999, the Company merged Zions Mortgage Company, its wholly owned mortgage company, into Zions First National Bank and 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 \$1,750 million, \$1,252 million, and \$1,040 million on December 31, 2000, 1999 and 1998, respectively.

Schedule 9 summarizes the Company's activity in its portfolio of sold loans being serviced (excluding long-term first mortgage real estate loans).

SCHEDULE 9 SOLD LOANS BEING SERVICED

(Amounts in millions)	2000		1999		1998	
	Sales	Outstanding at year end	Sales	Outstanding at year end	Sales	Outstanding at year end
Auto loans	\$ 164	\$ 310	\$ 195	\$ 326	\$ 198	\$ 345
Home equity credit lines	248	312	255	274	261	261
Bankcard receivables	169	61	194	67	282	134
Home refinance loans	-	6	-	10	-	23
SBA 504 loans	494	722	212	275	-	100
SBA 7(a) loans	1	52	15	67	33	73
Farmer Mac	65	287	111	233	110	104
Total	\$ 1,141	\$ 1,750	\$ 982	\$ 1,252	\$ 884	\$ 1,040

DEPOSITS AND BORROWED FUNDS

Total deposits increased 7.2% to \$15,070 million on December 31, 2000, as compared to \$14,062 million on December 31, 1999. Comparing December 31, 2000 to December 31, 1999, demand deposits increased 9.4%, savings and money market deposits increased 8.0%, and time deposits under \$100,000 decreased 11.3%, while time deposits over \$100,000 increased 34.3% and foreign deposits decreased 35.0%.

As derived from Schedule 2, total average deposits increased 3.4% to \$14,574 million in 2000 from \$14,089 million in 1999. Average noninterest-bearing deposits increased 2.1%, average savings and NOW deposits decreased 1.6%, average money market and super NOW deposits increased 12.5%, and average time deposits under \$100,000 decreased 17.6%. Average time deposits over \$100,000 increased 12.0% over 1999 average balances, and average foreign deposits decreased 16.4% for 2000, as compared with 1999.

See Notes 9, 10 and 11 of the 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, 2000 was \$1,779 million, an increase of 7.2% over total shareholders' equity of \$1,660 million on December 31, 1999. The ratio of average equity to average assets for 2000 was 7.71%, compared to 7.85% for 1999.

During 2000, 1999 and 1998, the Company repurchased and retired 80,174, 115,769 and 591,009 shares of its common stock at a cost of \$3.9 million, \$6.7 million and \$25.7 million, respectively.

On December 31, 2000, the Company's Tier 1 leverage ratio was 6.38%, as compared to 6.16% on December 31, 1999. On December 31, 2000, the Company's Tier 1 risk-based capital ratio was 8.53%, as compared to 8.64% on December 31, 1999.

On December 31, 2000, the Company's total risk-based capital ratio was 10.83%, as compared to 11.29% on December 31, 1999. 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 the Notes to Consolidated Financial Statements for additional information on risk-based capital.

DIVIDENDS

Dividends per share were \$.89 in 2000, an increase of 23.6% over \$.72 in 1999, which were up 33.3% over \$.54 in 1998. The Company's quarterly dividend rate was \$.12 for 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. For the second and third quarters of 1999 the dividend rate was increased to \$.29 per share to bring it into parity with the dividend rate of First Security Corporation. No dividend was declared during the fourth quarter of 1999. Dividends for 2000 were \$.29 per share for the first quarter and were reduced to \$.20 for the second, third and fourth quarters after the merger agreement with First Security Corporation was terminated.

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 and places deposits with foreign banks and foreign branches of other U.S. banks. Foreign deposits at December 31, 2000, 1999 and 1998 totaled \$136 million, \$210 million and \$204 million, respectively; and averaged \$138 million for 2000, \$165 million for 1999 and \$182 million for 1998. See Schedule 8 Loan Portfolio by Type for details of 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 1% of its portfolio in loans held for sale, 25% in commercial loans, 67% in real estate loans, 4% in consumer loans, and 2% in lease financing. The Company's real estate portfolio is also diversified. Of the total real estate loan portfolio, 24% is in real estate construction loans, 3% is in home equity credit lines, 30% is in 1-4 family residential loans and 43% 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 6 of the 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, Nevada, Arizona, Colorado, and Washington. Also, the Company limits its 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 normally 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 \$71 million on December 31, 2000, down from \$75 million on December 31, 1999. Such nonperforming assets as a percentage of net loans and leases, other real estate owned and other nonperforming assets were .49% on December 31, 2000, compared to .58% on December 31, 1999.

Accruing loans past due 90 days or more totaled \$27 million on December 31, 2000, up from \$21 million on December 31, 1999. These loans equaled .19% of net loans and leases on December 31, 2000, as compared to .16% on December 31, 1999.

No loans were considered potential problem loans on December 31, 2000 or 1999. Potential problem loans are defined as loans currently 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 \$45.9 million and \$57.1 million on December 31, 2000 and 1999, respectively. The Company considers a loan to be impaired when the accrual of interest has been discontinued and the loan meets certain other criteria. 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, 2000 and 1999, is an allowance of \$10.1 million and \$16 million, respectively, on \$16.2 million and \$22.5 million, respectively, of the recorded investment in impaired loans. See Note 5 of the Notes to Consolidated Financial Statements for additional information on impaired loans.

SCHEDULE 10 NONPERFORMING ASSETS

(Amounts in millions)	December 31,				
	2000	1999	1998	1997	1996
Nonaccrual loans:					
Commercial, financial and agricultural	\$ 20	\$ 29	\$ 12	\$ 4	\$ 5
Real estate	34	34	39	7	6
Consumer	2	1	1	1	1
Lease financing	2	1	3	1	1
Other	-	-	-	-	-
Restructured loans:					
Commercial, financial and agricultural	2	-	-	-	-
Real estate	1	1	5	1	1
Other real estate owned:					
Commercial, financial and agricultural:					
Improved	6	5	-	2	-
Unimproved	2	3	-	-	-
Residential:					
1-4 Family	2	1	2	1	-
Multi-family	-	-	-	-	-
Other	-	-	3	-	-
Total	\$ 71	\$ 75	\$ 65	\$ 17	\$ 14
% of net loans* and leases, other real estate owned and other nonperforming assets	.49%	.58%	.58%	.31%	.36%
Accruing loans past due 90 days or more:					
Commercial, financial and agricultural	\$ 8	\$ 4	\$ 5	\$ 2	\$ 1
Real estate	18	15	20	7	2
Consumer	1	2	1	1	1
Total	\$ 27	\$ 21	\$ 26	\$ 10	\$ 4
% of net loans* and leases	.19%	.16%	.23%	.18%	.09%

*Includes loans held for sale.

ALLOWANCE FOR LOAN LOSSES

The Company's allowance for loan losses was 1.36% of net loans and leases on December 31, 2000, compared to 1.60% on December 31, 1999. Net charge-offs in 2000 were \$42 million, or .31% of average loans and leases, compared to net charge-offs of \$30 million, or .25% of average net loans and leases in 1999 and net charge-offs of \$16 million, or .21% of average net loans and leases in 1998.

The allowance, as a percentage of nonaccrual loans and restructured loans, was 320.7% on December 31, 2000, compared to 310.9% on December 31, 1999 and 354.9% on December 31, 1998. The allowance, as a percentage of nonaccrual loans and accruing loans past due 90 days or more, was 229.4% on December 31, 2000, compared to 238.1% on December 31, 1999 and 264.2% on December 31, 1998.

On December 31, 2000, 1999 and 1998, the allowance for loan losses includes an allocation of \$22 million, \$23 million and \$20 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, 2000, 1999, and 1998 totaled \$7,254 million, \$6,001 million, and \$5,090 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 losses, management utilizes a comprehensive loan grading system to determine risk potential in the portfolio, and considers the results of independent internal credit reviews. 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 11 provides a breakdown of the allowance for loan losses by loan category, and Schedule 12 summarizes loan loss experience.

SCHEDULE 11 ALLOCATION OF THE ALLOWANCE FOR LOAN LOSSES

	2000		1999		1998		1997		1996	
	% 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
<i>(Amounts in millions)</i>										
TYPE OF LOAN										
Loans held for sale	1.3%	\$ -	1.6%	\$ -	2.1%	\$ -	3.3%	\$ -	3.8%	\$ -
Commercial, financial and agricultural	25.1%	53	23.8%	46	25.4%	83	25.5%	17	23.8%	16
Real estate	66.7%	107	67.4%	100	64.9%	52	57.4%	28	59.0%	28
Consumer	4.2%	8	4.6%	12	5.1%	12	8.9%	10	8.4%	8
Lease financing	2.2%	4	2.1%	6	1.9%	6	3.2%	2	4.0%	2
Other receivables	0.5%	-	0.5%	-	0.6%	-	1.7%	-	1.0%	-
Total loans	100.0%		100.0%		100.0%		100.0%		100.0%	
Off-balance sheet										
unused commitments and										
standby letters of credit		22		23		20		9		6
Total allocated		194		187		173		66		60
Unallocated		2		17		40		23		17
Total allowance for loan losses		\$ 196		\$ 204		\$ 213		\$ 89		\$ 77

SCHEDULE 12

SUMMARY OF LOAN LOSS EXPERIENCE

<i>(Amounts in millions)</i>	2000	1999	1998	1997	1996
Loans* and leases outstanding on December 31, (net of unearned income)	\$ 14,378	\$ 12,791	\$ 11,219	\$ 5,463	\$ 3,941
Average loans* and leases outstanding (net of unearned income)	\$ 13,649	\$ 11,819	\$ 7,632	\$ 4,547	\$ 3,560
Allowance for loan losses:					
Balance at beginning of year	\$ 204	\$ 213	\$ 89	\$ 77	\$ 73
Allowance of companies acquired	2	3	126	14	3
Provision charged against earnings	32	18	14	6	5
Loans and leases charged off:					
Commercial, financial and agricultural	(38)	(32)	(9)	(6)	(1)
Real estate	(4)	(3)	(6)	-	-
Consumer	(9)	(9)	(9)	(8)	(8)
Lease financing	(2)	(2)	(1)	-	-
Total	(53)	(46)	(25)	(14)	(9)
Recoveries:					
Commercial, financial and agricultural	6	6	3	2	2
Real estate	1	7	3	2	-
Consumer	3	3	3	2	2
Lease financing	1	-	-	-	1
Total	11	16	9	6	5
Net loan and lease charge-offs	(42)	(30)	(16)	(8)	(4)
Balance at end of year	\$ 196	\$ 204	\$ 213	\$ 89	\$ 77
Ratio of net charge-offs to average loans and leases	.31%	.25%	.21%	.19%	.11%
Ratio of allowance for loan losses to loans and leases outstanding on December 31,	1.36%	1.60%	1.89%	1.62%	1.95%
Ratio of allowance for loan losses to nonperforming loans on December 31,	320.69%	310.87%	354.94%	655.59%	546.81%
Ratio of allowance for loan losses to nonaccrual loans and accruing loans past due 90 days or more on December 31,	229.35%	238.07%	264.20%	389.19%	458.91%

*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 2000 and 1999, the Company's duration of equity was estimated to be approximately 4.0 years and 3.4 years, respectively. A 200-basis-point immediate increase in rates was estimated to increase the duration of equity to 4.6 years in 2000 and 4.4 years in 1999. Conversely, an immediate decrease in rates of similar magnitude was estimated to decrease the duration of equity to 3.2 years in 2000 and 2.5 years in 1999. 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 2000 and 1999, net interest income was expected to decline 0.4% and 0.6%, respectively, 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 1.6% and 2.3%, respectively. 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 \$1,140 million: i.e., the \$12,522 million of assets that mature or reprice during 2001 was less than the sum of \$12,065 million of liabilities and the negative \$1,597 million net effect of off-balance sheet swaps that mature or reprice during the same period. This gap represented 5.2% of total assets. Detail of the repricing characteristics of the balance sheet as of year end are presented in Schedule 13. The Company does not have policy limits regarding its gap position.

SCHEDULE 13
MATURITIES AND INTEREST RATE SENSITIVITY
ON DECEMBER 31, 2000

	Rate sensitive						
	Within three months	After three months but within one year	After one year but within five years	After five years	Not rate sensitive	Total	
(Amounts in millions)							
USES OF FUNDS							
Earning Assets:							
Interest-bearing deposits	\$ 9	\$ 4	\$ 8			\$ 21	
Federal funds sold	51					51	
Security resell agreements	456					456	
Securities:							
Held to maturity	974	862	1,087	\$ 202		3,125	
Available for sale	155	209	259	159		782	
Trading account	280					280	
Loans and leases	7,989	1,533	3,522	1,139		14,183	
Nonearning assets					\$ 3,041	3,041	
Total uses of funds	\$ 9,914	\$ 2,608	\$ 4,876	\$ 1,500	\$ 3,041	\$ 21,939	
SOURCES OF FUNDS							
Interest-bearing deposits and liabilities:							
Savings and money market deposits	\$ 2,822	\$ 860	\$ 4,014	\$ 574		\$ 8,270	
Time deposits under \$100,000	380	836	403	9		1,628	
Time deposits \$100,000 or more	549	694	200	6		1,449	
Foreign	136					136	
Securities sold, not yet purchased	291					291	
Federal funds purchased	1,069					1,069	
Security repurchase agreements	1,328					1,328	
Commercial paper	173	25				198	
FHLB advances and other borrowings:							
Less than one year	1,036	255				1,291	
Over one year		2	14	128		144	
Long-term debt			118	302		420	
Noninterest-bearing deposits	1,608	1	280		\$ 1,697	3,586	
Other liabilities					310	310	
Minority interest					40	40	
Shareholders' equity					1,779	1,779	
Total sources of funds	\$ 9,392	\$ 2,673	\$ 5,029	\$ 1,019	\$ 3,826	\$ 21,939	
Off-balance sheet items affecting							
interest rate sensitivity	\$ (2,022)	\$ 425	\$ 1,587	\$ 10			
Interest rate sensitivity gap	\$ (1,500)	\$ 360	\$ 1,434	\$ 491	\$ (785)		
Percent of total assets	(6.84)%	1.64%	6.54%	2.24%	(3.58)%		
Cumulative interest rate sensitivity gap	\$ (1,500)	\$ (1,140)	\$ 294	\$ 785			
Cumulative as a % of total assets	(6.84)%	(5.20)%	1.34%	3.58%			

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 basis used for pricing many of 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 14. For additional information regarding off-balance sheet financial contracts, refer to Notes 1, 12 and 19 of the Notes to Consolidated Financial Statements.

SCHEDULE 14
INTEREST RATE SWAP MATURITIES AND AVERAGE RATES

(Amounts in millions)	2001	2002	2003	2004	Thereafter	Total
Receive fixed rate/pay variable rate:						
Notional amount	\$ 425	\$ 668	\$ 302	\$ 324	\$ 303	\$ 2,022
Weighted average rate received	7.05%	7.06%	6.68%	6.73%	7.16%	6.96%
Weighted average rate paid	6.73%	6.75%	6.71%	6.73%	6.74%	6.74%

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.

The Parent'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, 2000, \$117.6 million of dividend capacity was available from subsidiaries to pay to the Parent without having to obtain regulatory approval. During 2000, dividends from subsidiaries were \$164.0 million. During 1998 the Company started a program to issue short-term commercial paper. At December 31, 2000, outstanding commercial paper was \$198.2 million. At December 31, 2000, the Parent had revolving credit facilities with two banks totaling \$65 million and borrowing on the facilities of \$65 million.

(Amounts in millions)

Net interest income	\$ 803.4
Noninterest income ²	289.1
Total revenue	1,092.5
Provision for loan losses	31.8
Noninterest expense ¹	638.2
Pretax cash earnings	422.5
Income tax expense	138.7
Minority interest	2.4
Cash earnings ¹	281.4
Amortization of goodwill and core deposit intangibles	37.2
Merger expense	45.5
Impairment loss on First Security Corporation common stock	96.9
Income tax benefit	(59.0)
Minority interest operating cash adjustment	0.9
Net income	\$ 161.7
Operating cash earnings per share (diluted) ¹	\$ 3.23
Net income per share (diluted)	\$ 1.86

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

²Excluding impairment loss on First Security Corporation common stock.

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 the Company 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 the Company conducts its operations, being less favorable than expected; and legislation or regulatory changes which adversely affect the Company's operations or business. The Company 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.

	2000	1999	1998	1997	1996
Net interest income	\$ 803.4	\$ 741.5	\$ 573.9	\$ 369.6	\$ 297.1
Noninterest income ²	289.1	266.5	210.1	148.3	117.5
Total revenue	1,092.5	1,008.0	784.0	517.9	414.6
Provision for loan losses	31.8	17.9	14.0	5.9	4.8
Noninterest expense ¹	638.2	617.9	486.8	305.1	237.5
Pretax cash earnings	422.5	372.2	283.2	206.9	172.3
Income tax expense	138.7	123.5	88.4	68.6	57.3
Minority interest	2.4	5.9	0.4	-	-
Cash earnings ¹	281.4	242.8	194.4	138.3	115.0
Amortization of goodwill and core deposit intangibles	37.2	36.0	31.7	7.1	2.3
Merger expense	45.5	27.7	38.1	0.7	-
Impairment loss on First Security Corporation common stock	96.9	-	-	-	-
Income tax benefit	(59.0)	(14.0)	(18.8)	(0.9)	(0.1)
Minority interest operating cash adjustment	0.9	1.0	-	-	-
Net income	\$ 161.7	\$ 194.1	\$ 143.4	\$ 131.4	\$ 112.8
Operating cash earnings per share (diluted) ¹	\$ 3.23	\$ 2.83	\$ 2.37	\$ 2.03	\$ 1.73
Net income per share (diluted)	\$ 1.86	\$ 2.26	\$ 1.75	\$ 1.92	\$ 1.69

ZIONS BANCORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2000 AND 1999

(In thousands, except share amounts)

	2000	1999
ASSETS		
Cash and due from banks	\$ 1,047,252	898,300
Money market investments:		
Interest-bearing deposits	21,237	17,371
Federal funds sold	50,426	85,898
Security resell agreements	456,404	421,900
Investment securities:		
Held to maturity, at cost (approximate market value \$3,152,740 and \$3,290,508)	3,125,433	3,330,444
Available for sale, at market (2000 - includes \$151,424 pledged as collateral for security repurchase agreements)	782,466	778,930
Trading account, at market (2000 - includes \$15,096 pledged as collateral for security repurchase agreements)	280,410	327,845
	4,188,309	4,437,219
Loans:		
Loans held for sale	181,159	204,800
Loans, leases, and other receivables	14,276,999	12,648,325
	14,458,158	12,853,125
Less:		
Unearned income and fees, net of related costs	80,125	62,480
Allowance for loan losses	195,535	204,114
Net loans	14,182,498	12,586,531
Premises and equipment, net	314,938	287,448
Goodwill	571,365	583,849
Core deposit intangibles	70,075	82,370
Other real estate owned	9,574	8,939
Other assets	1,027,365	871,075
	\$ 21,939,443	20,280,900
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing	\$ 3,585,672	3,276,097
Interest-bearing:		
Savings and money market	8,270,122	7,660,786
Time:		
Under \$100,000	1,628,890	1,836,645
Over \$100,000	1,448,905	1,078,631
Foreign	136,394	209,780
	15,069,983	14,061,939
Securities sold, not yet purchased	291,102	237,020
Federal funds purchased	1,069,124	825,997
Security repurchase agreements	1,327,721	1,366,653
Accrued liabilities	310,287	247,406
Commercial paper	198,239	238,660
Federal Home Loan Bank advances and other borrowings:		
Less than one year	1,290,960	1,038,045
Over one year	143,776	112,622
Long-term debt	419,550	453,471
Total liabilities	20,120,742	18,581,813
Minority interest	39,857	39,249
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, 87,100,188 shares and 85,592,643 shares	907,604	888,231
Accumulated other comprehensive loss	(3,644)	(4,158)
Retained earnings	874,884	775,765
Total shareholders' equity	1,778,844	1,659,838
	\$ 21,939,443	20,280,900

See accompanying notes to consolidated financial statements.

ZIONS BANCORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998

(In thousands, except per share amounts)

	2000	1999	1998
INTEREST INCOME:			
Interest and fees on loans	\$ 1,236,588	1,001,741	694,338
Interest on loans held for sale	14,477	12,194	14,256
Lease financing	17,222	13,293	12,630
Interest on money market investments	67,353	67,234	92,248
Interest on securities:			
Held to maturity:			
Taxable	196,917	175,701	131,712
Nontaxable	16,398	18,784	16,154
Available for sale:			
Taxable	33,792	36,480	44,735
Nontaxable	7,147	3,844	2,733
Trading account	36,289	30,067	24,043
Total interest income	1,626,183	1,359,338	1,032,849
INTEREST EXPENSE:			
Interest on savings and money market deposits	329,373	247,729	173,833
Interest on time and foreign deposits	174,460	166,749	143,313
Interest on borrowed funds	318,972	203,371	141,761
Total interest expense	822,805	617,849	458,907
Net interest income	803,378	741,489	573,942
Provision for loan losses	31,811	17,956	14,034
Net interest income after provision for loan losses	771,567	723,533	559,908
NONINTEREST INCOME:			
Service charges on deposit accounts	78,269	76,756	61,131
Other service charges, commissions, and fees	65,315	66,098	57,027
Trust income	18,205	15,762	10,969
Investment securities gain (loss), net	14,804	(2,970)	4,055
Impairment loss on First Security Corporation common stock	(96,911)	-	-
Underwriting and trading income	10,065	11,551	9,239
Loan sales and servicing income	51,741	40,516	50,365
Other	50,676	58,832	17,411
Total noninterest income	192,164	266,545	210,197
NONINTEREST EXPENSE:			
Salaries and employee benefits	348,293	346,710	261,531
Occupancy, net	51,671	49,393	33,387
Furniture and equipment	52,704	45,477	38,256
Other real estate expense (income)	356	(66)	656
Legal and professional services	19,707	16,156	16,345
Supplies	10,972	11,168	11,904
Postage	10,916	11,656	11,030
Advertising	25,416	18,502	12,613
Merger-related expense	45,492	27,691	38,128
FDIC premiums	3,349	2,152	1,528
Amortization of goodwill	25,715	24,295	19,829
Amortization of core deposit intangibles	11,508	11,713	11,812
Other	114,728	116,720	99,681
Total noninterest expense	720,827	681,567	556,700
Income before income taxes and minority interest	242,904	308,511	213,405
Income taxes	79,661	109,498	69,632
Net income before minority interest	163,243	199,013	143,773
Minority interest	1,534	4,949	420
Net income	\$ 161,709	194,064	143,353
Weighted-average common and common-equivalent shares outstanding during the year	87,120	85,695	81,918
Net income per common share:			
Basic	\$ 1.87	2.29	1.77
Diluted	\$ 1.86	2.26	1.75

See accompanying notes to consolidated financial statements.

ZIONS BANCORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998

<i>(In thousands)</i>	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 161,709	194,064	143,353
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Provision for loan losses	31,811	17,956	14,034
Depreciation of premises and equipment	50,186	39,155	29,861
Amortization	64,786	51,367	50,506
Accretion of unearned income and fees, net of related costs	16,983	18,437	(5,695)
Income to minority interest	1,534	4,949	420
Proceeds from sales of trading account securities	184,357,455	188,710,001	175,432,243
Increase in trading account securities	(184,310,020)	(188,845,991)	(175,540,070)
Investment securities (gain) loss, net	(14,804)	2,970	(4,055)
Impairment loss on First Security Corporation common stock	96,911	-	-
Proceeds from loans held-for-sale	533,285	878,638	1,237,514
Increase in loans held-for-sale	(509,644)	(852,309)	(1,296,803)
Net gain on sales of loans, leases and other assets	(36,240)	(31,674)	(43,644)
Change in accrued income taxes	30,078	4,792	22,916
Change in accrued interest receivable	(34,447)	(15,457)	1,420
Change in accrued interest payable	11,342	201	1,183
Other, net	(101,738)	(155,462)	(53,285)
Net cash provided by (used in) operating activities	349,187	21,637	(10,102)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net decrease (increase) in money market investments	(348)	135,386	874,130
Proceeds from maturities of investment securities held to maturity	881,175	804,139	3,466,594
Purchases of investment securities held to maturity	(663,948)	(1,360,049)	(3,519,660)
Proceeds from sales of investment securities available for sale	1,245,192	367,345	573,197
Proceeds from maturities of investment securities available for sale	134,785	353,714	275,785
Purchases of investment securities available for sale	(1,442,094)	(652,017)	(789,738)
Proceeds from sales of loans and leases	1,175,687	1,005,530	918,948
Net increase in loans and leases	(2,665,154)	(2,469,077)	(2,033,560)
Payments on leveraged leases	(8,125)	(8,118)	(3,840)
Principal collections on leveraged leases	8,125	8,118	3,840
Proceeds from sales of premises and equipment	12,079	17,441	5,370
Purchases of premises and equipment	(82,288)	(93,769)	(75,461)
Proceeds from sales of other assets	13,927	7,892	10,299
Net cash received (paid) for acquisitions	11,886	8,847	(246,485)
Net cash used in investing activities	(1,379,101)	(1,874,618)	(540,581)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase (decrease) in deposits	784,806	(365,695)	782,325
Net change in short-term funds borrowed	470,771	2,193,152	(91,272)
Proceeds from FHLB advances over one year	600,000	365,000	4,665
Payments on FHLB advances over one year	(568,846)	(309,755)	(167,886)
Proceeds from issuance of long-term debt	-	-	195,041
Payments on long-term debt	(33,921)	(264)	(20,556)
Proceeds from issuance of common stock	6,717	9,753	137,404
Payments to redeem common stock	(3,899)	(6,650)	(25,744)
Dividends paid	(76,762)	(56,914)	(41,600)
Net cash provided by financing activities	1,178,866	1,828,627	772,377
Net increase (decrease) in cash and due from banks	148,952	(24,354)	221,694
Cash and due from banks at beginning of year	898,300	922,654	700,960
Cash and due from banks at end of year	\$ 1,047,252	898,300	922,654
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid for:			
Interest	\$ 812,018	617,610	459,700
Income taxes	63,825	28,300	55,400
Loans transferred to other real estate owned	13,872	11,282	5,055

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, 2000, 1999 AND 1998

(In thousands, except share amounts)	Common stock		Comprehensive income	Accumulated other comprehensive income (loss)	Retained earnings	Total shareholders' equity
	Shares	Amount				
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	-	-	<u>\$ 135,046</u>	-	-	-
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
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	-	-	<u>\$ 193,313</u>	-	-	-
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

ZIONS BANCORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998

<i>(In thousands)</i>	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 161,709	194,064	143,353
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Provision for loan losses	31,811	17,956	14,034
Depreciation of premises and equipment	50,186	39,155	29,861
Amortization	64,786	51,367	50,506
Accretion of unearned income and fees, net of related costs	16,983	18,437	(5,695)
Income to minority interest	1,534	4,949	420
Proceeds from sales of trading account securities	184,357,455	188,710,001	175,432,243
Increase in trading account securities	(184,310,020)	(188,845,991)	(175,540,070)
Investment securities (gain) loss, net	(14,804)	2,970	(4,055)
Impairment loss on First Security Corporation common stock	96,911	-	-
Proceeds from loans held-for-sale	533,285	878,638	1,237,514
Increase in loans held-for-sale	(509,644)	(852,309)	(1,296,803)
Net gain on sales of loans, leases and other assets	(36,240)	(31,674)	(43,644)
Change in accrued income taxes	30,078	4,792	22,916
Change in accrued interest receivable	(34,447)	(15,457)	1,420
Change in accrued interest payable	11,342	201	1,183
Other, net	(101,738)	(155,462)	(53,285)
Net cash provided by (used in) operating activities	349,187	21,637	(10,102)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net decrease (increase) in money market investments	(348)	135,386	874,130
Proceeds from maturities of investment securities held to maturity	881,175	804,139	3,466,594
Purchases of investment securities held to maturity	(663,948)	(1,360,049)	(3,519,660)
Proceeds from sales of investment securities available for sale	1,245,192	367,345	573,197
Proceeds from maturities of investment securities available for sale	134,785	353,714	275,785
Purchases of investment securities available for sale	(1,442,094)	(652,017)	(789,738)
Proceeds from sales of loans and leases	1,175,687	1,005,530	918,948
Net increase in loans and leases	(2,665,154)	(2,469,077)	(2,033,560)
Payments on leveraged leases	(8,125)	(8,118)	(3,840)
Principal collections on leveraged leases	8,125	8,118	3,840
Proceeds from sales of premises and equipment	12,079	17,441	5,370
Purchases of premises and equipment	(82,288)	(93,769)	(75,461)
Proceeds from sales of other assets	13,927	7,892	10,299
Net cash received (paid) for acquisitions	11,886	8,847	(246,485)
Net cash used in investing activities	(1,379,101)	(1,874,618)	(540,581)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase (decrease) in deposits	784,806	(365,695)	782,325
Net change in short-term funds borrowed	470,771	2,193,152	(91,272)
Proceeds from FHLB advances over one year	600,000	365,000	4,665
Payments on FHLB advances over one year	(568,846)	(309,755)	(167,886)
Proceeds from issuance of long-term debt	-	-	195,041
Payments on long-term debt	(33,921)	(264)	(20,556)
Proceeds from issuance of common stock	6,717	9,753	137,404
Payments to redeem common stock	(3,899)	(6,650)	(25,744)
Dividends paid	(76,762)	(56,914)	(41,600)
Net cash provided by financing activities	1,178,866	1,828,627	772,377
Net increase (decrease) in cash and due from banks	148,952	(24,354)	221,694
Cash and due from banks at beginning of year	898,300	922,654	700,960
Cash and due from banks at end of year	\$ 1,047,252	898,300	922,654
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid for:			
Interest	\$ 812,018	617,610	459,700
Income taxes	63,825	28,300	55,400
Loans transferred to other real estate owned	13,872	11,282	5,055

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, 2000, 1999 AND 1998

(In thousands, except share amounts)	Common stock		Comprehensive income	Accumulated other comprehensive income (loss)	Retained earnings	Total shareholders' equity
	Shares	Amount				
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	-	-	<u>\$ 135,046</u>	-	-	-
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
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	-	-	<u>\$ 193,313</u>	-	-	-
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

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 credit reviews. 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 may be 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. This is accomplished by assigning high and low loss ranges for each portfolio segment. The low range sets the minimum required reserve and the high range provides a best estimate for risks and uncertainties. The unallocated portion of the allowance incorporates 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.

ASSET SECURITIZATIONS When the Company sells receivables in securitizations of automobile loans, credit card receivables, home equity loans and small business loans, it may retain a cash reserve account, an interest-only strip, and in some cases a subordinated tranche, all of which are retained interests in the securitized receivables. Gain or loss on sale of the receivables depends in part on the previous carrying amount of the financial assets involved in the transfer, allocated between the assets sold and the retained interests based on their relative fair value at the date of transfer. Quoted market prices are generally not available for retained interests. To obtain fair values, the Company estimates the present value of future expected cash flows using management's best judgment of key assumptions, including credit losses, prepayment speeds, forward yield curves, and discount rates commensurate with the risks involved.

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

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

COMMITMENTS AND LETTERS OF CREDIT In the ordinary course of business, the Company enters into commitments to extend credit, commercial letters of credit, and standby letters of credit. Such financial instruments are only 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.

DERIVATIVE FINANCIAL INSTRUMENTS The Company enters into a variety of off-balance sheet derivative financial instruments including interest rate exchange contracts (swaps), cap agreements, and spread maintenance 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. These instruments are generally 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 over 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 interest income or expense related to the hedged obligation or asset. The Company also enters into foreign exchange derivative financial instruments primarily as an accommodation to customers. These contracts are carried at fair market value with unrealized gains and losses recorded in noninterest income. Upon adoption of FASB Statement No. 133, the Company will modify its accounting for derivative financial instruments as appropriate to comply with the provisions of the Statement (see additional discussion in Note 2).

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.

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.

2. RECENT ACCOUNTING PRONOUNCEMENTS

FASB Statement No. 133, as amended by Statement Nos. 137 and 138, is effective for the Company as of January 1, 2001. Statement No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. The Statement requires that the Company recognize all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and the resulting designation.

Derivative instruments used to hedge the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges under Statement No. 133, while derivative instruments used to hedge the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. If the derivative is designated as a fair value hedge, the gain or loss on the derivative is recognized in earnings together with the offsetting loss or gain on the hedged asset, liability, or firm commitment attributable to the risk being hedged. If the derivative is designated as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and is subsequently recognized in earnings when the hedged forecasted transaction affects earnings. The ineffective portion of a derivative's gain or loss will be immediately recognized in earnings. Derivatives that are not hedges must be adjusted to fair value through earnings. On January 1, 2001, all hedging relationships were designated anew by the Company in accordance with the provisions of the new Statement.

Upon adoption of Statement No. 133, the Company estimates that the transition adjustment to establish the fair value of derivative instruments on the balance sheet will be a decrease in net income of approximately \$.3 million (net of tax benefit of \$.2 million) and an increase in accumulated other comprehensive income of approximately \$21.3 million (net of tax expense of \$13.2 million). In addition, in accordance with the transition provisions of the Statement, the Company estimates that the effect of transferring held-to-maturity securities to either the trading or available-for-sale category will be a decrease in net income of approximately

\$2 million (net of tax benefit of \$1 million) and an increase in accumulated other comprehensive income of approximately \$17.7 million (net of tax expense of \$9.9 million), respectively. Accordingly, the total transition adjustment related to the adoption of Statement No. 133 will be a decrease in net income of approximately \$5 million (net of tax benefit of \$3 million) and an increase in accumulated other comprehensive income of approximately \$39.0 million (net of tax expense of \$23.1 million). The transition adjustments will be presented as cumulative effect adjustments, as described in Accounting Principles Board Opinion No. 20, *Accounting Changes*, in the Company's 2001 consolidated financial statements. The transition will also affect assets and liabilities reported on the balance sheet. The transition amounts were determined based on the interpretive guidance issued by the FASB to date. However, the FASB continues to issue interpretive guidance, which could change the Company's application of Statement No. 133 and require adjustments to the transition amounts.

Statement No. 133, as applied to the Company's risk management strategies, will impact assets and liabilities reported on the balance sheet and may increase or decrease reported net income and shareholders' equity prospectively, but will have no effect on cash flows or economic risk. The ongoing effects of Statement No. 133 will depend on future market conditions and the Company's hedging activities.

FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, was issued in September 2000 and replaces Statement No. 125. Statement No. 140 revises the standards for accounting for securitizations and other transfers of financial assets and collateral and requires certain additional disclosures related to transferred assets. The provisions of Statement No. 140 relating to the recognition and reclassification of collateral, as well as the disclosures relating to collateral and securitization transactions, became effective for the Company as of December 31, 2000 (see disclosures related to asset securitizations in Note 21). Other provisions related to the transfer and servicing of financial assets and extinguishments of liabilities are effective for transactions occurring after March 31, 2001.

Based on the Company's current position with respect to securitization transactions, including any planned revisions to existing agreements, management does not believe the new guidance will materially impact the Company's results of operations, financial position, or liquidity.

3. MERGERS AND ACQUISITIONS ACTIVITY

On June 6, 1999, the Company entered into a definitive Agreement and Plan of Merger (the "Agreement"), with First Security Corporation. First Security Corporation's stockholders unilaterally approved an alternative structure for the transaction at a meeting held on March 22, 2000. In a special meeting of shareholders held on March 31, 2000, the Company's shareholders declined to adopt the Agreement and the Company was notified the next day by First Security Corporation that it was terminating the Agreement. Included in merger-related expenses for 2000 are approximately \$40.5 million of pre-tax merger expenses related to the termination of the merger and related disengagement. Also included in results of operations for 2000 are a pre-tax impairment loss on First Security Corporation common stock of \$96.9 million recognized during the first quarter of the year and gains from the subsequent sale of the common stock of \$23.6 million.

On July 28, 2000, the Company completed the acquisition of County Bank, headquartered in Prescott, Arizona, in exchange for approximately 1.1 million shares of the Company's common stock. County Bank had assets of approximately \$247 million and total shareholders' equity of \$23 million. The acquisition 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 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 approximately one million 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. 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 was 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 for the nine months applicable to common shareholders of \$10.6 million.

On January 6, 1998, the Company completed its acquisition of Vectra Banking Corporation (“Vectra”) 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. Goodwill 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. Goodwill 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 and, accordingly, 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 November 20, 2000, the Company announced a definitive agreement to acquire Draper Bancorp (“Draper”), headquartered in Draper, Utah, and its banking subsidiary, Draper Bank, in exchange for Company common stock. At December 31, 2000, Draper had total assets of approximately \$242 million (unaudited). This transaction will be accounted for as a pooling of interests and will close in the first quarter of 2001.

On December 14, 2000, the Company announced a definitive agreement to acquire Eldorado Bancshares, Inc. (“Eldorado”), headquartered in Laguna Hill, California, and its banking subsidiaries, Eldorado Bank and Antelope Valley Bank. As of December 31, 2000, Eldorado had total assets of approximately \$1.3 billion (unaudited). The transaction will be accounted for as a purchase and is expected to close during the first quarter of 2001.

On December 27, 2000, the Company announced a definitive agreement with Pacific Century Financial Corporation to purchase nine Arizona branches. The purchase will include approximately \$225 million (unaudited) in loans, and approximately \$400 million (unaudited) in deposits, and branch facilities, and is expected to close during the second quarter of 2001.

Merger-related expenses for each of the years in the three-year period ended December 31, 2000 are presented below (in thousands):

	2000	1999	1998
Severance and other employee benefits	\$ 6,206	12,363	11,762
Equipment and occupancy expense	5,057	1,722	7,773
Integration of business operations	9,674	451	5,834
Integration of information systems	6,232	3,403	1,668
Legal and other professional fees	12,815	4,810	5,957
Other integration costs	5,508	4,942	5,134
	\$ 45,492	27,691	38,128

In connection with the terminated First Security Corporation merger, the Company incurred pre-tax merger expenses of \$40.5 million during 2000. These costs were comprised of \$5.0 million in severance and other employee benefits, \$3.1 million in equipment and occupancy related expense, \$9.7 million in integration of business operations, \$5.2 million in integration of information systems, \$12.4 million in legal and other professional fees, and \$5.1 million in other integration costs. In 2000, the Company paid \$.7 million of pre-tax expense in connection with the acquisition of County Bank, which consisted of \$.3 million in information system integration expense and \$.4 million in legal and professional fees.

During 2000, the Company also incurred \$4.3 million in merger-related expenses relating to previously consummated acquisitions of Sumitomo and Vectra. The expenses consisted of \$1.2 million in severance and other employee benefits, \$2.0 million in equipment and occupancy related expense, \$.7 million in integration of information systems, and \$.4 million in other integration related costs. As of December 31, 2000, \$1.4 million in severance, \$.1 million in equipment and occupancy expense, and \$.2 million in other integration costs related to the terminated First Security Corporation merger remain accrued. Also at December 31, 2000, approximately \$2.9 million in severance remains accrued relating to the acquisitions of Sumitomo, Regency and Vectra. The Company expects that substantially all of the unpaid merger expenses at December 31, 2000 will be paid in 2001.

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, \$.3 million in integration of information systems, \$3.5 million in expenses for legal and other professional fees, and \$.9 million in other integration costs. During 1999, the Company paid \$4.5 million in accrued severance and other employee benefits and \$3.5 million in legal and other professional fees and other integration costs. As a result of the consolidation effort associated with Sumitomo, the Company recorded additional pre-tax merger expenses of \$8.4 million during 1999. Those costs were comprised of \$2.3 million in severance and other employee benefits, \$1.7 million in equipment and occupancy costs, \$.5 million in integration of business operations, \$3.1 million in integration of information systems, \$.3 million in legal and professional fees, and \$.5 million in other integration costs. During 1999, the Company paid \$.5 million in severance and other employee benefits, \$1.1 million in 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, a liability of \$22.1 million was recorded in 1998 and was paid in total during 1999.

4. INVESTMENT SECURITIES

Investment securities as of December 31, 2000 are summarized as follows (*in thousands*):

	Amortized cost	Held to maturity		Estimated market value
		Gross unrealized gains	Gross unrealized losses	
U.S. Treasury securities	\$ 1,145	14	2	1,157
U.S. government agencies and corporations:				
Small Business Administration loan-backed securities	560,328	6,644	3,816	563,156
Other agency securities	1,268,763	24,732	8,350	1,285,145
States and political subdivisions	292,521	4,357	1,127	295,751
Mortgage-backed securities	1,002,676	7,119	2,264	1,007,531
	<u>\$ 3,125,433</u>	<u>42,866</u>	<u>15,559</u>	<u>3,152,740</u>

	Amortized cost	Available for sale		Estimated market value
		Gross unrealized gains	Gross unrealized losses	
U.S. Treasury securities	\$ 51,036	1,566	43	52,559
U.S. government agencies and corporations	93,924	353	403	93,874
States and political subdivisions	184,714	5,842	435	190,121
Mortgage- and other asset-backed securities	274,307	447	1,725	273,029
	<u>603,981</u>	<u>8,208</u>	<u>2,606</u>	<u>609,583</u>
Equity securities:				
Mutual funds:				
Accessor Funds, Inc.	159,264	1,245	798	159,711
Stock	17,417	4,810	9,055	13,172
	<u>\$ 780,662</u>	<u>14,263</u>	<u>12,459</u>	<u>782,466</u>

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

	Amortized cost	Held to maturity		Estimated market value
		Gross unrealized gains	Gross unrealized losses	
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

	Amortized cost	Available for sale		Estimated market value
		Gross unrealized gains	Gross unrealized losses	
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

The amortized cost and estimated market value of investment securities as of December 31, 2000 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	
	Amortized cost	Estimated market value	Amortized cost	Estimated market value
Due in one year or less	\$ 435,938	437,910	69,444	69,537
Due after one year through five years	2,110,156	2,109,913	209,293	211,306
Due after five years through ten years	250,940	255,717	114,787	114,784
Due after ten years	328,399	349,200	210,457	213,956
	\$ 3,125,433	3,152,740	603,981	609,583

Gross gains of \$27.5 million, \$2.4 million, and \$9.4 million and gross losses of \$12.7 million, \$5.4 million, and \$5.3 million were recognized in "Investment securities gain (loss), net" on sales and write-downs of investment securities for the years ended December 31, 2000, 1999, and 1998, respectively. The Company also recognized a pre-tax impairment loss of \$96.9 million in 2000 on a write-down of First Security Corporation common stock.

Net gains from securities held by the Company's venture capital subsidiaries, and included in other noninterest income, were \$.9 million in 2000 and \$42.6 million in 1999. Consolidated net income includes a net loss of approximately \$1.5 million in 2000 and net income of approximately \$22.9 million in 1999 from the Company's venture capital subsidiaries.

As of December 31, 2000 and 1999, securities with an amortized cost of \$2,130 million and \$1,730 million, respectively, were pledged to secure public and trust deposits, advances, and for other purposes as required by law.

5. LOANS AND ALLOWANCE FOR LOAN LOSSES

Loans are summarized as follows at December 31 (*in thousands*):

	2000	1999
Loans held for sale	\$ 181,159	204,800
Commercial, financial, and agricultural	3,614,977	3,036,229
Real estate:		
Construction	2,273,191	1,722,295
Other	7,363,070	6,902,855
Consumer	607,079	597,375
Lease financing	317,292	274,732
Foreign	26,263	52,697
Other receivables	75,127	62,142
	\$ 14,458,158	12,853,125

As of December 31, 2000 and 1999, loans with a carrying value of \$1,426 million and \$1,140 million, respectively, were pledged as security for Federal Home Loan Bank advances.

Sales of loans held for sale were \$533 million in 2000, \$879 million in 1999, and \$1,238 million in 1998. Gain on the sales, excluding servicing, of both loans held for sale and loan securitizations was \$33.5 million in 2000, \$24.2 million in 1999, and \$36.2 million in 1998.

Changes in the allowance for loan losses are summarized as follows (*in thousands*):

	2000	1999	1998
Balance at beginning of year	\$ 204,114	212,557	88,622
Allowance for loan losses of companies acquired	1,961	2,623	125,691
Additions:			
Provision for loan losses	31,811	17,956	14,034
Recoveries	10,290	16,544	9,416
Deductions:			
Loan charge-offs	(52,641)	(45,566)	(25,206)
Balance at end of year	\$ 195,535	204,114	212,557

At December 31, 2000, 1999, and 1998, the allowance for loan losses includes an allocation of \$22 million, \$23 million, and \$20 million, respectively, related to commitments to extend credit and standby letters of credit.

The Company's total recorded investment in impaired loans was \$46 million and \$57 million at December 31, 2000 and 1999, respectively. Impaired loans of \$16 million and \$22 million at December 31, 2000 and 1999 required an allowance of \$10 million and \$16 million, respectively, which is included in the allowance for loan losses. Contractual interest due and interest foregone on impaired loans were \$9.1 million and \$6.7 million, respectively, for 2000, \$5.3 million and \$3.2 million, respectively, for 1999, and \$3.8 million and \$2.1 million, respectively, for 1998. The average recorded investment in impaired loans was \$57 million in 2000, \$27 million in 1999, and \$18 million in 1998.

6. CONCENTRATIONS OF CREDIT RISK

Credit risk includes the loss that would be recognized subsequent to the reporting date if counterparties failed to perform as contracted. Concentrations of credit risk from financial instruments (whether on- or off-balance sheet) occur when groups of customers or counterparties having similar economic characteristics are unable to meet contractual obligations when similarly affected by changes in economic or other conditions. The Company limits its exposure to any individual customer or counterparty.

Most of the Company's business activity is with customers located in the states of Utah, Idaho, California, Nevada, Arizona, Colorado, and Washington. The commercial loan portfolio is well diversified, consisting of 11 major industry classification groupings. As of December 31, 2000, 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.

7. PREMISES AND EQUIPMENT

Premises and equipment are summarized as follows at December 31 (*in thousands*):

	2000	1999
Land	\$ 53,884	50,209
Buildings	166,607	150,399
Furniture and equipment	288,882	263,270
Leasehold improvements	71,160	64,887
Total	580,533	528,765
Less accumulated depreciation and amortization	265,595	241,317
Net book value	\$ 314,938	287,448

8. DEPOSITS

At December 31, 2000, the scheduled maturities of all time deposits are as follows (*in thousands*):

2001	\$2,459,550
2002	393,390
2003	120,812
2004	44,849
2005 and thereafter	59,194
	<u>\$3,077,795</u>

At December 31, 2000, the contractual maturities of time deposits with a denomination of \$100,000 or more were as follows: \$549 million in 3 months or less, \$295 million over 3 months through 6 months, \$399 million over 6 months through 12 months and \$206 million over 12 months.

Deposit overdrafts that have been reclassified as loan balances were \$43 million and \$21 million at December 31, 2000 and 1999, 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*):

	2000	1999	1998
Federal funds purchased:			
Average amount outstanding	\$ 851,465	717,085	401,412
Weighted average rate	6.12%	4.91%	4.61%
Highest month end balance	1,069,124	866,716	594,503
Year-end balance	1,069,124	825,997	337,283
Weighted average rate on outstandings at year-end	6.28%	4.69%	4.58%
Security repurchase agreements:			
Average amount outstanding	\$ 1,895,421	1,651,514	1,507,196
Weighted average rate	5.68%	4.44%	4.77%
Highest month end balance	2,664,768	2,462,928	1,771,702
Year-end balance	1,327,721	1,366,653	992,671
Weighted average rate on outstandings at year-end	5.56%	4.53%	4.40%

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. The counterparty, in certain instances, is contractually entitled to sell or repledge securities accepted as collateral. The carrying amount of such securities is disclosed in the consolidated balance sheet as of December 31, 2000.

10. FEDERAL HOME LOAN BANK ADVANCES AND OTHER BORROWINGS

Federal Home Loan Bank (FHLB) advances and other borrowings over one year are summarized as follows at December 31 (*in thousands*):

	2000	1999
FHLB advances, 5.52%–8.32%	\$ 131,276	100,622
Notes payable, 5.66%–8.08%	12,500	12,000
	\$ 143,776	112,622

The FHLB advances 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 Banks of Seattle and Topeka, respectively. The lines of credit are secured under a blanket pledge whereby ZFNB and Vectra maintain unencumbered collateral with

a 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 \$8.5 million, \$4.8 million, and \$6.6 million for the years ended December 31, 2000, 1999, and 1998, respectively.

Maturities of FHLB advances and other borrowings with original maturities over one year are as follows at December 31, 2000 (*in thousands*):

2001	\$ 103,316
2002	3,005
2003	3,754
2004	2,570
2005	5,833
Thereafter	25,298
	\$ 143,776

11. LONG-TERM DEBT

Long-term debt at December 31 is summarized as follows (*in thousands*):

	2000	1999
Guaranteed preferred beneficial interests in junior subordinated deferrable interest debentures	\$ 189,575	223,000
Subordinated notes:		
Floating rate subordinated notes, maturity in 2005 and 2008	177,000	177,000
8.625% subordinated note, maturity in 2002	50,000	50,100
Capital leases and other notes payable	2,975	3,371
	\$ 419,550	453,471

The guaranteed preferred beneficial interests in junior subordinated deferrable interest debentures include \$170.1 million of 8.536 percent debentures issued by Zions Institutional Capital Trust A (ZICTA), \$2.0 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 quarterly beginning in 2000 and \$110 million callable in 2003. These notes require quarterly interest payments. The 8.625 percent subordinated note is not redeemable prior to maturity and requires semiannual interest payments. All subordinated notes are unsecured.

Interest expense on long-term debt was \$34.2 million, \$35.1 million and \$29.1 million for the years ended December 31, 2000, 1999, and 1998, respectively.

Maturities and sinking fund requirements on long-term debt are as follows for the years succeeding December 31, 2000 (*in thousands*):

	Consolidated	Parent only
2001	\$ 378	-
2002	50,415	50,000
2003	450	-
2004	446	-
2005	67,354	67,000
Thereafter	300,507	110,000
	\$ 419,550	227,000

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*):

	2000	1999
Commitments to extend credit	\$ 6,991,330	5,810,745
Standby letters of credit:		
Performance	81,607	79,184
Financial	180,826	110,676
Commercial letters of credit	11,831	17,689

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, 2000, a significant portion of the Company's commitments is expected to expire without being drawn upon; commitments totaling \$4.9 billion expire in 2001. 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 \$217.5 million expiring in 2001 and \$44.9 million expiring thereafter through 2009. 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.

The Company enters into interest rate caps, spread maintenance agreements, 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. 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 contracts written, for which credit risk is de minimus) through credit approvals, limits, and monitoring procedures. No losses associated with counterparty nonperformance on interest rate contracts have occurred. Nevertheless, the related credit risk is considered and measured when and where appropriate.

Notional values of interest rate and foreign exchange contracts are summarized as follows (*in thousands*):

	2000	1999
Caps and spread maintenance agreements	\$ 2,073,827	875,634
Interest rate swaps	2,022,011	711,228
Basis swaps	2,537,860	-
Foreign exchange forwards	41,214	14,885

Interest rate caps and spread maintenance agreements 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 contractual interest rate spreads fall below specified levels. These derivative instruments, to which the Company is a party at December 31, 2000, have remaining terms of less than one year to twenty-six 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. Interest rate swaps, to which the Company is a party at December 31, 2000, have remaining terms ranging from under one year 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, 2000, the Company’s forward contracts have remaining terms ranging from under one month 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, 2000 and 1999, the Company had outstanding commitments to purchase securities of \$299 million and \$240 million, respectively, and outstanding commitments to sell securities of \$181 million and \$243 million, respectively. These agreements at December 31, 2000 have remaining terms of one month or less.

The contractual 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, 2000 and 1999, the regulatory risk-weighted values assigned to all off-balance sheet financial instruments described herein totaled \$1,452 million and \$1,389 million, respectively.

At December 31, 2000, the Company has drawn the total \$65 million available in lines of credit from two separate institutions, with interest rates ranging from 7.00 percent to 7.18 percent. There were no compensating balance arrangements on either of these lines of credit.

At December 31, 2000, the Company was required to maintain a cash balance of \$32 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 2001 to 2067. Premises leased under capital leases were recorded at \$13.7 million, net of \$12.4 million accumulated amortization at December 31, 2000. Amortization charges applicable to premises leased under capital leases are included in depreciation expense. Future aggregate minimum rental payments under existing noncancelable operating leases at December 31, 2000 are as follows (*in thousands*):

2001	\$ 27,332
2002	25,849
2003	24,065
2004	22,179
2005	19,497
Thereafter	103,395
	<hr/>
	\$ 222,317

Future aggregate minimum rental payments have been reduced by noncancelable subleases as follows: 2001, \$1.2 million; 2002, \$1.1 million; 2003, \$1.0 million; 2004, \$.9 million; 2005, \$.6 million; and thereafter \$2.2 million. Aggregate rental expense on operating leases amounted to \$40.0 million, \$40.3 million, and \$33.3 million for the years ended December 31, 2000, 1999, and 1998, 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 and nonqualified plans, 3,244,000 and 400,000 shares, respectively, of common stock were reserved. During 2000 the qualified plan was amended and options equal to 2% of the issued and outstanding shares of the Company's common stock as of the first day of the year are automatically reserved for issuance under the plan.

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. Under the qualified plan, options are exercisable in increments from one to three years after the date of grant and expire seven years after the date of grant. Options granted previous to 2000 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 are exercisable in increments from six months to three and a half years after the date of grant and expire ten years after the date of grant. At December 31, 2000, there were 787,406 and 223,000 additional shares available for grant under the qualified and nonqualified plans, respectively.

In 1998, the Company adopted a broad-based employee stock option plan in substitution of an employee profit-sharing plan. Substantially all participants of the employee profit-sharing plan are eligible to participate in this plan. Participation in this plan requires employment for a full year prior to the option grant date with service of 20 hours a week or more. However, executive officers of the Company are not eligible to participate in this plan. Stock options are granted to eligible employees based on an internal job grade structure. All options vest at the rate of one third each year with expiration at four years after date of grant. At December 31, 2000, there were 1,500,000 options authorized with 788,432 options outstanding. The plan is non-compensatory and results in no compensation expense recognized by 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 2000, 1999, and 1998 was \$13.09, \$19.20, and \$14.95, respectively, on the date of grant as valued using the Black-Scholes option-pricing model. The following weighted-average assumptions were used in 2000, 1999, and 1998: expected dividend yield of 1.5%, expected volatility ranging from 26.6% to 39.4%, risk-free interest rates ranging from 4.1% to 6.8%, and expected life ranging from 2 to 7.5 years.

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

	2000	1999	1998
Net income			
(in thousands):			
As reported	\$ 161,709	194,064	143,353
Pro forma	145,773	183,689	133,863
Net income per common share:			
As reported:			
Basic	\$ 1.87	2.29	1.77
Diluted	1.86	2.26	1.75
Pro forma:			
Basic	1.69	2.17	1.65
Diluted	1.67	2.14	1.63

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 previously 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, 2000:

	Number of shares	Weighted- average exercise price
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
Acquired	132,097	11.48
Granted	1,993,961	43.38
Exercised	(409,935)	18.25
Forfeited	(328,223)	51.03
Balance at		
December 31, 2000	4,733,591	43.98

Outstanding options
exercisable as of:

December 31, 2000	1,701,254	36.55
December 31, 1999	1,222,187	26.62
December 31, 1998	1,116,087	14.90

Selected information on stock options as of December 31, 2000 follows:

Outstanding options				Exercisable options	
Exercise price range	Number of shares	Weighted- average exercise price	Weighted- average remaining contractual life (years)	Number of shares	Weighted- average exercise price
\$2.37 to \$6.91	36,484	\$ 4.10	6.40	36,484	\$ 4.10
\$6.92 to \$13.83	206,363	11.15	3.30	201,290	11.10
\$13.84 to \$20.74	263,860	17.31	3.30	241,997	17.36
\$20.75 to \$27.65	155,967	24.39	4.20	121,716	24.77
\$27.66 to \$34.56	343,707	30.86	2.70	250,001	30.81
\$34.57 to \$41.48	31,695	40.25	6.20	23,195	40.34
\$41.49 to \$48.39	1,962,364	42.62	5.60	235,911	43.18
\$48.40 to \$55.30	899,094	49.90	3.50	354,339	49.63
\$55.31 to \$62.21	23,484	55.79	4.60	1,046	55.98
\$62.22 to \$69.13	810,573	68.69	4.20	235,275	68.45
	4,733,591	\$ 43.98	4.50	1,701,254	\$ 36.55

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*):

	2000	1999	1998
Basic:			
Net income	\$ 161,709	194,064	143,353
Less preferred dividends	-	34	46
Net income applicable to common stock	161,709	194,030	143,307
Average common shares outstanding	86,320	84,613	80,788
Net income per common share - basic	\$ 1.87	2.29	1.77
Diluted:			
Net income applicable to common stock	\$ 161,709	194,030	143,307
Average common shares outstanding	86,320	84,613	80,788
Stock option adjustment	800	1,082	1,130
Average common shares outstanding - diluted	87,120	85,695	81,918
Net income per common share - diluted	\$ 1.86	2.26	1.75

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 who 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 has 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*):

	2000	1999	1998
Federal:			
Current	\$ 59,038	46,485	64,855
Deferred	6,342	43,648	(4,978)
State	14,281	19,365	9,755
	\$ 79,661	109,498	69,632

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*):

	2000	1999	1998
Income tax expense at statutory federal rate	\$ 85,016	107,979	74,694
State income taxes, net	9,283	12,587	6,341
Nondeductible expenses	10,944	11,232	8,643
Nontaxable interest	(17,217)	(13,893)	(9,125)
Tax credits and other taxes	(1,874)	(1,819)	(1,877)
Corporate reorganization	(6,416)	(6,416)	(6,117)
Decrease in valuation allowance	-	-	(1,992)
Other items	(75)	(172)	(935)
Income tax expense	\$ 79,661	109,498	69,632

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, 2000 and 1999, are presented below (*in thousands*):

	2000	1999
Gross deferred tax assets:		
Book loan loss deduction in excess of tax	\$ 75,388	78,979
Postretirement benefits	1,365	722
Deferred compensation	9,862	8,996
Deferred loan fees	1,829	2,498
Deferred agreements	2,261	2,650
Capital leases	516	1,648
Other real estate owned	260	4,584
Accrued severance costs	252	1,685
Capital loss carryforward	27,470	-
Other	19,259	23,452
Total deferred tax assets	138,462	125,214
Gross deferred tax liabilities:		
Core deposits and purchase accounting	(23,358)	(27,609)
Premises and equipment, due to differences in depreciation	(5,690)	(4,566)
FHLB stock dividends	(25,276)	(21,320)
Leasing operations	(46,511)	(33,416)
Security investments	(20,139)	(20,192)
Prepaid pension reserves	(1,730)	(2,559)
Mortgage servicing	(112)	(202)
Other	(6,401)	(1,377)
Total deferred tax liabilities	(129,217)	(111,241)
FASB Statement No. 115 market equity adjustment	2,174	2,628
Net deferred tax assets	\$ 11,419	16,601

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.

The exercise of stock options under the Company's nonqualified stock option plan, and nonqualified exercises of options under the qualified plan, resulted in tax benefits reducing the Company's current income tax payable and increasing common stock by \$3.4 million, \$8.6 million, and \$3.4 million in 2000, 1999, and 1998, respectively.

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, 2000, that the Company meets all capital adequacy requirements to which it is subject.

As of December 31, 2000, the Company's capital ratios significantly exceed the minimum capital levels, and the Company 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.

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, 2000, the Company's subsidiaries had approximately \$117.6 million available for the payment of dividends under the foregoing restrictions.

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

	Actual		Minimum for capital adequacy purposes		To be well capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2000:						
Total capital (to risk-weighted assets)						
The Company	\$ 1,737,176	10.83%	\$ 1,282,874	8.00%	\$ 1,603,593	10.00%
Zions First National Bank	680,382	12.30	442,604	8.00	553,255	10.00
California Bank & Trust	584,124	10.71	436,446	8.00	545,558	10.00
Tier I capital (to risk-weighted assets)						
The Company	1,368,041	8.53	641,437	4.00	962,156	6.00
Zions First National Bank	448,729	8.11	221,302	4.00	331,953	6.00
California Bank & Trust	405,891	7.44	218,223	4.00	327,335	6.00
Tier I capital (to average assets)						
The Company	1,368,041	6.38	643,265	3.00	1,072,108	5.00
Zions First National Bank	448,729	5.36	251,323	3.00	418,871	5.00
California Bank & Trust	405,891	6.20	196,278	3.00	327,130	5.00
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

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. Plan benefits are defined as a lump-sum cash value or an annuity at age 65.

The following table presents the change in the plan's benefit obligation for the years ended December 31, 2000 and 1999 (*in thousands*):

	2000	1999
Benefit obligation at beginning of year	\$ 106,390	108,973
Service cost	7,026	8,294
Interest cost	8,137	7,397
Actuarial (gain) loss	5,274	(7,379)
Benefits paid	(9,313)	(10,895)
Benefit obligation at end of year	\$ 117,514	106,390

Plan assets include 123,142 shares of Company common stock as of December 31, 2000 and 88,558 shares as of December 31, 1999. The following table presents the change in plan assets for the years ended December 31, 2000 and 1999 (*in thousands*):

	2000	1999
Fair value of plan assets at beginning of year	\$ 138,989	107,245
Actual return on plan assets	(9,918)	25,595
Employer contributions	-	17,044
Benefits paid	(9,313)	(10,895)
Fair value of plan assets at end of year	\$ 119,758	138,989

The following table presents the plan's funded status reconciled with amounts recognized in the Company's consolidated balance sheets at December 31, 2000 and 1999 (*in thousands*):

	2000	1999
Funded status	\$ 2,244	32,599
Unrecognized net actuarial (gain) loss	6,581	(21,302)
Unrecognized prior service cost	(2,243)	(2,646)
Net prepaid benefit cost	\$ 6,582	8,651

Net periodic benefit cost recognized for the years ended December 31, 2000, 1999, and 1998 includes the following components (*in thousands*):

	2000	1999	1998
Service cost	\$ 7,026	8,294	5,587
Interest cost	8,137	7,397	5,192
Expected return on plan assets	(12,059)	(9,300)	(6,851)
Amortization of prior service cost	(403)	(385)	(385)
Amortization of transitional asset	-	(431)	(625)
Recognized actuarial (gain) loss	(632)	-	39
Net periodic benefit cost recognized	\$ 2,069	5,575	2,957

The weighted average discount rate used in determining the pension benefit obligation was 7.50 percent in 2000 and 8.00 percent in 1999. The rate of compensation increase was 5.00 percent and the expected long-term rate of return was 9.00 percent for both 2000 and 1999. 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.

The Company also sponsors three unfunded nonqualified supplemental executive retirement plans, which restore pension benefits limited by federal tax law. At December 31, 2000 and 1999, the Company's liability, included in accrued expenses, totaled \$7.1 million and \$5.7 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 and 2000, the Company adopted several plan revisions that changed the liability for retiree medical coverage. In 1999 the Company eliminated retiree medical coverage for future California Bank & Trust employees and capped the Company's contributions for current California Bank & Trust employees to make these benefits consistent with

benefits provided to other employees of the Company. In 2000 the Company increased its contribution toward retiree medical coverage and permanently froze the Company contributions. In the future, retirees will pay the difference between the full premium rates and the capped Company contribution.

The following table presents the change in the plan's benefit obligation for the years ended December 31, 2000 and 1999 (*in thousands*):

	2000	1999
Benefit obligation at beginning of year	\$ 5,683	12,306
Service cost	265	91
Interest cost	767	852
Plan amendments	2,376	(1,950)
Actuarial (gain) loss	39	(1,874)
Benefits paid	(1,156)	(148)
Curtailments	940	(3,594)
Benefit obligation at end of year	\$ 8,914	5,683

The following table presents the plan's funded status reconciled with amounts recognized in the Company's consolidated balance sheets at December 31, 2000 and 1999 (*in thousands*):

	2000	1999
Benefit obligation at end of year	\$ 8,914	5,683
Unamortized prior service cost	(341)	1,950
Unrecognized net actuarial gain	2,896	3,377
Accrued benefit cost	\$ 11,469	11,010

Net periodic benefit cost recognized for the years ended December 31, 2000, 1999, and 1998 includes the following components (*in thousands*):

	2000	1999	1998
Service cost	\$ 265	91	114
Interest cost	767	852	230
Recognized prior service cost	85	-	-
Recognized net gain	(441)	(317)	(515)
Net periodic benefit cost	676	626	(171)
Recognized curtailment (gain) loss	940	(3,594)	-
Recognized liability due to acquisitions	-	-	8,833
Net periodic benefit cost (credit) after recognition of extraordinary items	\$ 1,616	(2,968)	8,662

The weighted-average discount rate used in determining the accumulated postretirement benefit obligation was 7.5 percent at December 31, 2000 and 8.0 percent at December 31, 1999.

Because the Company's contribution rate is capped, there is no effect from assumed increases or decreases in healthcare cost trend rates.

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 \$5.5 million, \$5.3 million, and \$3.7 million for the years ended December 31, 2000, 1999, and 1998, respectively.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	December 31, 2000		December 31, 1999	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Financial assets:				
Cash and due from banks	\$ 1,047,252	1,047,252	898,300	898,300
Money market investments	528,067	528,067	525,169	525,169
Investment securities	4,188,309	4,215,616	4,437,219	4,397,283
Loans, net	14,182,498	14,682,170	12,586,531	12,627,743
Total financial assets	\$ 19,946,126	20,473,105	18,447,219	18,448,495
Financial liabilities:				
Demand, savings, and money market deposits	\$ 11,855,794	11,855,794	10,936,883	10,936,883
Time deposits	3,077,795	3,092,466	2,915,276	2,898,930
Foreign deposits	136,394	136,131	209,780	209,726
Securities sold, not yet purchased	291,102	291,102	237,020	237,020
Federal funds purchased and security repurchase agreements	2,396,845	2,396,845	2,192,650	2,192,650
FHLB advances and other borrowings	1,632,975	1,634,383	1,389,327	1,379,127
Long-term debt	419,550	443,553	453,471	446,056
Total financial liabilities	\$ 19,810,455	19,850,274	18,334,407	18,300,392
Off-balance sheet instruments:				
Caps and spread maintenance agreements	\$ -	-	(7,671)	(7,671)
Swaps	-	33,936	-	(9,641)
Foreign exchange forwards	(31)	(31)	-	-
Total off-balance sheet instruments	\$ (31)	33,905	(7,671)	(17,312)

FINANCIAL ASSETS The estimated fair value approximates the carrying value of cash and due from banks and money market investments. For investment 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.

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 the LIBOR yield curve. The fair value of fixed-rate FHLB advances is estimated by discounting future cash flows using the LIBOR yield curve. Variable rate FHLB advances reprice with changes in market rates. As such, their carrying amounts approximate their fair 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 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 and taking into account the current unrealized gains or losses of open contracts. The carrying amounts include unamortized fees paid or received and any 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. Fair value estimates are based on judgments 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

Operating segments represent 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.

The following is a summary of selected operating segment information for the years ended December 31, 2000, 1999, and 1998 (*in thousands*):

	Zions First National Bank and Subsidiaries	California Bank & Trust	Nevada State Bank and Subsidiaries	National Bank of Arizona	Vectra Bank Colorado	The Commerce Bank of Washington	Other	Consolidated Company
2000:								
Net interest income	\$ 227,057	297,153	101,685	92,300	89,094	19,991	(23,902)	803,378
Provision for loan losses	8,250	-	10,060	3,570	9,112	819	-	31,811
Net interest income after provision for loan losses	218,807	297,153	91,625	88,730	79,982	19,172	(23,902)	771,567
Noninterest income	151,966	43,585	23,488	14,082	20,223	1,472	(62,652)	192,164
Merger expense and amortization of goodwill and core deposit intangibles	4,470	23,677	6,798	2,315	13,702	-	31,753	82,715
Other noninterest expense	219,114	183,581	74,226	50,396	72,593	8,817	29,385	638,112
Income before income taxes and minority interest	147,189	133,480	34,089	50,101	13,910	11,827	(147,692)	242,904
Income taxes	44,917	59,401	11,337	19,885	8,103	3,965	(67,947)	79,661
Minority interest	(2,142)	-	-	-	-	-	3,676	1,534
Net income	\$ 104,414	74,079	22,752	30,216	5,807	7,862	(83,421)	161,709
Assets	\$ 8,095,001	6,952,940	2,373,585	1,943,675	2,155,929	552,661	(134,348)	21,939,443
Net loans and leases	4,885,246	4,855,632	1,383,142	1,488,773	1,475,166	242,042	48,032	14,378,033
Deposits	4,173,002	5,588,601	1,992,947	1,551,182	1,385,271	404,864	(25,884)	15,069,983
Shareholders' equity	459,951	714,322	176,168	160,925	390,252	33,226	(156,000)	1,778,844
1999:								
Net interest income	\$ 220,018	263,682	99,885	76,928	83,103	15,792	(17,919)	741,489
Provision for loan losses	9,000	-	3,660	2,400	2,586	610	(300)	17,956
Net interest income after provision for loan losses	211,018	263,682	96,225	74,528	80,517	15,182	(17,619)	723,533
Noninterest income	169,902	35,806	23,933	13,022	17,206	735	5,941	266,545
Merger expense and amortization of goodwill and core deposit intangibles	2,135	25,909	14,070	1,831	15,228	-	4,526	63,699
Other noninterest expense	208,159	182,034	78,596	42,909	74,877	7,452	23,841	617,868
Income before income taxes and minority interest	170,626	91,545	27,492	42,810	7,618	8,465	(40,045)	308,511
Income taxes	53,327	42,101	9,001	16,617	5,616	2,788	(19,952)	109,498
Minority interest	3,065	-	-	-	-	-	1,884	4,949
Net income	\$ 114,234	49,444	18,491	26,193	2,002	5,677	(21,977)	194,064
Assets	\$ 7,156,888	6,566,985	2,277,356	1,600,135	2,161,216	408,409	109,911	20,280,900
Net loans and leases	4,085,175	4,559,136	1,340,534	1,212,531	1,372,710	200,320	20,239	12,790,645
Deposits	3,809,258	5,425,928	1,882,349	1,206,366	1,490,468	289,182	(41,612)	14,061,939
Shareholders' equity	444,401	679,288	163,422	131,322	384,398	25,329	(168,322)	1,659,838
1998:								
Net interest income	\$ 222,044	112,726	90,518	70,687	73,447	13,939	(9,419)	573,942
Provision for loan losses	23,000	(18,717)	3,685	1,800	4,588	78	(400)	14,034
Net interest income after provision for loan losses	199,044	131,443	86,833	68,887	68,859	13,861	(9,019)	559,908
Noninterest income	142,654	14,284	25,298	9,312	14,844	1,702	2,103	210,197
Merger expense and amortization of goodwill and core deposit intangibles	2,717	37,363	1,490	1,867	17,076	7,702	1,554	69,769
Other noninterest expense	216,405	78,596	71,856	40,131	57,310	7,453	15,180	486,931
Income before income taxes and minority interest	122,576	29,768	38,785	36,201	9,317	408	(23,650)	213,405
Income taxes	35,477	13,360	11,835	14,013	5,745	346	(11,144)	69,632
Minority interest	-	-	-	-	-	-	420	420
Net income	\$ 87,099	16,408	26,950	22,188	3,572	62	(12,926)	143,353
Assets	\$ 6,047,071	6,183,044	2,150,095	1,451,866	2,151,029	337,351	(270,833)	18,049,623
Net loans and leases	3,509,319	4,180,999	1,133,680	1,012,038	1,216,359	154,892	12,199	11,219,486
Deposits	3,933,823	5,348,694	1,829,117	1,225,796	1,688,719	221,403	(26,642)	14,220,910
Shareholders' equity	383,350	606,195	152,530	116,262	388,506	23,159	(217,371)	1,452,631

21. ASSET SECURITIZATIONS

During 2000 the Company sold \$164 million of auto loans, \$169 million of credit card receivables and \$248 million of home equity loans in revolving securitization transactions for cash. New loans or receivable balances are sold monthly into the revolving securitization facilities. In these revolving securitizations the Company retains servicing responsibilities and receives servicing fees. Annualized servicing fees approximate 1% of the outstanding loan balances for the auto loans securitization, 2% for the credit card receivables securitization and 0.5% for the home equity loans securitization. The Company also has rights to future cash flows arising after the investors in the securitizations have received the return for which they contracted and administrative and other expenses have been paid. The Company retains subordinated tranche interests or cash reserve accounts that serve as credit enhancements on the securitizations. The Company's retained interests are subordinate to the investors' interests. The investors and the securitization vehicles have no recourse to the Company's other assets for failure of debtors to pay when due. The Company's retained interests are subject to credit, prepayment, and interest rate risks on the transferred loans and receivables.

The Company recognized pre-tax gains from the transfer of the loans and receivables of \$3.1 million for the auto loans, \$6.1 million for the credit card receivables and \$13.2 million for the home equity loans during 2000, which is included in loan sales and servicing income. Also during 2000, the Company completed the sale of \$494 million of Small Business Administration (SBA) 504 and other low loan-to-value commercial mortgages in a securitization transaction. Except for the revolving features, the general characteristics of the securitizations and rights of the Company described previously also pertain to this transaction. Annualized servicing fees received by the Company approximate 1% of the outstanding loan balance for this securitization. The Company recognized a pre-tax gain from this securitization of \$2.8 million, which is included in loan sales and servicing income.

Residual cash flows paid to the Company's subsidiary, Zions First National Bank (ZFNB), from retained interests on revolving securitizations were \$16.6 million, \$5.8 million, and \$7.7 million for the automobile, credit card, and home equity programs, respectively, and \$.4 million on the securitization of SBA loans during 2000. Total servicing fees related to the securitization programs were \$5.4 million in 2000.

Key economic assumptions used for measuring the retained interests at the date of securitization for sales during 2000 were as follows:

	Automobile Loans	Credit Card Receivables	Home Equity Loans	SBA 504 Loans
Prepayment method	ABS	ABS	ABS	CPR
Annualized prepayment speed	16.20	5.00	4.00	4, 8, 12 Ramp up
Weighted average life (in months)	54	4	64	83
Expected annual net loss rate	1.00%	4.50%	.25%	0.50%
Residual cash flows discounted at	12.00%	12.00%	12.00%	12.00%

The ABS prepayment model developed by Credit Suisse First Boston is used for the automobile, credit card, and home equity loan securitizations. The constant prepayment rate (CPR) method was used for the SBA 504 securitization.

At December 31, 2000, key economic assumptions and the sensitivity of the current fair value of residual cash flows to immediate 10% and 20% adverse changes in those assumptions are as follows for significant Company securitizations (*in millions of dollars and annualized percentage rates*):

	Automobile Loans	Credit Card Receivables	Home Equity Loans	SBA 504 Loans
Carrying amount/ fair value of retained interests	\$ 5.7	0.9	14.7	35.8
Weighted-average life (<i>in months</i>)	54	4	64	47-83
Prepayment speed assumption	16.20	5.00	4.00	4.00-15.00
Decrease in fair value due to adverse change				
-10%	\$ 0.1	0.0	0.1	1.2
-20%	\$ 0.2	0.0	0.1	2.3
Expected credit losses	1.00%	4.50%	0.25%	0.50%
Decrease in fair value due to adverse change				
-10%	\$ 0.4	0.1	0.2	1.5
-20%	\$ 0.8	0.1	0.3	2.9
Residual cash flows discount rate	12.00%	12.00%	12.00%	12.00%
Decrease in fair value due to adverse change				
-10%	\$ 0.1	0.0	0.2	1.7
-20%	\$ 0.1	0.0	0.3	2.9

These sensitivities are hypothetical and should be used with caution. As the figures indicate, changes in fair value based on variations in assumptions cannot be extrapolated, as the relationship of the change in assumption to the change of fair value may not be linear. Also, the effect of a variation in one assumption is likely to further cause changes in other assumptions, which might magnify or counteract the sensitivities.

As of December 31, 2000, the weighted-average expected static pool credit losses for SBA loans securitized in 2000 were 3.33%. Static pool losses are calculated by summing the actual and projected future credit losses and dividing them by the original balance of each pool of assets.

The table below presents quantitative information about delinquencies and net credit losses. The Company only securitizes loans originated or purchased by ZFNB. Therefore, only loans and related delinquencies and net credit losses of commonly managed ZFNB loans are included (*in millions*):

Loan Type	Principal Balance December 31, 2000	Loans Past Due 30+ Days ¹ Principal Balance December 31, 2000	Net Credit Losses ²
Automobile loans	\$ 506.8	10.0	4.1
Credit card receivables	140.7	2.3	3.1
Home equity loans	365.1	1.9	0.1
SBA 504 loans	1,185.2	29.6	1.4
Total loans managed or securitized	2,197.8	43.8	8.7
Less loans securitized ³	1,406.1		
Loans held in portfolio	<u>\$ 791.7</u>		

¹Loans 30 days or more past due based on end of period total loans.

²Net credit losses are charge-offs net of recoveries and are based on total loans outstanding, both on-balance sheet and securitized.

³Represents the principal amount of the loans. Interest-only strips and other retained interests held for securitized assets are excluded from this table because they are recognized separately.

22. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Financial information by quarter for the years ended December 31, 2000 and 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 (loss) before income taxes and minority interest	Net income (loss)	Diluted net income (loss) per common share
2000:								
First quarter	\$ 379,555	190,992	(36,311)	200,312	5,248	(50,879)	(28,492)	(0.33)
Second quarter	396,623	194,598	70,599	167,312	6,214	91,671	59,583	0.69
Third quarter	424,482	208,029	75,349	173,926	8,119	101,333	64,644	0.74
Fourth quarter	425,523	209,759	82,527	179,277	12,230	100,779	65,974	0.75
	\$ 1,626,183	803,378	192,164	720,827	31,811	242,904	161,709	1.86
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

In the first quarter of 2000, noninterest income (loss) includes the \$96.9 million impairment loss on First Security Corporation common stock as discussed in Note 3, and noninterest expense includes \$41.5 million of pre-tax merger expenses mainly related to the terminated First Security Corporation merger.

23. PARENT COMPANY FINANCIAL INFORMATION

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

CONDENSED BALANCE SHEETS DECEMBER 31, 2000 AND 1999

(In thousands)	2000	1999
ASSETS		
Cash and due from banks	\$ 1,959	3,509
Interest-bearing deposits	5,354	22,899
Investment securities	8,763	251,949
Loans, lease financing, and other receivables, net	15,164	15,794
Investments in subsidiaries:		
Commercial banks	1,900,774	1,795,889
Other	167,208	84,160
Receivables from subsidiaries:		
Commercial banks	125,000	110,000
Other	14,044	9,565
Other assets	85,477	63,092
	\$ 2,323,743	2,356,857
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accrued liabilities	\$ 30,437	32,486
Borrowings less than one year	267,239	413,660
Subordinated debt to subsidiary	20,223	23,773
Long-term debt	227,000	227,100
Total liabilities	544,899	697,019
Shareholders' equity:		
Common stock	907,604	888,231
Net unrealized holding losses on securities available for sale	(3,644)	(4,158)
Retained earnings	874,884	775,765
Total shareholders' equity	1,778,844	1,659,838
	\$ 2,323,743	2,356,857

CONDENSED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2000, 1999, AND 1998

(In thousands)

	2000	1999	1998
Interest income – interest and fees on loans and securities	\$ 18,034	11,846	7,066
Interest expense – interest expense on borrowed funds	48,641	32,529	17,307
Net interest loss	(30,607)	(20,683)	(10,241)
Other income:			
Dividends from consolidated subsidiaries:			
Commercial banks	163,046	109,868	210,890
Other	1,000	-	1,430
Investment securities gain (loss), net	25,076	800	-
Impairment loss on First Security Corporation common stock	(96,911)	-	-
Other income	10,236	3,168	7,064
	102,447	113,836	219,384
Expenses:			
Salaries and employee benefits	9,311	8,659	5,504
Merger-related expense	28,291	884	1,191
Operating expenses	5,661	1,633	7,321
	43,263	11,176	14,016
Income before income tax benefit and undistributed income of consolidated subsidiaries	28,577	81,977	195,127
Income tax benefit	60,661	14,471	8,304
Income before equity in undistributed income of consolidated subsidiaries	89,238	96,448	203,431
Equity in undistributed income of consolidated subsidiaries:			
Commercial banks and bank holding company	78,628	103,767	(55,306)
Other	(6,157)	(6,151)	(4,772)
Net income	\$ 161,709	194,064	143,353

CONDENSED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2000, 1999, AND 1998

(In thousands)

	2000	1999	1998
Cash flows from operating activities:			
Net income	\$ 161,709	194,064	143,353
Adjustments to reconcile net income to net cash provided by operating activities:			
Undistributed net (income) losses of consolidated subsidiaries	(72,471)	(97,616)	60,078
Depreciation of premises and equipment	117	145	160
Investment securities gain	(25,076)	(800)	-
Impairment loss on First Security Corporation common stock	96,911	-	-
Amortization	660	663	644
Other	(23,615)	(14,219)	16,272
Net cash provided by operating activities	138,235	82,237	220,507
Cash flows from investing activities:			
Net (increase) decrease in interest-bearing deposits	17,545	(2,155)	(17,895)
Collection of advances to subsidiaries	12,846	9,890	8,054
Advances to subsidiaries	(32,325)	(16,590)	(118,261)
Proceeds from sale of investment securities available for sale	162,282	20,664	-
Purchase of investment securities available for sale	(1,065)	(250,780)	-
Increase of investment in subsidiaries	(75,674)	(88,725)	(335,340)
Other	621	178	(18,344)
Net cash provided by (used in) investing activities	84,230	(327,518)	(481,786)
Cash flows from financing activities:			
Net change in commercial paper and other borrowings under one year	(146,421)	302,443	38,167
Payment on borrowings over one year	-	-	(25,000)
Proceeds from issuance of long-term debt	-	-	177,267
Payments on long-term debt	(3,650)	-	(2,000)
Proceeds from issuance of common stock	6,717	9,753	139,974
Payments to redeem common stock	(3,899)	(6,650)	(26,741)
Dividends paid	(76,762)	(56,914)	(41,600)
Net cash provided by (used in) financing activities	(224,015)	248,632	260,067
Net increase (decrease) in cash and due from banks	(1,550)	3,351	(1,212)
Cash and due from banks at beginning of year	3,509	158	1,370
Cash and due from banks at end of year	\$ 1,959	3,509	158

The parent company paid interest of \$50.1 million, \$30.7 million, and \$16.4 million for the years ended December 31, 2000, 1999, and 1998, respectively.

REPORT OF INDEPENDENT AUDITORS

THE BOARD OF DIRECTORS AND SHAREHOLDERS ZIONS BANCORPORATION:

We have audited the accompanying consolidated balance sheet of Zions Bancorporation and subsidiaries as of December 31, 2000, and the related consolidated statements of income, cash flows, and changes in shareholders' equity and comprehensive income for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Zions Bancorporation as of December 31, 1999 and for each of the years in the two-year period then ended, were audited by other auditors whose report dated February 7, 2000, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. 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 audit provides a reasonable basis for our opinion.

In our opinion, the 2000 financial statements referred to above present fairly, in all material respects, the consolidated financial position of Zions Bancorporation and subsidiaries at December 31, 2000, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

Salt Lake City, Utah
January 24, 2001

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COALVILLE
COTTONWOOD
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DUCHESNE
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DENNIS UYEMURA
Managing Director/Finance
California Bank & Trust
San Francisco, California

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JOSEPH RUSIN
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LORIE SCHULENBERG
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PEGGY STANDEFER
DEMETTE STEWART
WALTER STRANGMAN
KINGMAN TSANG
VIVIAN VAN HOOK
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ROBERT WHITELAW
GWENDOLYN WONG
RICHARD YUEN

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STELLA ARROL
TEDDY AU
VALLI BAKER-YOST
DAVID BALE
PATRICIA BAPTIST
JUAN BARRERA
PATTI BARSOTTI
CATHERINE BECK
SHERRY BEHRENS
PATRICIA BELDEN
AGNES BENSON
GUSTAVO BIDART
CHERYL BLACKWELL
ERIC BOSWORTH
BURT BRIGIDA
CHARLES BRONAUGH
BARRY BROSE
KENNETH BROWN
TRINA BROWN
LANNING BRYANT
LYNDA BUCKNER
JAMES BURKS
CHARLOTTE BUSE
ANDREW BUSSCHAU
EVELYNA CAMACHO-
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CHRISTINE CORSO
SHELLEY COWLEY
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RICHARD CROTTI
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GARY DAVIS
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JULIE DUEPNER
LYNNE DUKE
THOMAS DURYEA
VICKIE EADS
HENRY EAGAR
SHIRLEY EAKIN
STACEY EHRlich
ZAHID ELIAS
JOHN ELLIOTT
ANDRE ELLIS
JULI ELSTON
JUN ENKOJI
CLYDE FARIAS
JANICE FARRELL
EMILIO FERNANDEZ
SUSAN FERRARA
ROXANNE FLEISCHMAN
JAMES FLEISHER
NORMAN FONG
RADCLIFFE FORBES
PHILIP FOWLER
PHIL FRAZIER
DEBORAH FREDRICKSON
JOHN GAGE
KATHLEEN GALVIN
BRENDA GAMBOL
FAROOQ GANATRA
KATHERINE GANDOLFO
ANITA GARCIA
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CLARENCE GOLDFINGER
WILLIAM GOODRICH
GAIL GOTTHELF
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DONALD GRUHL
STEPHEN GUINN
CHESTER HAINES
SHARI HALAGAN
ANGELA HAMAMURA
GENE HANE
JOHN HARRISON
ROBERT HART
JANE HASHIMOTO
I. LAURA HELDER
STEVEN HERMAN
BRIAN HODGINS
WAYNE HOLLINS
RICHARD HONG
SHOKO HORRELL
MARSHA HOSHIDE
RICHARD HUDSON
MEARICE HUNT
HELEN HWANG
G. BUDDY IKEDA
MIYAKO IWAI
HOLLY IWANAGA

NORIO IWASE
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NEIL JOHANSEN
ERIN JOHNSEN
ALAN JOLLY
RAYMOND JONES
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HOMA KAJIAN
WARD KALINOWSKI
SUNG KANG
BOBBY KARIYA
BENJAMIN KATAI
LALEH KAZEMI
STEVE KENT
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JAY KNOBLOCH
SHARYN KOHARA
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CARL KRUSE
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MARY YUEN-KWAN
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AMAL LAHOUD
JENNY LAI-ZAMORA
CLARA LA PLANTE
ROSEMARY LARKIN
CYNTHIA LEE
DARA LEE
JOHN LEE
MARK LEE
CINDY LEHMAN
ROBERT LEITZEL
DERRELL LEJEUNE
HARLENE LEUNG
GLEN LEZAMA
LUONG LIEU
KATHY LIN
KATHLEEN LITTLEFIELD
RONALD LITTLEFIELD
STACY LOMBARDO
NICOLE LORENZ
NICKY LOVEJOY
BETTYE LOVETTE
MARION LOZIER
JOE LUI
RODNEY MAEDA
JIMMY MANLEY III
SUSAN MARTIN
HIROKO MATSUMOTO
RICHARD MAXWELL
THOMAS MAYER
SUSAN MC CRACKIN
MAUREEN MC DAID
ALAN MC EACHERN
KENNETH MCNIEL
KEVIN MCQUISTON
ERIC MILLER
GARY MILLER
MICHAEL MILLER
CHARLES MILLS
JAN MITROVICH
CHISATO MOLINA
KRISTINA MONTAG
PAULA MORGAN
DENISE MORIARTY
DANIEL MOYNIHAN
KAREN MURPHY
MICHAEL NAGAI
HISAKO NAGATA
ERNEST NAGATOSHI
RICHARD NANCE
ERIC NELSON
GORDON NELSON
ARTHUR NEWBY
DORA NG-LEE
SARAH NICHOLSON
JAMES O'BRIEN
NORIKO OAKLAND
MARGARET OAE-INAKI
SUSIE OH
RICHARD OHL
STEVEN OKAMURA

JULIE OLER
CHRISTINE ONO
JERRY ONO
RICARDO ORTIZ
KENNETH OTA
CHARLES OTT
RALPH PADILLA
MARCEL PAISLEY
STEPHANIE PALOS
SEAN PARCHMAN
STEPHEN PARKS
GAIL PARVANIAN
SANAT PATEL
SUSAN PATTENGILL
MICHAEL PATTERSON
JEFFREY PAYNE
ROBERT PEILER
SANTIAGO PEREZ
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RICHARD PONTIUS
MEGGY POON
MICHAEL PRINCEVALLE
DIANA PUN
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WILLIAM RASH
WILLIAM REYNOLDS
DEVON RICHARDSON
CHARLES RIGSBEE
CHARLOTTE ROBERSON
UBALDO RODRIGUEZ
JOHN RUSSELL
VIC RYDER
ELAINE SACULLA
LILIA SALCEDO
CRAIG SAMUELS
CARMEN SANZ
SYLVIA SANZ
PATRICK SAUNDERS
STEVEN SCAMMEL
KELLY SCHNEIDER
REGINA SCHNELL
PAULA SCOTT
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STEVEN SIEMERS
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SHARON SILKMAN
HYONBO SIM
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THOMAS STOUT
HUNG KUAN SU
YOKO SUGITA
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KYLE TATSUMOTO
DEBBIE TELLIER
LYNN TERRELL
MARY TILDEN
PAUL TOZZI
MARIE TRAN
LINDA TREICHLER
YEN-FOO TSENG
CLIFFORD UCHIDA
SHUNICHI UYEDA
ROSALIO ULLOA
TAKASHI USUI
CURTIS VALENZUELA
MARK VAN AELSTYN SR.
GIJSBERTUS VAN ELDEN
JOHN VIGIL
THOMAS WALKER
SHERI WALLING

WEN-FU WENG
JONATHAN WEST
MATTHEW WEST
BRUCE WEYERS
LARRY WHITE
REBECCA WHITE
TIMOTHY WILLIAMS
FONE WONG
HAU-LING WONG
LORA WONG
WILLIAM WONG
RICK WOODY
GEORGIA WORSHAM
AMY WU
DAVID WU
HOWARD WU
DIANE WUNDERLICH-SIPE
HOWARD WYNN
JOSEPH YADRICK
LARRY YAMASHIRO
WON YI
EMIKO YONEKURA
YOSHIKO YOON
PATRICIA YOUNG
JENNIFER YUN
AMIR ZENHARI

CALIFORNIA BANK & TRUST 75 BANKING LOCATIONS IN:

ALBANY
ALHAMBRA
ALPINE
ANAHEIM
ARCADIA
BREA
CARLSBAD
CHULA VISTA
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

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

A.G. HENRY
Executive Vice President

RICHARD VEITZ
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
Executive Vice President
Zions First National Bank

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

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KELLY BROCKMAN
RUSS BROWNE
MARK CAMPBELL
ROBIN COLLINS
MICHAEL CUNNINGHAM
RICHARD DEGLMAN
CASSI EISINGER
GARY GIBSON
RONALD GIFFORD
SHELLE GRIM-BROOKS
DAN HOLT
VIRGINIA KNUDSEN
CURT KROSTA
RALPH A. MATSON
LOWELL MCGANN
BOB SPERLING
KEVIN SULLIVAN
RICHARD TEIXEIRA
LINDA TUXON
JACQUELYN C. WILLIAMS

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DENISE ALDERETTE
GREG BARRINGTON
JERRY G. BIGLER
ANNETTE BRANNING
DEREK BRAYBROOKS
CECIL CAPPS
ROBERT CAPURRO
JOYCE CORRY
SARA COSTELLO
SANDRA DOUGLAS
NANCY ELLIOTT
CONNIE ETTER
ROBERT EVANS
KATHLEEN GAFFNEY
JANE GALLO
KATHY GATELY
ROBERT GERBER
CHARLES HAINSWORTH
NANCY HAMER
CONSTANCE HAYNES
DAYLENE HENDRICKS
BARBARA HILL
JAY HINER
JANIE HOLLINGSWORTH
SYLVIA HOOKER
JUNEEN HORCH
PENNY HUNT
MARCIE IANNACCHIONE
NANCY IRWIN
JOHN JENT
KATHY JUMPER
LINDA KIRK
CHRISTAL KREHNOVI
JOSEPH LAIACONA
LINDA LOWDER
VERONICA MCKAY
CHERYL MCVAY
ANNMARIE MIELKE
TIMOTHY MINOR
SHARON MURDOCK
DONNA NELSON
LORIE NUMMELA
KRISTINE OLSEN
JOE PALMAROZZO
DAVID POOSER
DUGAN PULSIPHER
JEANNIE REDINGER
MATTHEW RESLER
KENT ROSE

SANDRA SALIBA-DURANTE
CATHERINE SHARP
BARRY SMITH
SONIA SMITH
SALLY STREM
STEVEN A. STRUNK
BOB TEPEDINO
JERRY TODD
TAY TOLLEFSEN
FABIAN VINCENT
JULIE WAGNER
WILLIAM WALDREN
SARAH WALKER
DOUGLAS WARDEN
NICHOLAS WEBBER
RENA WHITEHEAD
DREW ZIDZIK
GORDON ZUMWALT

NEVADA STATE BANK 60 BANKING LOCATIONS IN:

BOULDER CITY
CARSON CITY
DAYTON
ELKO
EUREKA
FERNLEY
GARDNERVILLE
HENDERSON
LAS VEGAS
LOVELOCK
MESQUITE
NORTH LAS VEGAS
PAHRUMP
RENO
SPARKS
TONOPAH
WELLS
WENDOVER

NATIONAL BANK OF ARIZONA TUCSON, ARIZONA

CORPORATE OFFICERS

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and Chief Executive Officer

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President and
Chief Operating Officer

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Vice Chairman

JAMES H. LUNDY
Vice Chairman

JAMES D. BRUNER
Executive Vice President
Trust Division Manager

M. P. BRUTINEL
Executive Vice President

DUANE R. FROESCHLE
Executive Vice President
Credit Administration Manager

RICHARD W. KRIVEL
Executive Vice President
Southern Division Manager

JULIE L. RAYMOND
Executive Vice President
Branch Administrator

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and Chief Executive Officer
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Phoenix, Arizona

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National Bank of Arizona
Attorney
Waterfall, Economidis,
Caldwell, Hanshaw &
Villamana P.C.
Tucson, Arizona

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Executive Vice President
National Bank of Arizona
Phoenix, Arizona

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Executive Vice President
National Bank of Arizona
Tucson, Arizona

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Vice Chairman of the Board
National Bank of Arizona
Phoenix, Arizona

JAMES H. LUNDY
Vice Chairman of the Board
National Bank of Arizona
Phoenix, Arizona

KEITH D. MAIO
President and
Chief Operating Officer
National Bank of Arizona
Phoenix, Arizona

JULIE L. RAYMOND
Executive Vice President
National Bank of Arizona
Phoenix, Arizona

ROBERT G. SARVER
Chairman of the Board and
Chief Executive Officer
California Bank & Trust
San Diego, California

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President and
Chief Executive Officer
Zions Bancorporation
Salt Lake City, Utah

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STEVEN R. BURTON
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DARRELL R. COULTER
LARRY S. DAVIS
CHRISTINA L. FELL
HARRY H. HARVEY
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

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RICHARD S. BAKER
WALTER E. BEHM II
MARK A. BERARD
ROBERT L. BEYEA
KENNETH BLANCHARD
BARBARA J. BOONE
CHRISTIAN BOWERS
JAMES N. BRICKER II
JERRY L. BROWN
DENNIS J. CALIK
REID H. CLARK
MARY JANE CONDIT
DAVID B. COOPER
KAREN L. COOPER
SCOTT R. DAVIS
TIMOTHY A. DODT
FELIX J. DURAZO
BARBARA F. DYNES
VALERIE J. EINSELE
CHARLES D. EVERS
J. LANETTE FORD
BRUCE A. FOX
DENNIS M. GAINES
GREGORY J. GEIS
RUTH L. GIOVACCHINI
KENNETH S. GOLDSTEIN
TERRY C. GREENE
CURTIS J. HANSEN
RITAMARIE HARPER
CHERYL HOLDRAKER
GABRIELA A. HOLLAND
MICHAEL D. HOSMAR
R. SCOTT HUTH
DEBRA A. IRVING
ROBERT F. JAMISON

DONALD E. JENKS
DAVID O. JOHNSON
KATHRINE J. JORGENSEN
KENNETH R. KELLANEY
RANDELL P. KERN
EDWARD KERWIN
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
L. SUSAN PARKER
JAMES W. PATTERSON
LESLI R. PINTOR
STEPHANIE PRUDENCE
NORMAN E. REBENSTORF JR.
KAREN F. RIZK
LINDA L. ROHMER
CYNTHIA J. RONEY
SUSAN L. SCHOLL
THOMAS W. SHELBY
D. SCOTT STEM
WILLMA L. STRATTAN
ROBERT I. TERRY
DONALD B. THOMAS
EDWARD C. THOMPSON
DEBRA K. TUCKER
DENNIS E. VAN
COMER W. WADZECK II
LARRY R. WALSH
MARJORIE L. WILLIS
SANDRA R. WITT
MARSHALL D. WONG
JAMIE L. WRIGHT
NELIDA A. YOUNCE
DAVID A. ZANATH

NATIONAL BANK OF ARIZONA 41 BANKING LOCATIONS IN:

BENSON
BISBEE
CAREFREE
CHANDLER
COTTONWOOD
DOUGLAS
FLAGSTAFF
FLORENCE
MESA
PAGE
PARKER
PAYSON
PHOENIX
PRESCOTT
PRESCOTT VALLEY
SAFFORD
SAN LUIS
SCOTTSDALE
SEDONA
SIERRA VISTA
SPRINGERVILLE
SUN CITY
TEMPE
TUCSON
WELLTON
WILLIAMS
YUMA

VECTRA BANK COLORADO DENVER, COLORADO

CORPORATE OFFICERS

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President and
Chief Executive Officer

RICHARD W. LAWRENCE
Chief Financial Officer

R. THAD ALLEN
Credit Policy Officer

SCOTT PAGE
Executive Vice President
Corporate Banking

JOSEPH J. WOLF
Regional President
Metro Denver

JOHN JACKSON
Regional President
Southern Colorado

MICHAEL Y. MEGANCK
Regional President
Northern Colorado

JOHN JACKSON
Regional President
Colorado Springs

SUZANNE CLIFT
SVP, State Operations
Director

BARBARA ALBRANDT
SVP, Human Resources
Director

LAUREN O'CONNELL
Director of Marketing

BOARD OF DIRECTORS

BRUCE K. ALEXANDER
Chairman of the Board
Vectra Bank Colorado, N.A.

RICHARD W. LAWRENCE
Chief Financial Officer
Vectra Bank Colorado, N.A.
Board Secretary

MARY GITTINGS CRONIN
President and
Executive Director
The Piton Foundation
Denver, Colorado

GERALD J. DENT
Executive Vice President
Zions Bancorporation
Salt Lake City, Utah

ROBERT D. GREENE
Former Senior Vice President
Rocky Mountain Division
Safeway Stores, Inc.
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

HARRIS H. SIMMONS
President and
Chief Executive Officer
Zions Bancorporation
Salt Lake City, Utah

TERRANCE F. SMITH
President
Consolidated Equities, Ltd.
Westminster, Colorado

SCOTT R. TIPTON
President
Tipton Enterprises
Cortez, Colorado

JAMES J. TONSO
President
Canon Potato Company
Center, Colorado

RICHARD B. TUCKER
Chairman
Custom Envelope Corporation
Denver, Colorado

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RONALD R. ALLEN
DIANE E. ANDREWS
YVONNE J. BACA
ANTHONY R. BAGWELL
CHARLES T. BANTIS
ANNETTE K. BANWART-DELLACROCE
MAUREEN K. BARKER
SHARON L. BENNETT
JAMES B. BILLS
PAUL H. BODEK
CALLEN BORGAS
JOAN H. BRISTOL
STANFORD BROWN
DAVID E. BROYLES
DANIEL K. BYERS
GREGG D. CARR
CHANDLER CHURCH
JEANA CHISHOLM
JOANN CLARK
CHARLES R. COFFEY
STEVE J. COLLIN
JOAN M. COSTELLO
DOUG S. COUSE
SHAUN T. COX
TERRY DARBY
TRACIE L. DAVIS
BRIAN P. DEVLIN
GREGORY C. DEWIT
GREG E. DIXSON
JACQUELINE ENOCHS
LINDA J. FENDER
PAUL J. FOSTER JR.
DALE G. FULLEN
ROSALYN L. GARVEY
WILLIAM L. GIBSON
KENNETH E. GRIFFIN
STEVEN J. GRIFFITH
THOMAS W. GRIFFITHS
BILLY GIUNTA
STEPHEN J. HANEY
SHIRLEY HANSON
MIMI HARDENDORF
TERRY A. HILLMAN
KIRK R. HOFFMAN
KAYLEEN HOLLINES
MICHAEL HURST
STEPHEN INGHAM
DALE L. IRELAND
JENI R. JACK
ANNE E. JONES

BARTON F. JONES
 PETER F. KENWORTHY
 JUNE L. KILBURN
 STEPHEN P. KLEKOTKA
 MARY K. KOZIOL
 REBECCA A. LECY
 DONALD G. LENOCKER
 ELLEN P. LIDSKY
 LEONARD C. LOVIN
 JAMES MAHLBERG
 MICHAEL R. MALONE
 DAVID T. MANLEY
 KEITH L. MARSDEN
 MICHAEL H. MARTINEZ
 GWYNNE E. MASSENGILL
 KERRY E. MAYOR
 LARRY B. MCGEE
 LESLIE A. MCNEAL
 BILLY R. MOORE
 CURT D. MORGAN
 GARY A. MOSKO
 SUZANNE MUTCHLER
 IRLAN W. NEAS
 JAMES P. OAKS
 RICHARD PADRNO
 DOUGLAS L. POGGE
 JOE W. REED
 STEPHANIE A. REICHERT
 KENDALL RICHARDS
 KAREN L. SCHWARTZ
 PAUL D. SHEPHERD
 JUDITH A. SHOWS
 ROBERT A. SILVERBERG
 JAMES A. SIMON
 GERALDINE SOUKUP
 SUSAN L. STEIN
 KATHLEEN A. STOUT
 SUZANNE J. STULL
 ALAN E. SWANSEN
 RAY G. TAKALA
 JOHN M. TATE
 DAWN THOMPSON-DUNN
 KIMBERLY D. THRELKELD
 DIANE L. TODD
 SUSAN L. TUCKER
 ERIC S. TUERS
 CHALMERS TURNER
 DOUG VANDERZWAAG
 BRUCE WEBER
 ROBERT L. WHITCOMB
 J. TOM WHITE
 EDWARD S. WINKLER
 KIMBERLY WOODROW
 KIMBERLY S. WOOLF

VECTRA BANK COLORADO
54 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
 GREELEY

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

**THE COMMERCE BANK OF
 WASHINGTON, N.A.**
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

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 Managing Director
 Madrona Venture Group, LLC
 Seattle, Washington

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 GRACO Investments
 Seattle, Washington

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

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 Chairman
 Dylan Bay Companies
 Seattle, Washington

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 REB Enterprises
 Chairman
 Sur La Table
 Seattle, Washington

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 Endowed Professor of Business
 & Economic Development/
 Professor of Finance
 School of Business
 Administration
 University of Washington
 Seattle, Washington

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 Investor
 Bozeman, Montana

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 Hazleton Laboratories
 Kirkland, Washington

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 Chairman and Chief
 Executive Officer
 Foster & Baker
 Seattle, Washington

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

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 President and
 Chief Executive Officer
 Mad Anthony's, Inc.
 Bellevue, Washington

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 Managing Director and
 Chief Executive Officer
 The Commerce Bank
 Seattle, Washington

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 Bessemer Trust Company, N.A.
 New York, New York

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 Corporation
 Bellevue, Washington

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 Chief Executive Officer
 Stellar International
 Seattle, 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

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SUZANNE DUVEL
SUSAN M. FINNERAN
DAVID FRIEDENBERG
WILLIAM L. GLENN
JAMES C. HAWKANSON
DIANNE R. HOWELL
JOHN R. HUEY III
YUKO KAMEOKA
LYNDA L. LINSE
REED L. LLOYD
RALPH P. NEWELL
HIEP Q. QUACH
NORMAN R. REA
MARTIN A. STEELE
KEVIN P. TEPKER
SRI M. THORNTON

**THE COMMERCE BANK OF
 WASHINGTON, N.A.**
1 BRANCH LOCATED IN:

SEATTLE

OTHER AFFILIATES

DIGITAL SIGNATURE TRUST CO.

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ARTHUR BRADY
DON JOHNSON
TRELL ROHOVIT

VICE PRESIDENTS

MICHAEL ALLRED
YURIY DZAMBASOW
RANDY FOX
THOMAS J. GRECO
GEOFF KAHLER
LORRAINE ORR
TONY REHMER
JOHNNY SUMNERS

ZIONS CREDIT CORPORATION

ALAN RALPHS
President

VICE PRESIDENTS

NANCY OLSON
NORMAN G. WELDON

ZIONS INSURANCE AGENCY, INC.

RUSSELL W. MILLER
President

VICE PRESIDENTS

BRIAN ALLEN
ROBERT LYONS
PAUL A. WRIGHT

ZIONS INVESTMENT SECURITIES, INC.

DAVID R. NICHOLS
Acting President and
Senior Vice President

DAVID J. TAYLOR
Senior Vice President

VICE PRESIDENTS

JAMES W. BARLOW
BRUCE K. COOK
KEVIN GROW
LEX HEMEYER
MICHAEL HOSMAR
VAUGHN LAW
MARK LEONE
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

NOLAN BELLON
Senior Vice President

VICE PRESIDENTS

DIANA M. ANDERSEN
BANAFSHEH BERTRAM
JOEL W. BRADY
BRENT A. BRIGGS
ROBERT A. BROUGH
HAYES CARR
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FRANK L. FISHER
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CHERYL A. IACUANIELLO
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R. BRENT MARRIOTT
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ANTHONY H. MEADOWS
BOBBIE D. MILLER
ROBERT R. NORTON
JOHN A. PAYNE
RONNIE P. PELTIER
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L. MERRILL RIGGS
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DAVID L. STONE
DONALD V. WALK
PAMELA F. WALLIS
JEFF WHITING
MARK R. WILKINSON
GEORGIANNE WILLIAMS
PRESTON A. WOOD

CORPORATE INFORMATION

EXECUTIVE OFFICES:

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

ANNUAL

SHAREHOLDERS' MEETING:

Friday, April 20, 2001, 1:30 p.m.
Salt Lake Marriott City Center
220 South State Street
Salt Lake City, Utah 84111

TRANSFER AGENT:

Zions First National Bank
Corporate Trust Department
10 East South Temple, 3rd Floor
Salt Lake City, Utah 84111
(801) 524-4624

REGISTRAR:

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

AUDITORS:

Ernst & Young LLP
60 East South Temple, Suite 800
Salt Lake City, Utah 84111

NASDAQ NATIONAL

MARKET SYMBOL:

ZION

NUMBER OF COMMON

SHAREHOLDERS:

6,265 as of December 31, 2000

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

CREDIT RATINGS:

Moody's Investors Service

Outlook	Stable
Subordinated Debt	Baa1

Standard & Poor's

Outlook	Stable
LT Foreign Issuer Credit	BBB
LT Local Issuer Credit	BBB
ST Foreign Issuer Credit	A-2
ST Local Issuer Credit	A-2
Subordinated Debt	BBB-

Fitch, Inc.

Outlook	Stable
Senior Unsecured Debt	A-
Subordinated Debt	BBB+
Short Term	F1
Long Term	A-

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 Incorporated
Donald & Co. Securities Inc.
Donaldson, Lufkin & Jenrette
Fidelity Capital Markets
Fleet Securities, Inc.
Fox-Pitt, Kelton, Inc.
Friedman Billings Ramsey & Co.
G.V.R. Company
George K. Baum & Co.
Goldman, Sachs & Co.
Herzog, Heine, Geduld, Inc.
Jefferies & Company, Inc.
Keefe, Bruyette & Woods, Inc.
Knight Securities L.P.
Lehman Brothers Inc.
Merrill Lynch, Pierce, Fenner & Smith, Inc.
Midwest Stock Exchange
OTA Limited Partnership
Pershing Trading Company
Peters Securities
Piper Jaffray Companies Inc.
Putnam, Lovell, DeGuardiola
Salomon Smith Barney, Inc.
Sandler O'Neill & Partners
Schwab Capital Markets
Sherwood Securities Corp.
Spear, Leeds & Kellogg
Warburg Dillon Read, LLC
Weeden and Co. Inc.
Wells Fargo Van Kasper

OPTION MARKET MAKERS:

Chicago Board Options
Exchange
Philadelphia Stock Exchange

SELECTED INDEX MEMBERSHIPS:

S&P MidCap 400
S&P MidCap Banks
KBW Bank Sector
Nasdaq Financial

INVESTOR RELATIONS:

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

Clark Hinckley
(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.zionsbancorporation.com.

INTERNET SITES:

ZIONS BANCORPORATION:

www.zionsbancorporation.com

ZIONS FIRST

NATIONAL BANK:

www.zionsbank.com

CALIFORNIA BANK & TRUST:

www.calbanktrust.com

NEVADA STATE BANK:

www.nsbank.com

NATIONAL BANK

OF ARIZONA:

www.nbarizona.com

VECTRA BANK COLORADO:

www.vectrabank.com

THE COMMERCE BANK

OF WASHINGTON:

www.tcbwa.com

DIGITAL SIGNATURE TRUST CO.:

www.digsigtrust.com

FIXED INCOME TRADING:

www.oddlot.com
www.govrate.com