

ZIONS BANCORPORATION
A COLLECTION OF GREAT BANKS

Zions Bancorporation

2018 Company-Run Stress Test Disclosure

June 21, 2018

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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 \$66 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 Company-Run Stress Test results of Zions Bancorporation and ZB, N.A. ("the Bank"), the Company's banking subsidiary. The total assets of ZB, N.A. represent 99.7% of the total assets of Zions Bancorp as of December 31, 2017. The risk profile between the two entities is consistent and, unless specified, the results and analysis in this document apply to both entities.

The results of the Company-Run Stress Test conducted by Zions Bancorporation and ZB, N.A., indicate both the Company and the Bank would maintain capital ratios at sufficient levels throughout the nine-quarter forecasting horizon. The Zions Bancorporation stress test results reflect a set of forward-looking stress tests based upon hypothetical economic scenarios issued by the Federal Reserve Board. 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. The Company-Run Stress Test conducted by ZB, N.A. was based on the supervisory scenarios and guidance provided by the Office of the Comptroller of the Currency (OCC). These scenarios were the same as those issued by the Federal Reserve.

The company-run forecast incorporates uniform capital assumptions over the nine-quarter planning period (consistent with prior DFAST requirements), 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.

The following summary is a disclosure of the results of the stress test of Zions Bancorporation and ZB, N.A. Included is a discussion of the macroeconomic scenario and a summary of results. The process, risks accounted for, and methodologies used in development of the Company-Run Stress Test remain consistent with company statements in prior DFAST disclosures. 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.

Macroeconomic Scenario Description

Results contained in this report are based on the Supervisory Severely Adverse scenario distributed by regulatory agencies in February 2018.¹ 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 10% by Q3 2019, and real GDP declines rapidly, with a maximum quarterly (annualized) decline of 8.9%. Housing prices fall dramatically with a peak-to-trough drop of 30% and commercial real estate prices fall further with a peak-to-trough drop of 40%. Short-term Treasury rates fall and remain near zero, while the 10-Year Treasury remains unchanged. The spreads between both yields on

¹ For more information please see the scenario descriptions in the document "2018 Supervisory Scenarios for Annual Stress Tests Required under the Dodd-Frank Act Stress Testing Rules and the Capital Plan Rule" located at <https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20180201a1.pdf>

corporate bonds and mortgage rates compared to the 10-year Treasury widen considerably, resulting in stressed financial conditions in corporate and real estate lending markets.

Summary of Results

The following data are the stress test results generated by Zions in its 2018 Company-Run Stress Test for the Supervisory Severely Adverse scenario. These results represent estimates of Zions' capital as of Q1 2020 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 March 31, 2020 in the Supervisory Severely Adverse Scenario

	Actual as of Dec 31, 2017	Supervisory Severely Adverse	
		Post-Stress as of March 31, 2020	Minimum ratio during projection period
Common Equity Tier 1 Ratio	12.1%	8.8%	8.3%
Tier 1 Capital Ratio	13.2%	9.9%	9.4%
Total Risk-Based Capital Ratio	14.8%	11.6%	11.1%
Tier 1 Leverage Ratio	10.5%	7.3%	7.2%

Projected loan losses by category Dec 31, 2017 through March 31, 2020 in the Supervisory Severely Adverse scenario (in billions)

	Cumulative Amount	Loss Rates, not annualized
Loan Losses	\$2.5	5.8%
Domestic closed-end first-lien mortgages	0.1	2.1%
Domestic junior lien mortgages and home equity lines of credit	0.1	2.1%
Commercial and industrial	0.9	7.7%
Commercial real estate	1.3	7.0%
Credit card exposures	0.0	7.6%
Other consumer	0.0	3.6%
Other loans	0.1	3.7%

The total net loss rate of 5.8% compares to a 5.6% actual realized worst nine-quarter loss period, experienced as a result of the 2008-2009 recession. The cumulative credit loss results of the 2018 stress test are relatively similar to the 2008-2009 recession, although Zions has reduced risk materially by reducing construction and land development loans by approximately \$6 billion since December 2007; construction and land development loans were found to be responsible for nearly half of Zions' total cumulative net charge-offs during the worst nine-quarter loss period. In addition, the Supervisory Severely Adverse scenario is considered to represent extreme financial distress to the U.S. economy. Therefore, Zions believes the 2018 modeled results are conservative.

ZB, N.A.

The following data are the results generated by ZB, N.A. in its Company-Run Stress Test for the Supervisory Severely Adverse scenario. These results represent estimates of ZB, N.A.'s capital position as of Q1 2020 under this scenario, as well as the minimum ratios during the nine-quarter period. **This scenario is considered unlikely to occur; therefore, 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 ZB, N.A. specifically.

Projected Capital Ratios in the Supervisory Severely Adverse scenario

	Actual as of Dec 31, 2017	Post-Stress as of March 31, 2020	Minimum ratio during hypothetical period
ZB, N.A.			
Common Equity Tier 1	11.5%	8.8%	8.0%
Tier 1 Capital Ratio	13.1%	10.4%	9.6%
Total Risk-Based Capital Ratio	14.2%	11.7%	10.9%
Tier 1 Leverage Ratio	10.4%	7.7%	7.4%

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.