ZIONS BANCORPORATION
A COLLECTION OF GREAT BANKS

Zions Bancorporation

Dodd-Frank Act Mid-Cycle Stress Test Disclosure

October 5, 2017

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Introduction

Zions Bancorporation ("the Company" or "Zions") is one of the nation's premier financial services companies with total assets of approximately $65 billion. Zions operates under local management teams and unique brands in 11 western states: Arizona, California, Colorado, Idaho, Nevada, New Mexico, Oregon, Texas, Utah, Washington and Wyoming. The company is a national leader in Small Business Administration lending and public finance advisory services, and is a consistent top recipient of Greenwich Excellence awards in banking. In addition, Zions is included in the S&P 500 and NASDAQ Financial 100 indices. Investor information and links to local banking brands can be accessed at zionsbancorp.com.

Incorporated in this disclosure are the Mid-Cycle stress test results of Zions Bancorporation. Zions' Dodd-Frank Act Mid-Cycle Stress Test (DFAST) results, based on the hypothetical Severely Adverse scenario developed by the Company, indicate Zions Bancorporation would maintain capital ratios at sufficient levels throughout the nine-quarter forecasting horizon.

In accordance with section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), bank holding companies ("BHCs") with total consolidated assets of $50 billion or more ("Covered Companies") are required to create a set of forward-looking Mid-Cycle stress tests based upon hypothetical economic scenarios developed by the BHC. The estimated financial results of the stress test identify the hypothetical projected capital position of a corporation under Severely Adverse economic conditions to determine if there is sufficient capital to absorb losses and support operations.

For the DFAST forecasts, all BHCs are required to make uniform capital assumptions over the nine-quarter planning period, which include (i) no issuances or redemptions of regulatory capital instruments, (ii) quarterly common stock dividend distributions equal to the average of the prior four quarters, and (iii) capital instrument payments that must be equal to the previously stated expectations of dividends, interest, or principal payments.

Pursuant to CFR §252.148, the following summary is a disclosure of the results of the Mid-Cycle stress test of Zions Bancorporation. Included is a discussion of the macroeconomic scenarios, a summary of results, risks accounted for, and methodologies used in development of the stress testing. The quantitative output included herein should not be viewed as forecasts of expected outcomes or capital ratios or as a measure of the company's solvency or actual financial performance or condition.

Process

Zions administers its company-run stress tests through its Capital Adequacy Process (CAP). The CAP identifies and quantifies the company's material risks under different hypothetical risk events prescribed by the Severely Adverse Scenario. Zions considers all risks in stress testing that have been determined to be material based upon sensitivity analysis; in addition it considers whether certain risks deemed individually to be immaterial could collectively be material. These risks range from idiosyncratic risks (geographical footprint and industry concentrations in credit portfolios) to broad economic, political, and regulatory and compliance risks that Zions believes could impact the Company. Zions' stress testing models and other estimation techniques attempt to capture substantially all of these risks and their potential effects on the performance of the company's portfolios and revenue generating activities.

Risks

Zions' stress testing process is designed to be comprehensive in addressing the risks faced by the company. Risks considered as part of this analysis include credit, market, funding/liquidity, general economic conditions, operational, legal and compliance, as well as the potential for reputational and strategic risks. These risks are described below:

Credit risk includes obligor default risk, counterparty credit risk, guarantor non-performance, credit risk of securities held, and collateral management risk. Zions believes credit risk is its primary risk.

Zions' business is subject to periodic fluctuations based on national, regional and local economic conditions. These fluctuations are not predictable, cannot be controlled, and may have a material adverse impact on Zions' operations and financial condition even if other favorable events occur. Zions' banking operations are locally oriented and predominantly community-based. Accordingly, Zions is dependent on local business conditions as well as conditions in the local residential and commercial real estate markets it serves. For example, an increase in unemployment, a decrease in real estate values or increases in interest rates, as well as other factors, could weaken the economies of the communities Zions serves. Weakness in Zions' market area could depress its earnings and its financial condition.

Any of the above scenarios could require Zions to charge off a higher percentage of loans and/or increase provisions for credit losses, which would reduce Zions' net income. For example, while the credit conditions that Zions experienced from 2007 through 2010 have improved considerably, the challenges in the economy still present credit deterioration risks for Zions in light of the slow pace of general economic recovery. Any further credit deterioration would result in increased loan charge-offs and higher provisions for credit losses, which would negatively impact Zions' net income.

Market risk includes risk arising from changes in interest rate levels, equity prices, property prices, commodity prices, and credit spreads. Zions' earnings and financial condition are largely dependent on net interest income, which is the difference between interest earned from loans and investments and interest paid on deposits and borrowings. The narrowing of interest rate spreads could adversely affect Zions' earnings and financial condition. Zions cannot control or predict changes in interest rates. Regional and local economic conditions, competitive pressures and the policies of regulatory authorities, including monetary policies of the Board of Governors of the Federal Reserve System, affect interest income and interest expense. Changes in interest rates may have an adverse effect on Zions' profitability. For example, high interest rates could adversely affect Zions' mortgage banking business as clients would apply for fewer mortgages; higher interest rates may also increase credit risk. The Severely Adverse scenario includes interest rate assumptions projected to cause a significant decrease in net interest income.

Funding/liquidity risk may arise from such things as the inability to access funding sources (e.g., deposits), funding maturity mismatches, off-balance sheet commitments, deteriorating earnings performance, and public or market perception.

Liquidity is essential to Zions' businesses. Market disruption and volatility could materially impair Zions' ability to access capital and funding or to provide adequate funds for our customers' credit needs.

General economic condition risk results from changes in national, regional and local economic conditions and deterioration in the geographic and financial markets in which Zions operates. These could lead to higher loan charge-offs, deposit run-off, reduced fee income and higher operating costs, which would reduce Zions' net income level and growth.

Operational risk includes such things as internal fraud; external fraud; inadequate employment practices and workplace safety; inability to meet some contractual and/or fiduciary obligations; damage to physical assets; business disruption and/or systems failures; failures in execution, delivery, and process management.

Legal and compliance risk includes such things as capital management and stress testing regulations; failure to comply with laws, rules, regulations, or accounting and financial reporting laws; prescribed practices; internal policies and procedures; exposure to litigation; failure to identify and properly communicate regulatory and legal requirements; and situations where the laws or rules may be ambiguous or untested.

Reputational risk includes such things as failure to meet market expectations, poor financial performance, customer dissatisfaction and complaints, and poor public communication.

Strategic risk includes such things as adverse business decisions, poor implementation of business decisions, and lack of responsiveness to changes in the industry and operating environment.

Model risk is the risk of losses or other adverse consequences resulting from decisions based on incorrect or misused model outputs and reports. Model (including data) risk includes fundamental errors leading to inaccurate model output;model estimation errors due to weaknesses in methodology or variables selected; and incorrect or inappropriate model usage.

Methodologies

The Company projects the impact of its key exposures and material risks in several scenarios including the Severely Adverse scenario using a variety of modeling techniques.
Methodologies used include:

1. The Company models credit losses using separate loan-level loss models for Commercial & Industrial (C&I), Small Business, Residential Real Estate (RRE), Energy, Commercial Real Estate (CRE), Auto, Credit Card, Agriculture, and other loan portfolio. Portfolio level models for other categories include municipal securities, Small Business Administration securities, and the counterparty credit risk.
2. Market risk is captured through interest rates used in Pre-Provision Net Revenue (PPNR) models; equity prices through PPNR models, and the private equity model; energy commodity prices are directly stressed through the scenario design process that is a direct input into the energy loss model; credit spreads impact the loan pricing models; and real estate prices are used in PPNR, CRE, RRE, and C&I models.
3. Liquidity risk is measured through liquidity stress test scenarios and the parent liquidity model; asset/liability model; unfunded commitments included in credit loss models; and earnings impacts through PPNR projections.
4. Operational risk is captured in scenario analysis as well as through the operational loss model that incorporates historical loss data and scenario analysis results.
5. Legal risk is captured through the operational loss model that incorporates historical legal loss data, outstanding legal reserves and scenario analysis results, and specific litigation expense buffers.
6. Reputational and strategic risks are difficult to quantify; however, their potential impacts on capital are quantified using loss narratives and other techniques.
7. Potential model risk is captured through conservative model choices as well as overlays applied after the review of results that address model weaknesses and limitations.

Macroeconomic Scenario Description

The Severely Adverse scenario developed by Zions for use in the company-run stress test is a hypothetical scenario and as such does not reflect expected conditions. It was designed by Zions to stress Zions' risk exposures, especially Zions' loan portfolio concentrations in residential and commercial real estate, energy sector, and sensitivity to the yield curve. It is comparable to the Severely Adverse scenario provided by the Federal Reserve during the Dodd-Frank Act stress test conducted in early 2017. The company's board of directors approved the stress test selected to demonstrate the company's ability to withstand a deep and severe economic scenario and maintain a significant level of excess capital.

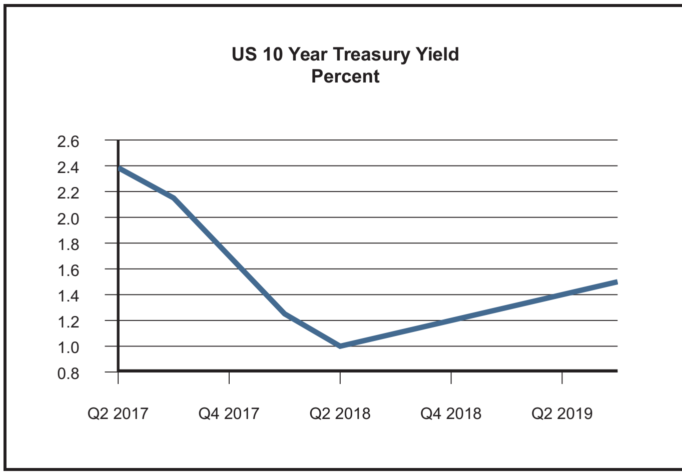
In developing its internal Severely Adverse macroeconomic scenario, Zions incorporates multiple variables, including the unemployment rate, various measures of domestic output (e.g. gross domestic product), home price indices (HPI), commercial real estate price indices, capital markets price changes, and many others. Interest rate projections include overnight federal funds rate, LIBOR, swap rates, and mortgage rates, among others. The variables selected demonstrate a relatively strong correlation with historical financial results.

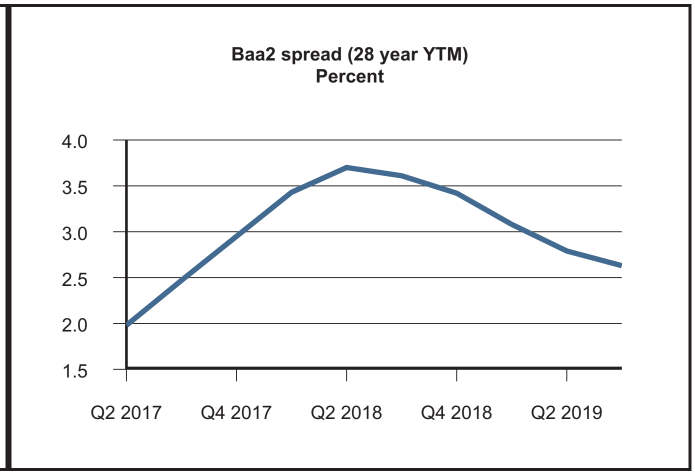
In this hypothetical scenario there is a substantial weakening of the world economy, with the U.S. economy experiencing increases in financial distress that are significantly greater than under more common economic downturns and recessions. The unemployment rate rises to 9.7% by the beginning of 2019, and real GDP declines down cumulatively by 6.5%. Housing prices fall dramatically with a peak-to-trough drop of 23.7% and commercial real estate prices fall further with a peak-to-trough drop of 34.6%. Interest rates on short-term benchmark remain near zero, resulting in net interest margin compression.

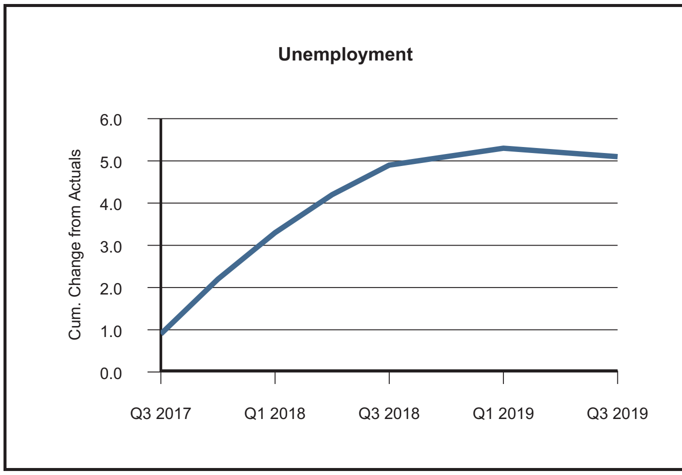
The scenarios are hypothetical and are assumed to begin on July 1, 2017; in the Severely Adverse scenario, the most sensitive assumptions include:

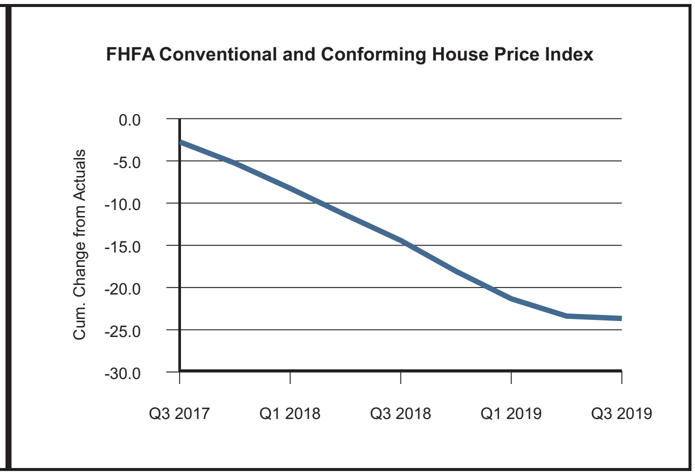
- A decline in various interest rate indices; for example, the US 10-year Treasury rate declines to 1.0% from 2.4%
- A significant widening of credit spreads, using an index of bonds rated Baa2 by Moody's, to 3.7% from 2.0%
- A sharp increase in unemployment to 9.7% from the recent 4.4%
- A 34.6% decline in commercial property values
- A 23.7% decline in residential property values
- A significant decline in gross domestic product (down cumulatively by 6.5%)
- A 40.6% decline in oil price
- A 49.7% decline in the stock prices, as measured by the Dow Jones Total Stock Market Index

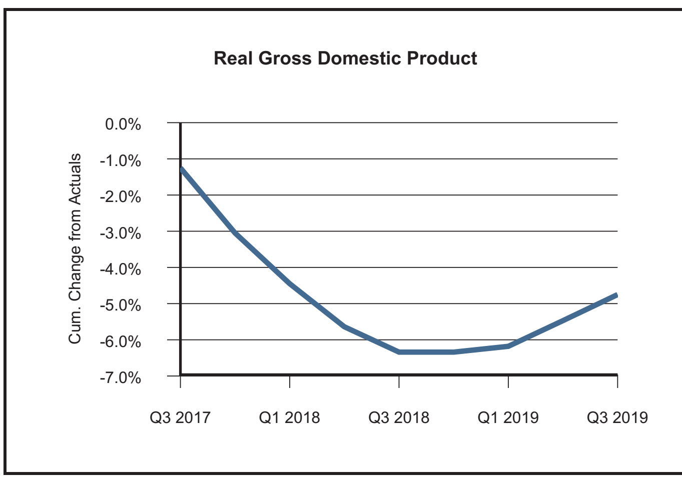
The charts below show some of the economic indicators used in the BHC Severely Adverse scenario approved by Zions Bancorporation's board of directors.

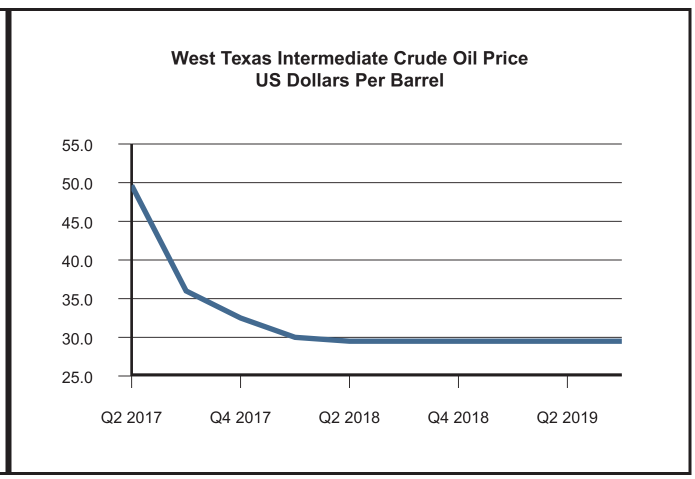

US 10 Year Treasury Yield
Percent
2.6
2.4
2.2
2.0
1.8
1.6
1.4
1.2
1.0
0.8
Q2 2017
Q4 2017
Q2 2018
Q4 2018
Q2 2019

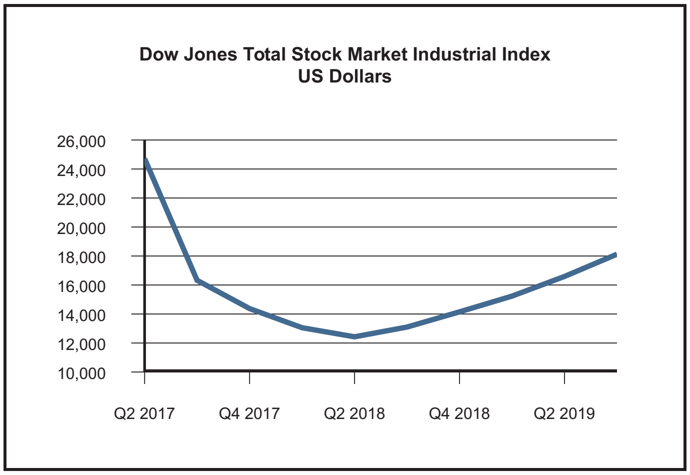

Baa2 spread (28 year YTM)
Percent
4.0
3.5
3.0
2.5
2.0
1.5
Q2 2017
Q4 2017
Q2 2018
Q4 2018
Q2 2019


Unemployment
Cum. Change from Actuals
6.0
5.0
4.0
3.0
2.0
1.0
0.0
Q3 2017
Q1 2018
Q3 2018
Q1 2019
Q3 2019


FHFA Conventional and Conforming House Price Index
Cum. Change from Actuals
0.0
-5.0
-10.0
-15.0
-20.0
-25.0
-30.0
Q3 2017
Q1 2018
Q3 2018
Q1 2019
Q3 2019


Real Gross Domestic Product
Cum. Change from Actuals
0.0%
-1.0%
-2.0%
-3.0%
-4.0%
-5.0%
-6.0%
-7.0%
Q3 2017
Q1 2018
Q3 2018
Q1 2019
Q3 2019


West Texas Intermediate Crude Oil Price
US Dollars Per Barrel
55.0
50.0
45.0
40.0
35.0
30.0
25.0
Q2 2017
Q4 2017
Q2 2018
Q4 2018
Q2 2019



Summary of Results

The following data are the stress test results submitted by Zions in its Mid-Cycle 2017 stress test submission for the BHC Severely Adverse scenario. These results represent estimates of Zions' capital as of Q3 2019 under this scenario, although this scenario is considered highly unlikely to occur. **As such, these estimates do not represent forecasts of expected results.** The economic assumptions used to arrive at these results involve an economic outcome that is significantly more adverse than current market expectations for the economy generally or for Zions specifically.

Projected Capital Ratios as of September 30, 2019
in the BHC Severely Adverse scenario

		BHC Severely Adverse Scenario	
	Actual As of June 30, 2017	As of September 30, 2019	Minimum ratio during projection period
Common Equity Tier 1 Ratio	12.3%	9.9%	9.9%
Tier 1 Capital Ratio	13.4%	11.1%	11.1%
Total Risk-Based Capital Ratio	15.1%	12.8%	12.8%
Tier 1 Leverage Ratio	10.5%	8.2%	8.2%

Projected loan losses by category
June 30, 2017 through September 30, 2019
in the BHC Severely Adverse scenario
(in billions)

	Cumulative Amount	Loss Rates, not annualized
Loan Losses	$2.28	5.4%
Domestic closed-end first-lien mortgages	0.14	2.2%
Domestic junior lien mortgages and home equity lines of credit	0.06	2.4%
Commercial and industrial	0.82	7.8%
Commercial real estate	1.13	6.0%
Credit card exposures	0.01	8.2%
Other consumer	0.01	2.4%
Other loans	0.10	3.2%

Earnings Impact on Regulatory Capital
June 30, 2017 through September 30, 2019
in the BHC Severe Adverse scenario
(in billions)

	Cumulative 9-Quarter Amount
Net Interest Income	$4.04
Plus:	
Non-Interest Income	0.97
Less:	
Operational Risk Expense	0.12
OREO Expense	0.22
Other Noninterest Expense	3.80
Equals:	
Pre-provision net revenue (PPNR)	0.87
Less:	
Provision for loan and lease losses	2.67
Trading and counterparty losses	0.00
Realized losses/(gains) on AFS/HTM securities	0.01
Equals:	
Net Income before taxes and extraordinary items (1)	(1.80)
Income tax benefit	0.68
Total Impact on Regulatory Capital from Net Income	(1.12)
Goodwill impairment (2)	1.01

(1) Excludes goodwill impairment charges
(2) No impact to regulatory capital

In the Severely Adverse scenario, the Company's capital position declines significantly from the impact of the following:

Loan Loss Provision

During 2016, the Company recorded a provision for loan losses of $93 million. In the BHC Severely Adverse scenario, the Company modeled an annualized provision of $1.2 billion, or a cumulative $2.7 billion for the nine-quarter scenario period. Such modeled provisions were primarily attributable to modeled net loan losses of $2.3 billion, or an annualized $1 billion. This compares to actual 2016 net charge-offs of only $131 million.

Pre-Provision Net Revenue (PPNR)

Zions' PPNR for 2016 was $792 million (adjusts income before taxes by including the effect of the provision for loan losses and net losses on securities). Under the Mid-Cycle Company-run hypothetical severe stress scenario, Zions' PPNR equaled an annualized $385 million, or $865 million for the nine-quarter period, which reflected:

- **Higher net interest income attributable to higher spreads in loan pricing and reduced interest expense from sub debt maturity.** In 2016, Zions recorded net interest income of $1.9 billion; under the BHC Severely Adverse scenario, Zions projected annualized net interest income of $1.8 billion.
- **Lower noninterest income.** Excluding net impairment losses on investment securities in 2016, Zions realized $499 million of noninterest income. In the BHC Severely Adverse scenario, Zions projected annualized noninterest income of $429 million.
- **Higher noninterest expenses.** In 2016, excluding other real estate owned and credit-related expenses and debt extinguishment expenses, Zions recognized $1.6 billion of noninterest expenses. Under the BHC Severely Adverse scenario, Zions projected annualized noninterest expense, excluding those same items, of $1.7 billion. Zions did also include an additional $100 million of expense over 9 quarters for Strategic and Reputational risk.
- **Higher other real estate owned and credit-related expenses.** Compared to the 2016 amount of $24 million, Zions estimated such expenses would run an annualized $152 million during the 9-quarter period.

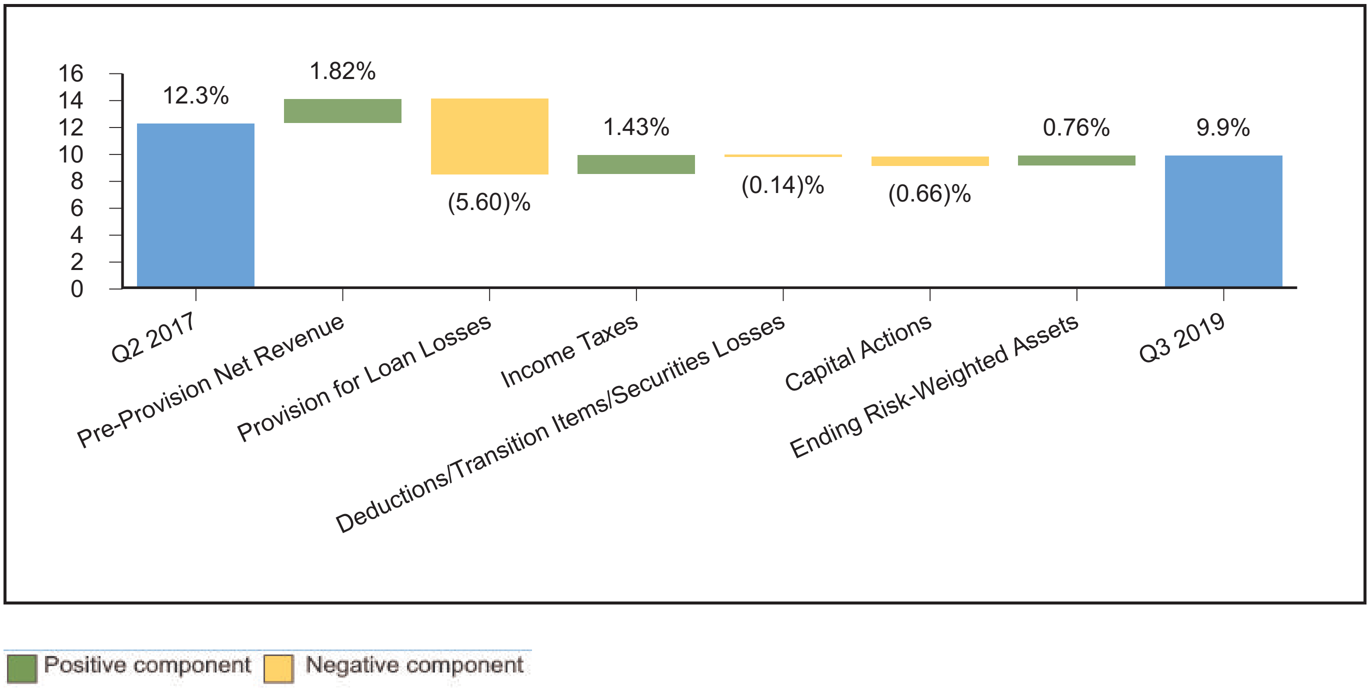
Risk-Weighted Assets

In accordance with the loan losses discussed above, overall loan balances declined by $4.1 billion. Loan balance was the primary contributors to the decline in risk weighted assets from $50.6 billion to $47.6 billion.

Significant Drivers of Changes to the Projected CET1 Ratio in Mid-Cycle 2017 (BHC Severely Adverse)

The chart below shows material impacts from from Q2 2017 to Mid-Cycle's ending CET1 ratio. Several factors contribute to the higher CET1 ratio in Mid-Cycle, including a beneficial tax impact and the exclusion of proposed capital actions in the Company's capital plan.

Change in Common Equity Tier 1 Ratio
Attribution of deviation in Q2 2017 CET1 (actual) vs. Mid-Cycle 2017 results (BHC Severely Adverse)



Forward-Looking Statement

This disclosure contains statements relating to a stress test and analysis undertaken by Zions Bancorporation pursuant to regulatory requirements. The stress test results are based upon the hypothetical impact of assumed future economic conditions on our capital, financial condition, and earnings under certain financial models. The stress test results are not intended to reflect our expectations about actual future conditions. Factors that might cause our understanding of the stress test results to change include detailed analyses of the multiple factors involved in the stress test and changes to the underlying economic assumptions that drive the stress test results. Accordingly, the statements contained in this disclosure are based on facts and circumstances as understood by management of the Company on the date of this disclosure, which may change in the future. Except as required by law, Zions disclaims any obligation to update any statements or to publicly announce the results of any revisions to any of the forward-looking statements included herein to reflect future events, developments, determinations, or understandings.