

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K**

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2015

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

COMMISSION FILE NUMBER 001-12307

ZIONS BANCORPORATION

(Exact name of Registrant as specified in its charter)

UTAH

(State or other jurisdiction of
incorporation or organization)

**One South Main, 15th Floor
Salt Lake City, Utah**

(Address of principal executive offices)

87-0227400

(Internal Revenue Service Employer
Identification Number)

84133

(Zip Code)

Registrant's telephone number, including area code: (801) 844-7637

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, without par value	The NASDAQ Stock Market LLC
Warrants to Purchase Common Stock (expiring May 22, 2020)	The NASDAQ Stock Market LLC
Warrants to Purchase Common Stock (expiring November 14, 2018)	The NASDAQ Stock Market LLC
Depository Shares each representing a 1/40 th ownership interest in a share of Series A Floating-Rate Non-Cumulative Perpetual Preferred Stock	New York Stock Exchange
Depository Shares each representing a 1/40 th ownership interest in a share of Series F 7.9% Non-Cumulative Perpetual Preferred Stock	New York Stock Exchange
Depository Shares each representing a 1/40 th ownership interest in a share of Series G Fixed/Floating-Rate Non-Cumulative Perpetual Preferred Stock	New York Stock Exchange
Depository Shares each representing a 1/40 th ownership interest in a share of Series H 5.75% Non-Cumulative Perpetual Preferred Stock	New York Stock Exchange
6.95% Fixed-to-Floating Rate Subordinated Notes due September 15, 2028	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Aggregate Market Value of Common Stock Held by Non-affiliates at June 30, 2015 \$6,337,925,184

Number of Common Shares Outstanding at February 16, 2016 204,506,825 shares

Documents Incorporated by Reference: Portions of the Company's Proxy Statement – Incorporated into Part III

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PART I

FORWARD-LOOKING INFORMATION

Statements in this Annual Report on Form 10-K that are based on other than historical data are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations or forecasts of future events and include, among others:

- statements with respect to the beliefs, plans, objectives, goals, targets, commitments, designs, guidelines, expectations, anticipations, and future financial condition, results of operations and performance of Zions Bancorporation (“the Parent”) and its subsidiaries (collectively “the Company,” “Zions,” “we,” “our,” “us”); and
- statements preceded by, followed by, or that include the words “may,” “could,” “should,” “would,” “believe,” “anticipate,” “estimate,” “expect,” “intend,” “target,” “commit,” “design,” “plan,” “projects,” or similar expressions.

These forward-looking statements are not guarantees of future performance, nor should they be relied upon as representing management’s views as of any subsequent date. Forward-looking statements involve significant risks and uncertainties and actual results may differ materially from those presented, either expressed or implied, including, but not limited to, those presented in Management’s Discussion and Analysis. Factors that might cause such differences include, but are not limited to:

- the Company’s ability to successfully execute its business plans, manage its risks, and achieve its objectives, including its restructuring and efficiency initiatives and its tender offers for certain of its preferred stock;
- changes in local, national and international political and economic conditions, including without limitation the political and economic effects of the recent economic crisis, delay of recovery from that crisis, economic and fiscal imbalances in the United States and other countries, potential or actual downgrades in ratings of sovereign debt issued by the United States and other countries, and other major developments, including wars, military actions, and terrorist attacks;
- changes in financial and commodity market prices and conditions, either internationally, nationally or locally in areas in which the Company conducts its operations, including without limitation rates of business formation and growth, commercial and residential real estate development, real estate prices, and oil and gas-related commodity prices;
- changes in markets for equity, fixed income, commercial paper and other securities, including availability, market liquidity levels, and pricing, including the actual amount and duration of declines in the price of oil and gas;
- any impairment of our goodwill or other intangibles, or any adjustment of valuation allowances on our deferred tax assets due to adverse changes in the economic environment, declining operations of the reporting unit, or other factors;
- changes in markets for debt, equity, and securities, including availability, market liquidity levels, and pricing;
- changes in interest rates, the quality and composition of the loan and securities portfolios, demand for loan products, deposit flows and competition;
- acquisitions and integration of acquired businesses;
- increases in the levels of losses, customer bankruptcies, bank failures, claims, and assessments;
- changes in fiscal, monetary, regulatory, trade and tax policies and laws, and regulatory assessments and fees, including policies of the U.S. Department of Treasury, the OCC, the Board of Governors of the Federal Reserve Board System, the FDIC, the SEC, and the CFPB;
- the impact of executive compensation rules under the Dodd-Frank Act and banking regulations which may impact the ability of the Company and other American financial institutions to retain and recruit executives and other personnel necessary for their businesses and competitiveness;

- the impact of the Dodd-Frank Act and Basel III, and rules and regulations thereunder, on our required regulatory capital and liquidity levels, governmental assessments on us (including, but not limited to, the Federal Reserve reviews of our annual capital plan), the scope of business activities in which we may engage, the manner in which we engage in such activities, the fees we may charge for certain products and services, and other matters affected by the Dodd-Frank Act and these international standards;
- continuing consolidation in the financial services industry;
- new legal claims against the Company, including litigation, arbitration and proceedings brought by governmental or self-regulatory agencies, or changes in existing legal matters;
- success in gaining regulatory approvals, when required;
- changes in consumer spending and savings habits;
- increased competitive challenges and expanding product and pricing pressures among financial institutions;
- inflation and deflation;
- technological changes and the Company's implementation of new technologies;
- the Company's ability to develop and maintain secure and reliable information technology systems;
- legislation or regulatory changes which adversely affect the Company's operations or business;
- the Company's ability to comply with applicable laws and regulations;
- changes in accounting policies or procedures as may be required by the FASB or regulatory agencies; and
- costs of deposit insurance and changes with respect to FDIC insurance coverage levels.

Except to the extent required by law, the Company specifically 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.

AVAILABILITY OF INFORMATION

We also make available free of charge on our website, www.zionsbancorporation.com, annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as well as proxy statements, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the U.S. Securities and Exchange Commission.

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

ASC	Accounting Standards Codification	CMC	Capital Management Committee
ASU	Accounting Standards Update	CSV	Cash Surrender Value
AOCI	Accumulated Other Comprehensive Income	CDO	Collateralized Debt Obligation
ARM	Adjustable Rate Mortgage	CLTV	Combined Loan-to-Value Ratio
ACL	Allowance for Credit Losses	CRE	Commercial Real Estate
ALLL	Allowance for Loan and Lease Losses	COSO	Committee of Sponsoring Organizations of the Treadway Commission
Amegy	Amegy Bank, a division of ZB, N.A.	CET1	Common Equity Tier 1 (Basel III)
ALCO	Asset/Liability Committee	CRA	Community Reinvestment Act
ATM	Automated Teller Machine	CCAR	Comprehensive Capital Analysis and Review
AFS	Available-for-Sale	CFPB	Consumer Financial Protection Bureau
BHC Act	Bank Holding Company Act	CAC	Credit Administration Committee
BOLI	Bank-Owned Life Insurance	CSA	Credit Support Annex
bps	basis points	DTA	Deferred Tax Asset
BCF	Beneficial Conversion Feature	DFAST	Dodd-Frank Annual Stress Test
CB&T	California Bank & Trust, a division of ZB, N.A.	Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act

DBRS	Dominion Bond Rating Service	NSB	Nevada State Bank, a division of ZB, N.A.
EVE	Economic Value of Equity	NYMEX	New York Mercantile Exchange
EITF	Emerging Issues Task Force	OCC	Office of the Comptroller of the Currency
ERM	Enterprise Risk Management	OCI	Other Comprehensive Income
ERMC	Enterprise Risk Management Committee	OREO	Other Real Estate Owned
FAMC	Federal Agricultural Mortgage Corporation, or “Farmer Mac”	OTTI	Other-Than-Temporary Impairment
FDIC	Federal Deposit Insurance Corporation	OTC	Over-the-Counter
FDICIA	Federal Deposit Insurance Corporation Improvement Act	PEI	Private Equity Investment
FHLB	Federal Home Loan Bank	PD	Probability of Default
FHLMC	Federal Home Loan Mortgage Corporation, or “Freddie Mac”	PCAOB	Public Company Accounting Oversight Board
FNMA	Federal National Mortgage Association, or “Fannie Mae”	PCI	Purchased Credit-Impaired
FRB	Federal Reserve Board	REIT	Real Estate Investment Trust
FASB	Financial Accounting Standards Board	RULC	Reserve for Unfunded Lending Commitments
FINRA	Financial Industry Regulatory Authority	RSU	Restricted Stock Unit
FTE	Full-time Equivalent	ROC	Risk Oversight Committee
GAAP	Generally Accepted Accounting Principles	SEC	Securities and Exchange Commission
GNMA	Government National Mortgage Association, or “Ginnie Mae”	SVC	Securitization Valuation Committee
GLB Act	Gramm-Leach-Bliley Act	SNC	Shared National Credit
HTM	Held-to-Maturity	SBA	Small Business Administration
HQLA	High Quality Liquid Assets	SBIC	Small Business Investment Company
HECL	Home Equity Credit Line	SIFI	Systemically Important Financial Institution
IFR	Interim Final Rule	TCBO	The Commerce Bank of Oregon
IFRS	International Financial Reporting Standards	TCBW	The Commerce Bank of Washington, a division of ZB, N.A.
ISDA	International Swap and Derivative Association	T1C	Tier 1 Common (Basel I)
LCR	Liquidity Coverage Ratio	TRS	Total Return Swap
LIBOR	London Interbank Offered Rate	TARP	Troubled Asset Relief Program
LGD	Loss Given Default	TDR	Troubled Debt Restructuring
LIHTC	Low-Income Housing Tax Credit	VIE	Variable Interest Entity
MD&A	Management’s Discussion and Analysis	Vetra	Vetra Bank Colorado, a division of ZB, N.A.
NASDAQ	National Association of Securities Dealers Automated Quotations	VR	Volcker Rule
NBAZ	National Bank of Arizona, a division of ZB, N.A.	ZB, N.A.	ZB, National Association
NAV	Net Asset Value	Parent	Zions Bancorporation
NIM	Net Interest Margin	Zions Bank	Zions Bank, a division of ZB, N.A.
NSFR	Net Stable Funding Ratio	ZMSC	Zions Management Services Company

ITEM 1. BUSINESS

DESCRIPTION OF BUSINESS

Zions Bancorporation (“the Parent”) is a financial holding company organized under the laws of the State of Utah in 1955, and registered under the BHC Act, as amended. The Parent owns and operates a commercial bank with a total of 450 domestic branches at year-end 2015. The Parent and its subsidiaries (collectively “the Company”) provide a full range of banking and related services, primarily in Arizona, California, Colorado, Idaho, Nevada, New Mexico, Oregon, Texas, Utah, Washington, and Wyoming. The Company conducts its banking operations through seven separately managed and branded segments, which we sometimes refer to as “affiliates” or by reference to their respective brands. Full-time equivalent (“FTE”) employees totaled 10,200 at December 31, 2015. For further

information about the Company's industry segments, see "Business Segment Results" on page 39 in MD&A and Note 21 of the Notes to Consolidated Financial Statements. For information about the Company's foreign operations, see "Foreign Exposure and Operations" on page 47 in MD&A. The "Executive Summary" on page 25 in MD&A provides further information about the Company.

PRODUCTS AND SERVICES

The Company focuses on providing community banking services by continuously strengthening its core business lines of (1) small and medium-sized business and corporate banking; (2) commercial and residential development, construction and term lending; (3) retail banking; (4) treasury cash management and related products and services; (5) residential mortgage servicing and lending; (6) trust and wealth management; (7) limited capital markets activities, including municipal finance advisory and underwriting; and (8) investment activities. It operates primarily through seven locally managed segments that each do business under a different name. Each of these affiliated banking operations has its own chief executive officer and management team.

The Company provides a wide variety of commercial and retail banking and mortgage lending products and services. It also provides a wide range of personal banking services to individuals, including home mortgages, bankcard, other installment loans, home equity lines of credit, checking accounts, savings accounts, certificates of deposit of various types and maturities, trust services, safe deposit facilities, direct deposit, and Internet and mobile banking. In addition, the Company provides services to key market segments through its Women's Financial, Private Client Services, and Executive Banking Groups. We also offer wealth management services, as well as online and traditional brokerage services through Zions Direct and Amegy Investments.

On June 1, 2015, the Company announced certain efficiency and restructuring initiatives that included, among other things, the merger of seven subsidiary banks into a single national charter, ZB, N.A., which was completed on December 31, 2015. The Company continues to operate using regional brand names according to geographic location.

In addition to these core businesses, the Company has built specialized lines of business in capital markets and public finance, and is a leader in SBA lending. The Company is one of the nation's largest providers of SBA 7(a) and SBA 504 financing to small businesses. It owns an equity interest in Farmer Mac and is its top originator of secondary market agricultural real estate mortgage loans. The Company provides finance advisory and corporate trust services for municipalities. The Company also provides trust services to individuals in its wealth management business and bond transfer, stock transfer, and escrow services in its corporate trust business, both within and outside of its footprint.

COMPETITION

The Company operates in a highly competitive environment. The Company's most direct competition for loans and deposits comes from other commercial banks, credit unions, and thrifts, including institutions that do not have a physical presence in our market footprint but solicit via the Internet and other means. In addition, the Company competes with finance companies, mutual funds, insurance companies, brokerage firms, securities dealers, investment banking companies, financial technology and other non-traditional lending and banking companies, and a variety of other types of companies. These companies may have fewer regulatory constraints and some have lower cost structures or tax burdens.

The primary factors in competing for business include convenience of office locations and other delivery methods, range of products offered, the quality of service delivered, and pricing. The Company must compete effectively along all of these dimensions to remain successful.

SUPERVISION AND REGULATION

The banking and financial services business in which we engage is highly regulated. Such regulation is intended, among other things, to improve the stability of banking and financial companies and to protect the interests of customers, including both loan customers and depositors, and taxpayers. These regulations are not, however, generally intended to protect the interests of our shareholders or creditors, and in fact may have the consequence of

reducing returns to our shareholders. This regulatory framework has been materially revised and expanded since the 2008-2009 financial crisis and recession. In particular, the Dodd-Frank Act and regulations promulgated pursuant to it have given financial regulators expanded powers over nearly every aspect of the Company's business. These include, among other things, new, higher regulatory capital requirements; regulation of dividends and other forms of capital distributions to shareholders through annual stress testing and capital planning processes; heightened liquidity and liquidity stress testing requirements, which include specific definitions of the types of investment securities that qualify as "high quality liquid assets" and which effectively limit the portion of the Company's balance sheet that can be used to meet the credit needs of its customers; specific limitations on mortgage lending products and practices; specific limits on certain consumer payment fees; and subjecting compensation practices to specific regulatory oversight and restrictions. Individually and collectively, these additional regulations have imposed and will continue to impose higher costs on the Company, and have reduced and may continue to reduce returns earned by shareholders. Some aspects of the Dodd-Frank Act continue to be subject to rulemaking, many of the rules that have been adopted will take effect over several additional years, and many of the rules that have been adopted may be subject to interpretation or clarification, and accordingly, the impact of such regulatory changes cannot be presently determined. The Company is committed to both satisfying heightened regulatory expectations and providing attractive shareholder returns. However, given the still-changing regulatory environment, the results of these efforts cannot yet be known.

Described below are the material elements of some selected laws and regulations applicable to the Company. The descriptions are not intended to be complete and are qualified in their entirety by reference to the full text of the statutes and regulations described. Changes in applicable laws or regulations, and in their application by regulatory agencies, cannot be predicted, but they may have a material effect on the business and results of the Company.

The Parent is a bank holding company and a financial holding company as provided by the BHC Act, as modified by the GLB Act and the Dodd-Frank Act. These and other federal statutes provide the regulatory framework for bank holding companies and financial holding companies, which have as their umbrella regulator the FRB. The supervision of ZB, N.A. and other regulated subsidiaries is conducted by each subsidiary's primary functional regulator and the laws and regulations administered by those regulators. The GLB Act allows our subsidiary bank to engage in certain financial activities through financial subsidiaries. To qualify for and maintain status as a financial holding company, or to do business through a financial subsidiary, the Parent and its subsidiary bank must satisfy certain ongoing criteria. The Company currently engages in only limited activities for which financial holding company status is required.

ZB, N.A. is subject to the provisions of the National Bank Act or other statutes governing national banks, as well as the rules and regulations of the OCC, the CFPB, and the FDIC. It is also subject to periodic examination and supervision by the OCC and the FDIC. Some of our nonbank subsidiaries are also subject to regulation by the FRB and other federal and state agencies. These regulatory agencies may exert considerable influence over our activities through their supervisory and examination roles. Our brokerage and investment advisory subsidiaries are regulated by the SEC, FINRA and/or state securities regulators.

The Dodd-Frank Act

The recent financial crisis led to numerous new laws in the United States and internationally for financial institutions. The Dodd-Frank Act, which was enacted in July 2010, is one of the most far reaching legislative actions affecting the financial services industry in decades and significantly restructured the financial regulatory regime in the United States.

The Dodd-Frank Act and regulations adopted under the Dodd-Frank Act broadly affect the financial services industry by creating new resolution authorities, requiring ongoing stress testing of our capital and liquidity, mandating higher capital and liquidity requirements, requiring divestiture of certain equity investments, increasing regulation of executive and incentive-based compensation, requiring banks to pay increased fees to regulatory agencies, and requiring numerous other provisions aimed at strengthening the sound operation of the financial services sector. Among other things affecting capital standards, the Dodd-Frank Act provides that:

- the requirements applicable to large bank holding companies (those with consolidated assets of greater than \$50 billion) be more stringent than those applicable to other financial companies;
- standards applicable to bank holding companies be no less stringent than those applied to insured depository institutions; and
- bank regulatory agencies implement countercyclical elements in their capital requirements.

Regulations promulgated under the Dodd-Frank Act require us to maintain greater levels of capital and liquid assets than was generally the case before the crisis and limit the forms of capital that we will be able to rely upon for regulatory purposes. In addition, in its supervisory role with respect to our stress testing and capital planning, our ability to deliver returns to our shareholders through dividends and stock repurchases is subject to prior non-objection by the FRB. The stress testing and capital plan process also could substantially reduce our flexibility to respond to market developments and opportunities in such areas as capital raising and acquisitions.

The Dodd-Frank Act's provisions and related regulations also affect the fees we must pay to regulatory agencies and the pricing of certain products and services, including the following:

- The assessment base for federal deposit insurance was changed to consolidated assets less tangible capital instead of the amount of insured deposits.
- The federal prohibition on the payment of interest on business transaction accounts was repealed.
- The FRB was authorized to issue regulations governing debit card interchange fees.

The Dodd-Frank Act also created the CFPB, which is responsible for promulgating regulations designed to protect consumers' financial interests and examining large financial institutions for compliance with, and enforcing, those regulations. The Dodd-Frank Act adds prohibitions on unfair, deceptive or abusive acts and practices to the scope of consumer protection regulations overseen and enforced by the CFPB. The CFPB also enacted new regulations that became fully effective January 10, 2014, which require significant changes to residential mortgage origination; these changes include the definition of a "qualified mortgage" and the requirement regarding how a borrower's "ability to repay" must be determined. The Dodd-Frank Act subjected national banks to the possibility of further regulation by restricting the preemption of state laws by federal laws, which had enabled national banks and their subsidiaries to comply with federal regulatory requirements without complying with various state laws. In addition, the Dodd-Frank Act gives greater power to state attorneys general to pursue legal actions against banking organizations for violations of federal law.

The Dodd-Frank Act contains numerous provisions that limit or place significant burdens and costs on activities traditionally conducted by banking organizations, such as originating and securitizing mortgage loans and other financial assets, arranging and participating in swap and derivative transactions, proprietary trading and investing in private equity and other funds. For the affected activities, these provisions may result in increased compliance and other costs, increased legal risk, and decreased scope of product offerings and earning assets.

The Company is subject to the provisions of the Volcker Rule ("VR"), issued pursuant to the Dodd-Frank Act. As of December 31, 2014, the Company had divested all securities that were not in compliance with the VR, and had sold all but \$18 million (amortized cost) of non-compliant investments. Such investments also provide for \$7 million of potential capital calls, which the Company expects to fund, as allowed by the VR, if and as the capital calls are made until the investments are sold. These investments are in private equity funds, and are referred to in this document as private equity investments ("PEIs"). The Company continues to pursue the disposition of all non-compliant PEIs. The FRB has granted a blanket extension of the VR compliance date to July 21, 2016. An additional one-year extension by the FRB is expected to further extend the Volcker conformance period for existing investments to July 21, 2017.

The Company and other companies subject to the Dodd-Frank Act are subject to a number of requirements regarding the time, manner and form of compensation given to its key executives and other personnel receiving incentive compensation, which are being imposed through the supervisory process as well as published guidance

and proposed rules. These requirements generally implement the compensation restrictions imposed by the Dodd-Frank Act and include documentation and governance, deferral, risk balancing, and claw-back requirements.

Some aspects of the Dodd-Frank Act continue to be subject to rulemaking, many of the rules that have been adopted will take effect over several additional years, and many of the rules that have been adopted may be subject to interpretation or clarification, and accordingly, the impact of such regulatory changes cannot be presently determined.

Capital Standards – Basel Framework

The Basel III capital rules, which effectively replaced the Basel I rules, became effective for the Company on January 1, 2015 (subject to phase-in periods for certain of their components and other provisions). In 2013, the FRB, FDIC, and OCC published final rules (the “Basel III capital rules”) establishing a new comprehensive capital framework for U.S. banking organizations. The rules implemented the Basel Committee’s December 2010 framework, commonly referred to as Basel III, for strengthening international capital standards as well as certain provisions of the Dodd-Frank Act. The Basel III capital rules substantially revised the risk-based capital requirements applicable to bank holding companies and depository institutions, including the Company, compared to the Basel I U.S. risk-based capital rules.

The Basel III capital rules define the components of capital and address other issues affecting the numerator in banking institutions’ regulatory capital ratios. The Basel III capital rules also address risk weights and other issues affecting the denominator in banking institutions’ regulatory capital ratios and replaced the risk-weighting approach derived from Basel I capital accords of the Basel Committee, with a more risk-sensitive approach based, in part, on the standardized approach in the Basel Committee’s 2004 Basel II capital accords. The Basel III capital rules also implemented the requirements of Section 939A of the Dodd-Frank Act to remove references to credit ratings from the federal banking agencies’ rules.

The Basel III capital rules, among other things, (i) introduced a new capital measure called “Common Equity Tier 1” (“CET1”), (ii) specified that Tier 1 capital consists of CET1 and “Additional Tier 1 capital” instruments meeting specified requirements, (iii) applied most deductions/adjustments to regulatory capital measures to CET1 and not to the other components of capital, thus potentially requiring higher levels of CET1 in order to meet minimum ratios, and (iv) expanded the scope of the deductions/adjustments from capital as compared to prior regulations.

Under the Basel III capital rules, the minimum capital ratios as of January 1, 2015 were as follows:

- 4.5% CET1 to risk-weighted assets;
- 6.0% Tier 1 capital (i.e., CET1 plus Additional Tier 1) to risk-weighted assets;
- 8.0% Total capital (i.e., Tier 1 plus Tier 2) to risk-weighted assets; and
- 4.0% Tier 1 capital to average consolidated assets as reported on consolidated financial statements (known as the “leverage ratio”).

When fully phased-in on January 1, 2019, the Basel III capital rules will also require the Company and its subsidiary bank to maintain a 2.5% “capital conservation buffer” designed to absorb losses during periods of economic stress, composed entirely of CET1, on top of the minimum risk-weighted asset ratios, effectively resulting in minimum ratios of (i) CET1 to risk-weighted assets of at least 7.0%, (ii) Tier 1 capital to risk-weighted assets of at least 8.5%, and (iii) Total capital to risk-weighted assets of at least 10.5%. Banking institutions with a ratio of CET1 to risk-weighted assets above the minimum but below the capital conservation buffer will face constraints on dividends, equity repurchases, and compensation based on the amount of the shortfall. The implementation of the capital conservation buffer will begin on January 1, 2016 at the 0.625% level and increase by 0.625% on each subsequent January 1, until it reaches 2.5% on January 1, 2019.

The Basel III capital rules also prescribe a standardized approach for calculating risk-weighted assets that expand the risk-weighting categories from Basel I-derived categories (0%, 20%, 50% and 100%) to a much larger and more risk-sensitive number of categories, depending on the nature of the assets, generally ranging from 0% for U.S. Government and agency securities, to 600% for certain equity exposures, and resulting in higher risk weights for a

variety of asset categories. In addition, the Basel III capital rules provide more advantageous risk weights for derivatives and repurchase-style transactions cleared through a qualifying central counterparty and increase the scope of eligible guarantors and eligible collateral for purposes of credit risk mitigation.

The Basel III capital rules provide for a number of deductions from and adjustments to CET1. These include, for example, the requirement that mortgage servicing rights, deferred tax assets (“DTA”) dependent upon future taxable income, and significant investments in common equity issued by nonconsolidated financial entities be deducted from CET1 to the extent that any one such category exceeds 10% of CET1 or all such categories in the aggregate exceed 15% of CET1. The application of this part of the rule did not result in any deductions from CET1. As a result of the large amount of CDO sales completed in 2014 and 2015, the Company does not expect the application of the Basel III corresponding deduction rules to have an effect on its Basel III regulatory capital ratios, either as phased-in or on a fully phased-in basis.

Under prior Basel I capital standards, the effects of AOCI items included in capital were excluded for purposes of determining regulatory capital and capital ratios. As a “non-advanced approaches banking organization,” we made a one-time permanent election as of January 1, 2015 to continue to exclude these items, as allowed under the Basel III capital rules.

Basel III also requires additional regulatory capital disclosures to be made that are commonly referred to as “Pillar 3” disclosures. These disclosures require the Company to make prescribed regulatory disclosures on a quarterly basis regarding its capital structure adequacy and risk-weighted assets. The Company began publishing these Pillar 3 disclosures in 2015, and such disclosures are available on the Company’s website.

The Company met all capital adequacy requirements under the Basel III capital rules based upon a 2015 phase-in as of December 31, 2015, and believes it would meet all capital adequacy requirements on a fully phased-in basis if such requirements were currently effective.

Capital Plan and Stress Testing

The Company is required by the Dodd-Frank Act to participate in annual stress tests known as the Dodd-Frank Annual Stress Test (“DFAST”) and Federal Reserve’s Comprehensive Capital Analysis and Review (“CCAR”). The Company submitted its 2015 capital plan and stress test results to the FRB on January 5, 2015. In its capital plan, the Company was required to forecast, under a variety of economic scenarios for nine quarters ending the fourth quarter of 2016, its estimated regulatory capital ratios, including its Tier 1 common (“T1C”) ratio associated with the Basel I capital rules, its CET1 ratio under the Basel III capital rules, and its GAAP tangible common equity ratio. On March 11, 2015, we announced that the Federal Reserve notified us that it did not object to the capital actions outlined in our 2015 capital plan. The plan included (1) the increase of the quarterly common dividend to \$0.06 per share beginning in the second quarter of 2015; (2) the continued payment of preferred dividends at the current rates; and (3) up to \$300 million in total reduction of preferred equity.

The Company’s stress test results were significantly different from those modeled by the FRB, as the FRB estimated that the Company’s minimum Tier 1 Common ratio in the severely adverse scenario was 5.1%, just above the 5.0% minimum. Since the release of the FRB’s modeled results, the Company has undertaken several actions designed in part to improve the Company’s risk profile under the CCAR stress tests. These actions include selling parts of the investment portfolio, extending the duration of the investment portfolio, and limiting growth in certain loan categories which are perceived as risky in the CCAR stress test.

During the second quarter of 2015, we completed our mid-cycle capital stress test as required under DFAST. The results demonstrated that we maintained sufficient capital to withstand a severe economic downturn. Detailed disclosure of the mid-cycle stress test results can be found on the Company’s website. Under the implementing regulations for CCAR, a bank holding company may generally raise and redeem capital, pay dividends, and repurchase stock and take similar capital-related actions only under a capital plan as to which the FRB has not objected.

On February 17, 2014, the Federal Reserve published final rules to implement Section 165, *Enhanced Supervision and Prudential Standards for Nonbank Financial Companies Supervised by the Board of Governors and Certain Bank Holding Companies*, of the Dodd-Frank Act. The Company believes that it is in compliance with these rules.

Prompt Corrective Action

The Federal Deposit Insurance Corporation Improvement Act (“FDICIA”) requires each federal banking agency to take prompt corrective action to resolve the problems of insured depository institutions, including but not limited to those that fall below one or more prescribed minimum capital ratios. Pursuant to FDICIA, the FDIC promulgated regulations defining the following five categories in which an insured depository institution will be placed, based on the level of its capital ratios: well-capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized. Under the prompt corrective action provisions of FDICIA as modified by the Basel III capital rules, an insured depository institution generally will be classified as well-capitalized if it has a CET1 ratio of at least 6.5%, a Tier 1 capital ratio of at least 8%, a total capital ratio of at least 10% and a Tier 1 leverage ratio of at least 5%, and an insured depository institution generally will be classified as undercapitalized if its CET1 ratio is under 3%, its total risk-based capital ratio is less than 8%, its Tier 1 risk-based capital ratio is less than 6%, or its Tier 1 leverage ratio is less than 4%. An institution that, based upon its capital levels, is classified as “well-capitalized,” “adequately capitalized,” or “undercapitalized,” may be treated as though it were in the next lower capital category if the appropriate federal banking agency, after notice and opportunity for hearing, determines that an unsafe or unsound condition or an unsafe or unsound practice warrants such treatment. At each successive lower capital category, an insured depository institution is subject to more restrictions and prohibitions, including restrictions on growth, restrictions on interest rates paid on deposits, restrictions or prohibitions on payment of dividends and restrictions on the acceptance of brokered deposits. Furthermore, if a bank is classified in one of the undercapitalized categories, it is required to submit a capital restoration plan to the federal bank regulator, and the holding company must guarantee the performance of that plan.

Other Regulations

The Company is subject to a wide range of other requirements and restrictions contained in both the laws of the United States and the states in which its banks and other subsidiaries operate. These regulations include but are not limited to the following:

- Requirements that the Parent serve as a source of strength for its subsidiary bank. The FRB has a policy that a bank holding company is expected to act as a source of financial and managerial strength to its subsidiary bank and, under appropriate circumstances, to commit resources to support the subsidiary bank. The Dodd-Frank Act codifies this policy as a statutory requirement.
- Limitations on dividends payable by subsidiaries. A significant portion of the Parent’s cash, which is used to pay dividends on our common and preferred stock and to pay principal and interest on our debt obligations, is derived from dividends paid to the Parent by its subsidiary bank. These dividends are subject to various legal and regulatory restrictions. See Note 18 of the Notes to Consolidated Financial Statements.
- Limitations on dividends payable to shareholders. The Parent’s ability to pay dividends on both its common and preferred stock may be subject to regulatory restrictions, including the requirement that they be included in a stress test and capital plan to which the FRB has not objected. See discussion under “Liquidity Management Actions” on page 69.
- Safety and soundness requirements. Federal and state laws require that our banks be operated in a safe and sound manner. We are subject to additional safety and soundness standards prescribed in the FDICIA, including standards related to internal controls, information systems, internal audit, loan documentation, credit underwriting, interest rate exposure, asset growth and compensation, as well as other operational and management standards deemed appropriate by the federal banking agencies. The safety and soundness requirements give bank regulatory agencies significant latitude in their supervisory authority over us.
- Requirements for approval of acquisitions and activities and restrictions on other activities. Prior approval of the FRB is required under the BHC Act for a financial holding company to acquire or hold more than a 5% voting interest in any bank, to acquire substantially all the assets of a bank or to merge with another financial or bank

holding company. The BHC Act also requires approval for certain nonbanking acquisitions, restricts the activities of bank holding companies that are not financial holding companies to banking, managing or controlling banks and other activities that the FRB has determined to be so closely related to banking as to be a proper incident thereto, and restricts the nonbanking activities of a financial holding company to those that are permitted for financial holding companies or that have been determined by the FRB to be financial in nature, incidental to financial activities, or complementary to a financial activity. Laws and regulations governing national banks contain similar provisions concerning acquisitions and activities.

- Limitations on the amount of loans to a borrower and its affiliates.
- Limitations on transactions with affiliates. The Dodd-Frank Act significantly expanded the coverage and scope of the limitations on affiliate transactions within a banking organization.
- Restrictions on the nature and amount of any investments and ability to underwrite certain securities.
- Requirements for opening of branches and the acquisition of other financial entities.
- Fair lending and truth in lending requirements to provide equal access to credit and to protect consumers in credit transactions.
- Broker-dealer and investment advisory regulations. Certain of our subsidiaries are broker-dealers that engage in securities underwriting and other broker-dealer activities. These companies are registered with the SEC and are members of FINRA. Certain other subsidiaries are registered investment advisers under the Investment Advisers Act of 1940, as amended, and as such are supervised by the SEC. They are also subject to various U.S. federal and state laws and regulations. These laws and regulations generally grant supervisory agencies broad administrative powers, including the power to limit or restrict the carrying on of business for failure to comply with such laws.
- Provisions of the GLB Act and other federal and state laws dealing with privacy for nonpublic personal information of individual customers.
- Community Reinvestment Act (“CRA”) requirements. The CRA requires banks to help serve the credit needs in their communities, including providing credit to low and moderate income individuals. If our bank subsidiary fails to adequately serve its communities, penalties may be imposed including denials of applications to add branches, relocate, add subsidiaries and affiliates, and merge with or purchase other financial institutions.
- Anti-money laundering regulations. The Bank Secrecy Act, Title III of the Uniting and Strengthening of America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (“USA Patriot Act”), and other federal laws require financial institutions to assist U.S. Government agencies in detecting and preventing money laundering and other illegal acts by maintaining policies, procedures and controls designed to detect and report money laundering, terrorist financing, and other suspicious activity.

The Parent is subject to the disclosure and regulatory requirements of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, both as administered by the SEC. As a company listed on the NASDAQ Global Select Market, the Parent is subject to NASDAQ listing standards for quoted companies.

The Company is subject to the Sarbanes-Oxley Act of 2002, the Dodd-Frank Act, and other federal and state laws and regulations which address, among other issues, corporate governance, auditing and accounting, executive compensation, and enhanced and timely disclosure of corporate information. NASDAQ has also adopted corporate governance rules, which are intended to allow shareholders and investors to more easily and efficiently monitor the performance of companies and their directors.

The Board of Directors of the Parent has implemented a comprehensive system of corporate governance and risk practices. This system includes policies and guidelines such as Corporate Governance Guidelines, a Code of Business Conduct and Ethics for Employees, a Directors Code of Conduct, a Related Party Transaction Policy, Stock Ownership and Retention Guidelines, a Compensation Clawback Policy, an insider trading policy including provisions prohibiting hedging and placing restrictions on the pledging of company stock by insiders, and charters for the Audit, Risk Oversight, Compensation, and Nominating and Corporate Governance Committees. More information on the Company’s corporate governance practices is available on the Company’s website at www.zionsbankcorporation.com. (The Company’s website is not part of this Annual Report on Form 10-K).

The Company has adopted policies, procedures and controls to address compliance with the requirements of the banking, securities and other laws and regulations described above or otherwise applicable to the Company. The Company intends to make appropriate revisions to reflect any changes required.

Regulators, Congress, state legislatures, and international consultative bodies continue to enact rules, laws, and policies to regulate the financial services industry and public companies and to protect consumers and investors. The nature of these laws and regulations and the effect of such policies on future business and earnings of the Company cannot be predicted.

GOVERNMENT MONETARY POLICIES

The earnings and business of the Company are affected not only by general economic conditions, but also by policies adopted by various governmental authorities. The Company is particularly affected by the monetary policies of the FRB, which affect both short-term and long-term interest rates and the national supply of bank credit.

In view of the changing conditions in the economy and the effect of the FRB's monetary policies, it is difficult to predict future changes in loan demand, deposit levels and interest rates, or their effect on the business and earnings of the Company. FRB monetary policies have had a significant effect on the operating results of commercial banks in the past and are expected to continue to do so in the future.

ITEM 1A. RISK FACTORS

The Company's growth strategy is driven by key factors while adhering to defined risk parameters. The key elements of Zions' strategy reflect its prudent risk-taking philosophy. The Company generates revenue by taking prudent and appropriately priced risks. These factors are outlined in the Company's Risk Appetite Framework.

The Company's Board of Directors has established a Risk Oversight Committee of the Board, approved an Enterprise Risk Management Framework, and appointed an Enterprise Risk Management Committee ("ERMC") consisting of senior management to oversee and implement the Framework. The Company's most significant risk exposure has traditionally come from the acceptance of credit risk inherent in prudent extension of credit to relationship customers. In addition to credit risk, these committees also monitor the following risk areas: market and interest rate risks, liquidity risk, strategic/business risk, operational/technology risks, model risk, capital/financial reporting risks, legal/compliance risks (including regulatory risk), and reputational risk as outlined in the Company's risk taxonomy. Additional governance and oversight includes Board-approved policies and management committees with direct focus on these specific risk categories.

The following list describes several risk factors which are significant to the Company, including but not limited to:

Credit Risk

Credit quality has adversely affected us in the past and may adversely affect us in the future.

Credit risk is one of our most significant risks. If the strength of the U.S. economy in general and the strength of the local economies in which we conduct operations declined, this could result in, among other things, deterioration in credit quality and/or reduced demand for credit, including a resultant adverse effect on the income from our loan portfolio, an increase in charge-offs and an increase in the allowance for loan and lease losses ("ALLL").

We have concentrations of risk in our loan portfolio, including loans secured by real estate and oil and gas-related lending, which may have unique risk characteristics that may adversely affect our results. Given the current volatility in oil prices and the potential for oil prices to remain low for an extended period of time, Zions Bancorporation's credit exposure in oil and gas could be adversely impacted. We have heightened our oversight of this credit exposure and have taken proactive steps to effectively manage this book of business.

Concentration or counterparty risk could adversely affect the Company. Concentration risk across our loan and investment portfolios could pose significant additional credit risk to the Company due to exposures which perform in a similar fashion. Counterparty risk could also pose additional credit risk.

We engage in commercial construction and land acquisition and development lending, as well as commercial term lending, primarily in our Western states footprint. The Company, as a whole, has relatively larger concentrations of such lending than many other peer institutions. In addition, we have a concentration in oil and gas-related lending, primarily in Texas at Amegy. Both commercial real estate (“CRE”) and oil and gas lending are subject to specific risks, including volatility and potential significant and prolonged declines in collateral values and activity levels. In addition, our real estate lending is concentrated in the Western states, and values there may behave differently than in other parts of the United States. We may have other unidentified concentrated or correlated risks in our loan portfolio.

Our business is highly correlated to local economic conditions in a specific geographic region of the United States.

As a regional bank holding company, the Company provides a full range of banking and related services through its local management teams and unique brands in Arizona, California, Colorado, Idaho, Nevada, New Mexico, Oregon, Texas, Utah, Washington, and Wyoming. Approximately 80% of the Company’s total net interest income for the year ended December 31, 2015, and 77% of total assets as of December 31, 2015 relate to our banking operations in Utah, Texas, and California. This is compared to 82% of the Company’s total net interest income for the year ended December 31, 2014, and 78% of total assets as of December 31, 2014. As a result of this geographic concentration, our financial results depend largely upon economic conditions in these market areas. Accordingly, adverse economic conditions affecting these three states in particular could significantly affect our consolidated operations and financial results. For example, our credit risk could be elevated to the extent that our lending practices in these three states focus on borrowers or groups of borrowers with similar economic characteristics, which are similarly affected by the same adverse economic events. At both December 31, 2015 and December 31, 2014, loan balances associated with our banking operations in Utah, Texas, and California comprised 81% of the Company’s commercial lending portfolio, 75% of the CRE lending portfolio, and 69% of the consumer lending portfolio. Loans originated by our banking operations in Utah, Texas, and California are primarily to borrowers in those respective states, with the exception of the National Real Estate group, which co-originate or purchases primarily owner occupied first CRE loans from financial institutions throughout the country.

We have been and could continue to be negatively affected by adverse economic conditions.

Adverse economic conditions negatively affect the Company’s assets, including its loans and securities portfolios, capital levels, results of operations, and financial condition. The most recent financial crisis resulted in significant regulatory changes that continue to affect the Company. Although economic conditions have improved since the most recent financial crisis, it is possible that economic conditions may weaken or that sluggish economic conditions may continue for a substantial period of time. Economic and fiscal conditions in the United States and other countries may directly or indirectly adversely impact economic and market conditions faced by the Company and its customers. Any sustained weakness or further weakening in economic conditions would adversely affect the Company. The Company has exposure to oil and gas-related companies that are currently experiencing a prolonged period of low energy prices. For more information regarding the Company’s exposure to oil and gas-related companies see “Oil and Gas-Related Exposure” in “Risk Elements” on pages 52-55 of MD&A in this Form 10-K.

Market and Interest Rate Risks

Failure to effectively manage our interest rate risk and prolonged periods of low interest rates could adversely affect us.

Net interest income is the largest component of the Company’s revenue. Interest rate risk is managed by the Asset Liability Management Committee, which is appointed by the Company’s Board of Directors. Failure to effectively manage our interest rate risk could adversely affect the Company. Factors beyond the Company’s control can significantly influence the interest rate environment and increase the Company’s risk. These factors include competitive pricing pressures for our loans and deposits, adverse shifts in the mix of deposits and other funding sources, and volatile market interest rates resulting from general economic conditions and the policies of governmental and regulatory agencies, in particular the FRB.

The Company remains in an “asset-sensitive” interest rate risk position, which means that net interest income would be expected to increase if interest rates increase, and to decline if interest rates decrease. Most recently, the FRB maintained the target range for federal funds rate at 0.25% to 0.50%, and indicated that it will determine the timing and size of future rate adjustments by assessing realized and expected economic conditions relative to the objectives of maximum employment and 2% inflation.

Financial market participants have recently contemplated the possibility of negative interest rates. With the exception of brief money market disruptions in which some U.S. Treasury bills traded at negative rates, the U.S. has not previously experienced a negative rate environment, although other developed economies have had prolonged periods of negative rates. Therefore, there are many unknown factors which could impact the Company in a negative rate environment. The ability to effectively charge customers interest on deposits will be determined largely by competition for deposits, but the Company’s deposit systems may require modification to allow for negative deposit rates. Asset allocation strategies would be reconsidered were the FRB to charge for excess reserves.

Our estimates of our interest rate risk position related to noninterest-bearing demand deposits are dependent on assumptions for which there is little historical experience, and the actual behavior of those deposits in a changing interest rate environment may differ materially from our estimates, which could materially affect our results of operations.

We have experienced a low interest rate environment for the past several years. Our views with respect to, among other things, the degree to which we are “asset-sensitive,” including our interest rate risk position for noninterest-bearing demand deposits, are dependent on modeled projections that rely on assumptions regarding changes in balances of such deposits in a changing interest rate environment. Because there is no modern precedent for the prolonged, extremely low interest rate environment that has prevailed for the last several years, there is little historical experience upon which to base such assumptions. If interest rates continue to increase, our assumptions regarding changes in balances of noninterest-bearing demand deposits and regarding the speed and degree to which other deposits are repriced may prove to be incorrect, and business decisions made in reliance on our modeled projections and underlying assumptions could prove to be unsuccessful. Because noninterest-bearing demand deposits are a significant portion of our deposit base, realized results which are different from our modeled projections and the underlying assumptions could materially affect our results of operations.

Liquidity Risk

We and/or the holders of our securities could be adversely affected by unfavorable rating actions from rating agencies.

Our ability to access the capital markets is important to our overall funding profile. This access is affected by the ratings assigned by rating agencies to us, certain of our affiliates, and particular classes of securities that we and our banking subsidiary issue. The rates that we pay on our securities are also influenced by, among other things, the credit ratings that we, our affiliates, and/or our securities receive from recognized rating agencies. Ratings downgrades to us, our affiliates, or our securities could increase our costs or otherwise have a negative effect on our results of operations or financial condition or the market prices of our securities.

As a regulated entity, we are subject to capital and liquidity requirements that may limit our operations and potential growth.

We are a bank holding company and a financial holding company. As such, we and our subsidiary bank are subject to the comprehensive, consolidated supervision and regulation of the FRB, the OCC and the FDIC, including risk-based and leverage capital ratio requirements, and Basel III liquidity requirements. Capital needs may rise above normal levels when we experience deteriorating earnings and credit quality, and our banking regulators may increase our capital requirements based on general economic conditions and our particular condition, risk profile and growth plans. In addition, we may be required to increase our capital levels even in the absence of actual adverse economic conditions or forecasts as a result of stress testing and capital planning based on hypothetical future adverse economic scenarios. Compliance with the capital requirements, including leverage ratios, may limit operations that require the intensive use of capital and could adversely affect our ability to expand or maintain

present business levels. For a summary of the capital rules to which we are subject, see “Capital Standards – Basel Framework” in “Supervision and Regulation” on page 9 of MD&A in this Form 10-K.

Liquidity regulations, including regulations establishing a minimum Liquidity Coverage Ratio (“LCR”) and requiring monthly liquidity stress testing applicable to the Company may impact profitability.

The Company is subject to liquidity regulations, including a requirement that it conduct monthly liquidity stress tests, that require it maintain a modified LCR of at least 100% effective January 1, 2016. The Company’s calculation of the modified LCR indicates that the Company is in compliance with the requirement. Such stress testing is subject to ongoing model and assumptions changes which could affect results.

In order to meet the requirements of these new regulations, the Company expects to continue to hold a higher portion of its assets in High Quality Liquid Assets (“HQLA”) and a lower portion of its assets in loans than was generally the case prior to such regulation. HQLA generally have lower yields than loans of the type made by the Company.

The Company may not be able to utilize the significant deferred tax asset recorded on its balance sheet.

The Company’s balance sheet includes a significant DTA. The largest components of this asset result from additions to our ALLL for purposes of generally accepted accounting principles in excess of loan losses actually taken for tax purposes. Our ability to continue to record this DTA is dependent on the Company’s ability to realize its value through net operating loss carrybacks or future projected earnings. Loss of part or all of this asset would adversely impact tangible capital. In addition, inclusion of this asset in determining regulatory capital is subject to certain limitations. Currently no DTA are disallowed for regulatory purposes either on a consolidated basis or at the Company’s subsidiary bank.

Strategic/Business Risk

Problems encountered by other financial institutions could adversely affect financial markets generally and have indirect adverse effects on us.

The commercial soundness of many financial institutions may be closely interrelated as a result of credit, trading, clearing or other relationships between the institutions. As a result, concerns about, or a default or threatened default by, one institution could lead to significant market-wide liquidity and credit problems, losses or defaults by other institutions. This is sometimes referred to as “systemic risk” and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which we interact on a daily basis, and therefore could adversely affect us. Information security and vendor management processes are in place to actively identify, manage and monitor actual and potential impacts.

The regulation of incentive compensation under the Dodd-Frank Act may adversely affect our ability to retain our highest performing employees.

The bank regulatory agencies have published guidance and proposed regulations which limit the manner and amount of compensation that banking organizations provide to employees. These regulations and guidance may adversely affect our ability to attract and retain key personnel. If we were to suffer such adverse effects with respect to our employees, our business, financial condition and results of operations could be adversely affected, perhaps materially.

We have made and are continuing to make significant changes to the Company that include, among other things, the combination of certain of our subsidiary companies into a single entity, other organizational restructurings, efficiency initiatives, and replacement or upgrades of certain core technological systems to improve our control environment, operating efficiency, and results of operations. The ultimate success and completion of these changes, and their effect on the Company, may vary significantly from initial planning, which could materially adversely affect the Company.

During 2013, our Board of Directors approved a significant investment by us to replace our loan and deposit systems and to upgrade our accounting systems. The new integrated system for most of our loans and deposits is expected to employ technology that is a significant improvement over our current systems. These initiatives will be completed in phases to allow for appropriate testing and implementation so as to minimize time delays and cost

overruns. In December 2015, the Company consolidated its seven subsidiary banks, a subsidiary trust company, and our service company into a single bank. The Company also decided to make other organizational changes such as the realignment of management responsibilities and the rationalization of support functions, including accounting and risk, and back office operations. Additionally, in June 2015, management announced certain efficiency initiatives to improve operating results and return on equity.

These changes continue to be implemented and some are in their early stages. By their very nature, projections of duration, cost, expected savings, expected efficiencies, and related items are subject to change and significant variability.

We may encounter significant adverse developments in the completion and implementation of these changes. These may include significant time delays, cost overruns, loss of key people, technological problems, processing failures, and other adverse developments. Our ability to attract key employees with appropriate talent to implement these changes may also be challenged. Further, our ability to maintain an adequate control environment may be impacted. Any or all of these issues could result in disruptions to our systems, processes, controls, procedures, and employees, which may adversely impact our customers and our ability to conduct business.

We have plans, policies and procedures designed to prevent or limit the negative effect of these potential adverse developments. However, there can be no assurance that any such adverse developments will not occur or, if they do occur, that they will be adequately remediated. The ultimate effect of any adverse development could damage our reputation, result in a loss of customer business, subject us to additional regulatory scrutiny, or expose us to civil litigation and possible financial liability, any of which could materially affect the Company, including its control environment, operating efficiency, and results of operations.

Operational/Technology Risks

Catastrophic events including, but not limited to, hurricanes, tornadoes, earthquakes, fires, floods, and prolonged drought, may adversely affect the general economy, financial and capital markets, specific industries, and the Company.

The Company has significant operations and a significant customer base in Utah, Texas, California and other regions where natural and other disasters may occur. These regions are known for being vulnerable to natural disasters and other risks, such as hurricanes, tornadoes, earthquakes, fires, floods, and prolonged drought. These types of natural catastrophic events at times have disrupted the local economy, the Company's business and customers, and have posed physical risks to the Company's property. In addition, catastrophic events occurring in other regions of the world may have an impact on the Company's customers and in turn on the Company. Although we have business continuity and disaster recovery programs in place, a significant catastrophic event could materially adversely affect the Company's operating results.

We could be adversely affected by failure in our internal controls.

A failure in our internal controls could have a significant negative impact not only on our earnings, but also on the perception that customers, regulators and investors may have of the Company. We continue to devote a significant amount of effort, time and resources to improving our controls and ensuring compliance with complex accounting standards and regulations. These efforts also include the management of controls to mitigate operational risks for programs and processes across the Company.

We could be adversely affected by financial technology advancements and other non-traditional lending and banking sources.

The ability to successfully remain competitive is dependent upon our ability to maintain a critical technological capability and identify and develop new, value-added products for existing and future customers. Failure to do so could impede our time to market, reduce customer product accessibility and weaken our competitive position.

Our information systems may experience an interruption or security breach.

We rely heavily on communications and information systems to conduct our business. We, our customers, and other financial institutions with which we interact, are subject to ongoing, continuous attempts to penetrate key systems by individual hackers, organized criminals, and in some cases, state-sponsored organizations. Any failure, interruption or breach in security of these systems could result in failures or disruptions in our customer relationship management, general ledger, deposit, loan and other systems, misappropriation of funds, and theft of proprietary Company or customer data. While we have significant internal resources, policies and procedures designed to prevent or limit the effect of the possible failure, interruption or security breach of our information systems, there can be no assurance that any such failure, interruption or security breach will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failure, interruption or security breach of our information systems could damage our reputation, result in a loss of customer business, subject us to additional regulatory scrutiny, or expose us to civil litigation and possible financial liability.

Model Risk

We increasingly use models in the management of the Company, and in particular in the required stress testing and capital plan. There is risk that these models are incorrect or inaccurate in various ways, which can cause us to make non-optimal decisions, and this risk causes the Company to hold additional capital as a buffer against that risk.

We attempt to carefully develop, document, back test, and validate the models used in the management of the Company, including, for example, models used in the management of interest rate and liquidity risk, and those used in projecting stress losses in various segments of our credit and securities portfolios, and projecting net revenue under stress. Models are inherently imperfect for a number of reasons, however, and cannot perfectly predict outcomes. Management decisions based in part on such models, therefore, can be suboptimal. In addition, in determining the Company's capital needs under stress testing, we attempt to specifically quantify the amounts by which model results could be incorrect, and we hold material additional amounts of capital as a buffer against this "model risk."

Capital/Financial Reporting Risks

Stress testing and capital management under the Dodd-Frank Act may limit our ability to increase dividends, repurchase shares of our stock, and access the capital markets.

Under the CCAR, we are required to submit to the FRB each year our capital plan for the applicable planning horizon, along with the results of required stress tests. Each annual capital plan will, among other things, specify our planned capital actions with respect to dividends, preferred stock redemptions, common stock buybacks or issuances, and similar matters and will be subject to the objection or non-objection by the FRB. Moreover, the CCAR process requires us to analyze the pro forma impact on our financial condition of various hypothetical future adverse economic scenarios selected by us and the FRB. We must maintain or raise capital sufficient to meet our risk management and regulatory expectations under such hypothetical scenarios. In connection with the annual CCAR process, we also participate in the Dodd-Frank Act Stress Tests ("DFAST") on a semi-annual basis. Under DFAST, a standardized strategy for capital actions (dividend payments held constant and other current capital obligations met) is implemented by all participating banks. As required by the Dodd-Frank Act we also submit stress tests to the OCC for our subsidiary bank because it has assets in excess of \$10 billion. Under both CCAR and DFAST, the Federal Reserve uses its proprietary models to analyze the Company's stressed capital position. The severity of the hypothetical scenarios devised by the FRB and OCC and employed in these stress tests is undefined by law or regulation, and is thus subject solely to the discretion of the regulators. The stress testing and capital planning processes may, among other things, require us to increase our capital levels, limit our dividends or other capital distributions to shareholders, modify our business strategies, or decrease our exposure to various asset classes.

Under stress testing and capital management standards implemented by bank regulatory agencies under the Dodd-Frank Act, we may declare dividends, repurchase common stock, redeem preferred stock and debt, access capital markets for certain types of capital, make acquisitions, and enter into similar transactions only if included in a

capital plan to which the FRB has not objected. Any similar transactions not contemplated in our annual capital plan, other than those with an inconsequential impact on actual or projected capital, may require a new stress test and capital plan, which is subject to FRB non-objection. These requirements may significantly limit our ability to respond to and take advantage of market developments.

Economic and other circumstances may require us to raise capital at times or in amounts that are unfavorable to the Company.

The Company and its subsidiary bank must maintain certain risk-based and leverage capital ratios, as required by its banking regulators, which can change depending upon general economic conditions, hypothetical future adverse economic scenarios, and the particular conditions, risk profiles and growth plans of the Company and its subsidiary bank. Compliance with capital requirements may limit the Company's ability to expand and has required, and may require, the Company or its subsidiaries to raise additional capital, or may require additional capital investment from the Parent. These uncertainties and risks, including those created by legislative and regulatory uncertainties, may increase the Company's cost of capital and other financing costs.

We could be adversely affected by accounting, financial reporting, and regulatory and compliance risk.

The Company is exposed to accounting, financial reporting, and regulatory/compliance risk. The Company provides to its customers, invests in, and uses for its own capital, funding, and risk management needs, a number of complex financial products and services. Estimates, judgments, and interpretations of complex and changing accounting and regulatory policies are required in order to provide and account for these products and services. Changes in our accounting policies or in accounting standards could materially affect how we report our financial results and conditions. The level of regulatory/compliance oversight has been heightened in recent periods as a result of rapid changes in regulations that affect financial institutions. The administration of some of these regulations and related changes has required the Company to comply before their formal adoption. Therefore, identification, interpretation and implementation of complex and changing accounting standards as well as compliance with regulatory requirements pose an ongoing risk.

Our results of operations depend upon the performance of our subsidiaries.

We are a holding company that conducts substantially all of our operations through our banking subsidiary and other subsidiaries. The Parent receives substantially all of its revenues from dividends from its subsidiaries and primarily from its subsidiary bank. These dividends are a principal source of funds to pay dividends on our common and preferred stock and interest and principal on our debt. We and certain of our subsidiaries experienced periods of unprofitability or reduced profitability during the most recent recession of 2007-2009. The ability of the Company and its subsidiary bank to pay dividends is restricted by regulatory requirements, including profitability and the need to maintain required levels of capital. Lack of profitability or reduced profitability exposes us to the risk that regulators could restrict the ability of our subsidiary bank to pay dividends. It also increases the risk that the Company may have to establish a "valuation allowance" against its net DTA or have that asset disallowed for regulatory capital purposes.

The ability of our subsidiary bank to pay dividends or make other payments to us is also limited by its obligations to maintain sufficient capital and by other general regulatory restrictions on its dividends. If it does not satisfy these regulatory requirements, we may be unable to pay dividends or interest on our indebtedness. The OCC, the primary regulator of our subsidiary bank, has issued policy statements generally requiring insured banks to pay dividends only out of current earnings. In addition, if, in the opinion of the applicable regulatory authority, a bank under its jurisdiction is engaged in or is about to engage in an unsafe or unsound practice, which could include the payment of dividends, such authority may take actions requiring that such bank refrain from the practice. Payment of dividends could also be subject to regulatory limitations if a subsidiary bank were to become "under-capitalized" for purposes of the applicable federal regulatory "prompt corrective action" regulations.

The value of our goodwill may decline in the future.

As of December 31, 2015, the Company had \$1 billion of goodwill that was allocated to Amegy, CB&T and Zions Bank. If the fair value of a reporting unit is determined to be less than its carrying value, the Company may have to

take a charge related to the impairment of its goodwill. Such a charge would occur if the fair value of the Company's net assets improves at a faster rate than the market value of our reporting units, or if the Company was to experience increases in the book value of a reporting unit in excess of the increase in the fair value of equity of a reporting unit. A significant decline in the Company's expected future cash flows, a significant adverse change in the business climate, slower economic growth or a significant and sustained decline in the price of the Company's common stock, any or all of which could be materially impacted by many of the risk factors discussed herein, may necessitate the Company taking charges in the future related to the impairment of its goodwill. Future regulatory actions could also have a material impact on assessments of the appropriateness of the goodwill carrying value. If the Company was to conclude that a future write-down of its goodwill is necessary, it would record the appropriate charge, which could have a material adverse effect on the Company's results of operations.

Legal/Compliance Risks

The Dodd-Frank Act imposes significant limitations on our business activities and subjects us to increased regulation and additional costs.

The Dodd-Frank Act has material implications for the Company and the entire financial services industry. The Dodd-Frank Act places significant additional regulatory oversight and requirements on financial institutions, particularly those with more than \$50 billion of assets, including the Company. In addition, among other things, the Dodd-Frank Act:

- affects the levels of capital and liquidity with which the Company must operate and how it plans capital and liquidity levels;
- subjects the Company to new and/or higher fees paid to various regulatory entities, including but not limited to deposit insurance fees to the FDIC;
- impacts the Company's ability to invest in certain types of entities or engage in certain activities;
- impacts a number of the Company's business strategies;
- requires us to incur the cost of developing substantial heightened risk management policies and infrastructure;
- regulates the pricing of certain of our products and services and restricts the revenue that the Company generates from certain businesses;
- subjects the Company to capital planning actions, including stress testing or similar actions and timing expectations for capital raising;
- subjects the Company to supervision by the CFPB, with very broad rule-making and enforcement authorities;
- grants authority to state agencies to enforce state and federal laws against national banks;
- subjects the Company to new and different litigation and regulatory enforcement risks; and
- limits the manner and amount in which compensation is paid to executive officers and employees generally.

The Company and the entire financial services industry have incurred and will continue to incur substantial personnel, systems, consulting, and other costs in order to comply with new regulations promulgated under the Dodd-Frank Act, particularly with respect to stress testing and risk management. Some aspects of the Dodd-Frank Act continue to be subject to rulemaking, many of the rules that have been adopted will take effect over several additional years, and many of the rules that have been adopted may be subject to interpretation and clarification, and accordingly, the impact of such regulatory changes cannot be presently determined. Individually and collectively, regulations adopted under the Dodd-Frank Act may materially adversely affect the Company's and the financial services industry's business, financial condition (including the Company's ability to compete effectively with less regulated financial services providers), and results of operations.

Other legislative and regulatory actions taken now or in the future may have a significant adverse effect on our operations and earnings.

In addition to the Dodd-Frank Act described previously, bank regulatory agencies and international regulatory consultative bodies have proposed or are considering new regulations and requirements, some of which may be imposed without formal promulgation. Our deposits are insured by the FDIC up to legal limits and, accordingly, we are subject to FDIC insurance assessments.

There can be no assurance that any or all of these regulatory changes or actions will ultimately be adopted. However, if adopted, some of these proposals could adversely affect the Company by, among other things: impacting after-tax returns earned by financial services firms in general; limiting the Company's ability to grow; increasing taxes or fees on some of the Company's funding or activities; limiting the range of products and services that the Company could offer; and requiring the Company to raise capital at inopportune times.

The ultimate impact of these proposals cannot be predicted as it is unclear which, if any, may be adopted.

We could be adversely affected by legal and governmental proceedings.

We are subject to risks associated with legal claims, fines, litigation, and regulatory and other government proceedings. The Company's exposure to these proceedings has increased and may further increase as a result of stresses on customers, counterparties and others arising from the past or current economic environments, new regulations promulgated under recently adopted statutes, the creation of new examination and enforcement bodies, and increasingly aggressive enforcement and legal actions against banking organizations.

Reputational Risk

The company is presented with various reputational risk issues that could stem from operational, compliance and legal risks.

A Reputational Risk Council was established to monitor, manage and develop strategies to effectively manage reputational risk which includes, but is not limited to, addressing communication logistics, legal and regulatory issues.

ITEM 1B. UNRESOLVED STAFF COMMENTS

There are no unresolved written comments that were received from the SEC's staff 180 days or more before the end of the Company's fiscal year relating to its periodic or current reports filed under the Securities Exchange Act of 1934.

ITEM 2. PROPERTIES

At December 31, 2015, the Company operated 450 domestic branches, of which 280 are owned and 170 are leased. The Company also leases its headquarters in Salt Lake City, Utah. Other operations facilities are either owned or leased. The annual rentals under long-term leases for leased premises are determined under various formulas and factors, including operating costs, maintenance and taxes. For additional information regarding leases and rental payments, see Note 17 of the Notes to Consolidated Financial Statements.

ITEM 3. LEGAL PROCEEDINGS

The information contained in Note 17 of the Notes to Consolidated Financial Statements is incorporated by reference herein.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION

The Company's common stock is traded on the NASDAQ Global Select Market under the symbol "ZION." The last reported sale price of the common stock on NASDAQ on February 16, 2016 was \$21.68 per share.

The following schedule sets forth, for the periods indicated, the high and low sale prices of the Company's common stock, as quoted on NASDAQ:

	2015		2014	
	High	Low	High	Low
1st Quarter	\$ 28.72	\$ 23.72	\$ 33.33	\$ 27.82
2nd Quarter	33.03	26.20	31.87	27.65
3rd Quarter	32.42	26.42	30.89	27.44
4th Quarter	31.18	26.22	29.93	25.02

During 2015, the Company purchased \$176 million of its Series I preferred stock pursuant to a cash tender offer. During 2014, the Company issued \$525 million of common stock, which consisted of approximately 17.6 million shares at a price of \$29.80 per share. Net of commissions and fees, this issuance added approximately \$516 million to common stock.

See Note 13 of the Notes to Consolidated Financial Statements for further information regarding equity transactions during 2014 and 2015.

As of February 16, 2016, there were 4,813 holders of record of the Company's common stock.

EQUITY CAPITAL AND DIVIDENDS

We have 4,400,000 authorized shares of preferred stock without par value and with a liquidation preference of \$1,000 per share. As of December 31, 2015, 66,139, 143,750, 171,827, 126,221, 125,224, and 195,152 of preferred shares series A, F, G, H, I, and J respectively, have been issued and are outstanding. In general, preferred shareholders may receive asset distributions before common shareholders; however, preferred shareholders have only limited voting rights generally with respect to certain provisions of the preferred stock, the issuance of senior preferred stock, and the election of directors. Preferred stock dividends reduce earnings available to common shareholders and are paid quarterly or semiannually in arrears. The preferred stock redemption amount is computed at the per share liquidation preference plus any declared but unpaid dividends. All of the outstanding series of preferred stock are registered with the SEC. In addition, Series A, F, G, and H preferred stock are listed and traded on the New York Stock Exchange. See Note 13 of the Notes to Consolidated Financial Statements for further information regarding the Company's preferred stock.

The frequency and amount of common stock dividends paid during the last two years are as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2015	\$ 0.04	\$ 0.06	\$ 0.06	\$ 0.06
2014	0.04	0.04	0.04	0.04

The Company's Board of Directors approved a dividend of \$0.06 per common share payable on February 25, 2016 to shareholders of record on February 18, 2016. The Company expects to continue its policy of paying regular cash dividends on a quarterly basis, although there is no assurance as to future dividends because they depend on future earnings, capital requirements, financial condition, and regulatory approvals.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The information contained in Item 12 of this Form 10-K is incorporated by reference herein.

SHARE REPURCHASES

The following schedule summarizes the Company's share repurchases for the fourth quarter of 2015:

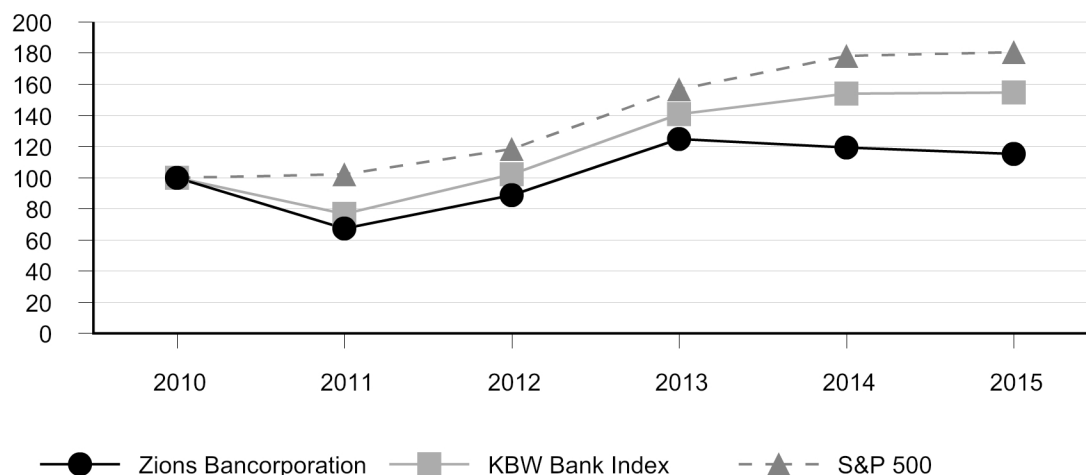
Period	Total number of shares repurchased ¹	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plan
October	942	\$ 27.84	—	\$ —
November	7,176	29.97	—	—
December	100	30.22	—	—
Fourth quarter	8,218	29.73	—	—

¹ Represents common shares acquired from employees in connection with the Company's stock compensation plan. Shares were acquired from employees to pay for their payroll taxes and stock option exercise cost upon the vesting of restricted stock and restricted stock units, and the exercise of stock options, under the "withholding shares" provision of an employee share-based compensation plan.

PERFORMANCE GRAPH

The following stock performance graph compares the five-year cumulative total return of Zions Bancorporation's common stock with the Standard & Poor's 500 Index and the KBW Bank Index, both of which include Zions Bancorporation. The KBW Bank Index is a market capitalization-weighted bank stock index developed and published by Keefe, Bruyette & Woods, Inc., a nationally recognized brokerage and investment banking firm specializing in bank stocks. The index is composed of 24 geographically diverse stocks representing national money center banks and leading regional financial institutions. The stock performance graph is based upon an initial investment of \$100 on December 31, 2010 and assumes reinvestment of dividends.

**PERFORMANCE GRAPH FOR ZIONS BANCORPORATION
INDEXED COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN**



	2010	2011	2012	2013	2014	2015
Zions Bancorporation	100.0	67.3	88.7	124.7	119.4	115.2
KBW Bank Index	100.0	76.8	102.2	140.8	154.0	154.7
S&P 500	100.0	102.1	118.4	156.8	178.2	180.7

ITEM 6. SELECTED FINANCIAL DATA

FINANCIAL HIGHLIGHTS

<i>(Dollar amounts in millions, except per share amounts)</i>	2015/2014 Change	2015	2014	2013	2012	2011
For the Year						
Net interest income	+2%	\$ 1,715.3	\$ 1,680.0	\$ 1,696.3	\$ 1,731.9	\$ 1,756.2
Noninterest income	-26%	377.1	508.6	337.4	419.9	498.2
Total revenue	-4%	2,092.4	2,188.6	2,033.7	2,151.8	2,254.4
Provision for loan losses	+141%	40.0	(98.1)	(87.1)	14.2	74.5
Noninterest expense	-4%	1,600.5	1,665.3	1,714.4	1,595	1,658.6
Impairment loss on goodwill	—%	—	—	—	1.0	—
Income before income taxes	-27%	451.9	621.4	406.4	541.6	521.3
Income taxes	-36%	142.4	222.9	142.9	193.4	198.6
Net income	-22%	309.5	398.5	263.5	348.2	322.7
Net loss applicable to noncontrolling interests	—%	—	—	(0.3)	(1.3)	(1.1)
Net income applicable to controlling interest	-22%	309.5	398.5	263.8	349.5	323.8
Net earnings applicable to common shareholders	-24%	246.6	326.6	294.0	178.6	153.4
Per Common Share						
Net earnings – diluted	-29%	1.20	1.68	1.58	0.97	0.83
Net earnings – basic	-29%	1.20	1.68	1.58	0.97	0.83
Dividends declared	+38%	0.22	0.16	0.13	0.04	0.04
Book value ¹	+4%	32.67	31.35	29.57	26.73	25.02
Market price – end		27.30	28.51	29.96	21.40	16.28
Market price – high		33.03	33.33	31.40	22.81	25.60
Market price – low		23.72	25.02	21.56	16.40	13.18
At Year-End						
Assets	+4%	59,670	57,209	56,031	55,512	53,149
Net loans and leases	+1%	40,650	40,064	39,043	37,670	37,257
Deposits	+5%	50,374	47,848	46,363	46,134	42,878
Long-term debt	-25%	817	1,092	2,274	2,337	1,954
Shareholders' equity:						
Preferred equity	-17%	829	1,004	1,004	1,128	2,377
Common equity	+5%	6,679	6,366	5,461	4,924	4,608
Noncontrolling interests	—%	—	—	—	(3)	(2)
Performance Ratios						
Return on average assets		0.53%	0.71%	0.48%	0.66%	0.63%
Return on average common equity		3.75%	5.42%	5.73%	3.76%	3.32%
Tangible return on average tangible common equity		4.55%	6.70%	7.44%	5.18%	4.72%
Net interest margin		3.19%	3.26%	3.36%	3.57%	3.77%
Capital Ratios ¹						
Equity to assets		12.58%	12.88%	11.54%	10.90%	13.14%
Common equity tier 1 (Basel III), tier 1 common (Basel I) ²		12.22%	11.92%	10.18%	9.80%	9.57%
Tier 1 leverage ²		11.26%	11.82%	10.48%	10.96%	13.40%
Tier 1 risk-based capital ²		14.08%	14.47%	12.77%	13.38%	16.13%
Total risk-based capital ²		16.12%	16.27%	14.67%	15.05%	18.06%
Tangible common equity		9.63%	9.48%	8.02%	7.09%	6.77%
Tangible equity		11.05%	11.27%	9.85%	9.15%	11.33%
Selected Information						
Average common and common-equivalent shares <i>(in thousands)</i>		203,698	192,789	184,297	183,236	182,605
Common dividend payout ratio		18.30%	9.56%	8.20%	4.14%	4.80%
Full-time equivalent employees		10,200	10,462	10,452	10,368	10,606
Commercial banking offices		450	460	469	480	486

¹ At year-end.

² For 2015, ratios are based on Basel III. For years prior to 2015, ratios are based on Basel I.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

MANAGEMENT’S DISCUSSION AND ANALYSIS

EXECUTIVE SUMMARY

Company Overview

Zions Bancorporation (“the Parent”) and its subsidiaries (collectively “the Company,” “Zions,” “we,” “our,” “us”) together comprise a \$60 billion financial holding company headquartered in Salt Lake City, Utah. The Company is considered a “systemically important financial institution” under the Dodd-Frank Act.

- As of December 31, 2015, the Company was the 23rd largest domestic bank holding company in terms of deposits and is included in the S&P 500 and NASDAQ Financial 100 indices.
- At December 31, 2015, the Company had banking operations through 450 domestic branches in eleven Western and Southwestern states. Additionally, the Company currently has, and is further developing, numerous online product offerings to support customer banking preferences in the digital era of banking.
- The Company has been awarded numerous “Excellence” awards by Greenwich Associates, having received 31 awards for the 2015 survey; only four U.S. banks have been awarded more than 10 excellence awards since the inception of the survey.
- The Company has been awarded numerous “Best Brand Awards” for Small Business and Middle Market Banking in 2015 and 2014. The Company has also been awarded numerous national and several regional “Excellence” awards for Small Business and Middle Market Banking in 2014.
- The long term strategy of the Company is driven by four key factors:
 - We focus our banking business in geographies representing growth markets in the Western United States.
 - We strive to maintain a local community bank-like approach for customer-facing elements of our business by giving a significant degree of autonomy in product offerings and pricing to our regional management teams. Management believes this provides a meaningful competitive advantage over larger national banks whose loan and deposit products are often homogeneous.
 - Relative to smaller community banks, we believe the Company generally achieves greater economies of scale and stronger risk management. We believe that scale gives us superior access to capital markets, more robust treasury management and other product capabilities than smaller community banks.
 - We centralize or oversee centrally many non-customer facing operations, such as risk and capital management, and technology and back office operations.
- During 2015, we took significant actions to positively improve the Company’s risk profile, including selling the remaining CDO portfolio, purchasing HQLA securities, reducing long term debt and preferred stock, and reducing our oil and gas-related credit exposure.
- In December 2015, the Company consolidated its various banking charters into a single charter in order to simplify the corporate structure and remove associated costs; however, we will continue to emphasize our locally-oriented leadership structure and the power of our strong local brands in each market we serve.
- The Company announced in 2015 various initiatives designed to substantially improve profitability and announced in 2013 various initiatives to substantially upgrade its technology platform.
- The Company’s various measures of capital, credit quality, and liquidity generally rank within the top quartile of regional bank peers.
- Revenues and profits are primarily derived from commercial customers and the Company also emphasizes mortgage banking, wealth management and brokerage services.

MANAGEMENT'S OVERVIEW OF 2015 PERFORMANCE

The Company reported net earnings applicable to common shareholders for 2015 of \$246.6 million or \$1.20 per diluted common share compared to \$326.6 million or \$1.68 per diluted common share for 2014. The decline in net income in 2015 was primarily due to the sale of the Company's remaining CDO portfolio, \$574 million at amortized cost, as the Company sold these non-core assets with asymmetric risk characteristics. While we are encouraged with the 2015 results, net income and returns on capital are still lower than the Company's objectives. The 2015 results were due to risk reduction actions, major operational initiatives, and operating results.

Major Initiative Announced in 2015

In June 2015, we announced a corporate restructuring, in conjunction with a series of significant changes, designed to substantially improve customer experience (e.g., faster turnaround times), simplify our corporate structure and operations, and drive positive operating leverage. Key elements of the announcement included:

- Consolidation of bank charters from seven to one while maintaining local leadership, local product pricing, and local brands. The consolidation of the bank charters occurred on December 31, 2015.
- Creation of a Chief Banking Officer position, with responsibility for retail banking, wealth management, and residential mortgage lending.
- Consolidation of risk functions and other non-customer facing operations, while emphasizing local credit decision making.
- Investment in building technology to meet the demands of a rapidly changing information technology environment.

Financial Performance Targets

Following are the targeted financial performance outcomes of these organizational changes, and associated operational and technological initiatives with some brief comments regarding current performance against these measures:

- Achieve an adjusted efficiency ratio in the low 60s by fiscal year 2017, driven by expense and revenue initiatives detailed below; the announced target assumes a slight increase in interest rates. Our efficiency ratio for the second half of 2015 was 69.6%, which met our goal to keep the efficiency ratio less than 70% during the second half of 2015. We are committed to achieving an efficiency ratio of less than 66% in 2016. See "GAAP to Non-GAAP Reconciliations" on page 76 for more information regarding the calculation of the adjusted efficiency ratio.
- Increase returns on tangible common equity over the long term to double digit levels. For the fourth quarter of 2015, the tangible return on average tangible common equity was 6.20%, compared to 6.05% for the third quarter 2015, and 4.95% for the fourth quarter of 2014 (see "GAAP to Non-GAAP Reconciliations" on page 76 for more information regarding the calculation of the tangible return on average tangible common equity).
- Maintain adjusted noninterest expense below \$1.6 billion in 2015 and 2016, although increasing somewhat in 2017; this target excludes those same expense items excluded in arriving at the efficiency ratio (see "GAAP to Non-GAAP Reconciliations" on page 76 for more information regarding the calculation of the efficiency ratio). For 2015 adjusted noninterest expense was \$1.58 billion and we are committed to keeping noninterest expense below \$1.6 billion in 2016.
- Achieve annual gross pretax cost savings of \$120 million from operational expense initiatives by fiscal year 2017, which include overhauling technology, consolidating legal charters, and improving operating efficiency across the Company. At year-end 2015 we had achieved more than 50% of the \$120 million of cost savings.

Our initiatives are designed to make the Company a more efficient organization that drives positive operating leverage, simplifies the corporate structure and operations, and improves customer experience. The increase in operating leverage is expected to come through increased revenue from growth in loans, deployment of cash to mortgage-backed securities, increased use of interest rate swaps, improvement in core fee income, and disciplined expense management.

If successfully implemented, these initiatives should ultimately produce better revenue and expense trajectories, improve profitability, and drive stronger investor returns.

Risk Management Actions in 2015

During 2015, the Company underwent a significant balance sheet restructuring which contributed to overall changes in its risk profile. The restructuring included the following actions:

- We reduced risk by selling the remaining non-core securities CDO portfolio, which is expected to improve the Company's results under stressful economic conditions.
- We improved our earning asset mix with the purchase of HQLA securities of \$4.8 billion while maintaining asset sensitivity. This boosted current earnings significantly as compared to the alternative of holding the deposits in cash. This action also should improve the Company's revenue stability under stressful economic conditions.
- We reduced long term debt by \$275 million, or 25%, which reduced interest expense, and tendered \$176 million of preferred stock which improved net earnings to common shareholders.
- We actively managed oil and gas-related credit exposure, resulting in a reduction of approximately \$1 billion, or 17%, during 2015.

Areas Experiencing Strength in 2015

Net interest income, which is more than three-quarters of our revenue, improved by \$35.3 million as compared to 2014. We reduced long-term debt by \$275 million through redemptions at maturity which reduced interest expense by approximately \$54.5 million and will continue to benefit net interest income in 2016. Additionally, we increased the investment securities portfolio substantially in 2015, purchasing several billion dollars of government agency securities which resulted in a \$24.3 million increase in interest income. This action should improve both the Company's revenue stability under future stressful economic scenarios and current earnings significantly as compared to the alternative of holding money market investments.

Noninterest income from customer-related fees in the fourth quarter of 2015 increased approximately 4% from the prior year period. This increase was due to increased commercial credit card fees and fees generated on sales of swaps to clients.

Adjusted noninterest expense was held to our articulated goal of less than \$1.6 billion (see "GAAP to Non-GAAP Reconciliations" on page 76 for more information regarding the calculation of the efficiency ratio and which expenses are excluded in arriving at adjusted noninterest expense). During the year, we cut consulting expenses by approximately \$13 million, or 34%, and took additional steps necessary to meet our aforementioned expense target.

We successfully completed a tender offer for preferred stock, reducing preferred equity by \$176 million. Our 2015 capital plan, which runs through the second quarter of 2016, allows for an additional use of up to \$120 million of cash for preferred stock redemptions, subject to the generation of retained earnings in approximately that amount subsequent to September 30, 2015.

Tangible book value per common share improved by 5.5% to \$27.63 at December 31, 2015, compared to \$26.23 at December 31, 2014, due to increased retained earnings and a reduction in AOCI due to CDO sales (see "GAAP to Non-GAAP Reconciliations" on page 76 for more information regarding the calculation of tangible book value per common share).

Areas Experiencing Challenges in 2015

- Loan growth – Loans increased on a net basis by \$586 million, or 1.5%, compared to December 31, 2014, including increases of \$387 million in CRE term loans and \$181 million in 1-4 family residential loans. We continued to manage the concentration of construction and land development loans, which declined by \$144 million during 2015. We also continued to experience runoff and attrition in our National Real Estate group

owner occupied loan portfolio, which is not expected to continue at the same pace in 2016, in addition to a strategic reduction in our oil and gas-related credit exposure.

- Net Interest Margin (“NIM”) – Our NIM declined to 3.19% in 2015 from 3.26% in 2014, which was primarily due to a reduction in FDIC-supported loan income as that portfolio continues to wind down, competitive pricing pressure, and improvement in the underlying quality of our borrowers’ financial condition. Nevertheless, our NIM continued to remain reasonably strong relative to other peer banks.
- Energy credit quality – The overall credit quality of our loan portfolio remained strong, but, as expected, the credit quality of our oil and gas-related portfolio deteriorated. At December 31, 2015, approximately \$66.2 million, or 2.5%, of the oil and gas-related loan balances were nonaccruing, compared to approximately \$16.6 million, or 0.5% at December 31, 2014. As part of our risk management efforts, we reduced our total oil and gas-related credit exposure to \$4.8 billion, a reduction of approximately \$1 billion, or 17%, during 2015.

Areas of Focus for 2016

In 2016, we are focused on improving Company profitability and returns on equity with initiatives across the enterprise. Major areas of emphasis include:

Business activities:

- Stabilize and improve NIM by continuing to incrementally deploy the Company’s excess cash into higher-yielding, short-to-medium duration HQLA, which was begun in the latter half of 2014.
- Act on our commitment to achieve an efficiency ratio of less than 66% and hold adjusted noninterest expense below \$1.6 billion in 2016 through expense management discipline.
- Focus on revenue growth opportunities by continuing to:
 - emphasize loan growth, particularly through continued strong business lending and additional growth in residential mortgage lending; and
 - further increase fee income.

Additional improvements in the capital structure:

- Reduce the percentage of preferred equity and possibly further reduce debt;
- Increase the return on- and of-capital to shareholders.

Credit:

- Maintain strong levels of asset quality. We expect oil and gas loans to experience some further deterioration, although losses are currently expected to be manageable; however, we expect credit quality metrics in other segments of the loan portfolio to remain relatively stable.

Operations:

- Accelerate positive operating leverage from:
 - further investment and implementation in previously announced major upgrades to the Company’s systems; and
 - streamlining and simplifying operations as a result of the efficiency initiatives and charter consolidation.

Schedule 1 presents the key drivers of the Company's performance during 2015 and 2014.

Schedule 1

**KEY DRIVERS OF PERFORMANCE
2015 COMPARED TO 2014**

Driver	2015	2014	Change better/(worse)
<i>(Amounts in billions)</i>			
Average net loans and leases	\$ 40.2	\$ 39.5	2 %
Average money market investments	8.3	8.2	1 %
Average total securities	5.8	4.1	41 %
Average noninterest-bearing deposits	21.4	19.6	9 %
Average total deposits	48.6	46.3	5 %
<i>(Amounts in millions)</i>			
Net interest income	\$ 1,715.3	\$ 1,680.0	2 %
Provision for loan losses	40.0	(98.1)	(141)%
Noninterest income	377.1	508.6	(26)%
Noninterest expense	1,600.5	1,665.3	4 %
Nonaccrual loans	350	307	(14)%
Net interest margin	3.19%	3.26%	(7)bps
Ratio of nonperforming lending-related assets to net loans and leases and other real estate owned ¹	0.87%	0.81%	(6)bps
Ratio of total allowance for credit losses to net loans and leases outstanding	1.68%	1.71%	3 bps

¹ Includes loans held for sale.

RESULTS OF OPERATIONS

Net Interest Income, Margin and Interest Rate Spreads

Net interest income is the difference between interest earned on interest-earning assets and interest paid on interest-bearing liabilities. Taxable-equivalent net interest income is the largest portion of our revenue. For 2015, taxable-equivalent net interest income was \$1,733.2 million, compared to \$1,696.2 million and \$1,711.9 million, in 2014 and 2013, respectively. The tax rate used for calculating all taxable-equivalent adjustments was 35% for all years presented.

Net interest margin in 2015 vs. 2014

The NIM was 3.19% and 3.26% for 2015 and 2014, respectively. The decrease resulted primarily from lower yields on loans and reduced interest income from FDIC-supported loans. The impact of these items was partially offset by lower yields and balances on our long-term debt and a change in the mix of interest-earning assets as cash held in money market investments was transitioned to term investment securities.

Even though our average loan portfolio was \$649 million higher during 2015, compared to 2014, the average interest rate earned on the loan portfolio was 18 bps lower than it was in 2014. The resulting decline in interest income was primarily caused by reduced interest income on loans purchased from the FDIC in 2009, as those acquired portfolios were successfully managed down, and new loans being originated at lower yields than those that prepaid or matured.

The average balance of available-for-sale ("AFS") securities for 2015 increased by \$1.7 billion or 49.2%, compared to 2014, and the average yield in 2015 was 24 bps lower than in 2014. The decline in the average yield and the changes in the average balance are a result of changes in the composition of the AFS portfolio and the yields of the securities sold and purchased. Beginning in the second half of 2014 we started purchasing U.S. agency pass-through

securities in order to increase our holdings of HQLA and to alter the mix of our interest-earning assets. These increases were partially offset by CDO sales and paydowns.

Average noninterest-bearing demand deposits provided us with low cost funding and comprised 43.9% of average total deposits for 2015, compared to 42.4% for 2014. Average interest-bearing deposit balances increased by 2.3% in 2015 compared to 2014; additionally, the rate paid declined by 1 bps to 18 bps.

The average balance of long-term debt was \$790 million lower for 2015 compared to 2014. The reduced balance was the result of tender offers, early calls and maturities. The average interest rate on long-term debt for 2015 decreased by 8 bps compared to 2014. This is due to the maturity of higher cost long-term debt in the latter part of 2015. On September 15, 2015 and November 16, 2015 respectively, there was \$112 million of 6.0% and \$124 million of 5.5% subordinated and convertible debt notes that matured. The total effective cost of this debt was approximately 15% during 2015. The higher effective cost for the debt that matured was due to the amortization of debt discount. We continue to look for opportunities to manage down the cost of funds. Refer to the “Liquidity Risk Management” section beginning on page 68 for more information.

During 2015, most of our cash in excess of that needed to fund earning assets was held in money market investments, primarily deposits with the Federal Reserve Bank. Average money market investments were 15.2% of total interest-earning assets, compared to 15.8% in the prior year.

Net interest margin in 2014 vs. 2013

The NIM was 3.26% and 3.36% for 2014 and 2013, respectively. The decrease resulted primarily from lower yields on loans and AFS investment securities. The impact of these items was partially offset by lower yields and balances on our long-term debt.

Even though our average loan portfolio was \$1.4 billion higher during 2014, compared to 2013, the average interest rate earned on those assets was 4.39%, which is 38 bps lower than the comparable prior year rate. This decline in interest income was primarily caused by (1) reduced interest income on loans acquired with FDIC assistance in 2009, as those acquired portfolios were successfully managed down, (2) adjustable rate loans originated in the past resetting to lower rates due to the current repricing index being lower than the rate when the loans were originated, and (3) loans originated at lower rates than the weighted average rate of the existing portfolio. The primary reasons for the narrowing of credit and interest rate spreads was a combination of competitive pricing pressures and improved customer credit, which were the result of a more stable economic environment than compared to prior years; a portion of the narrowing of the spreads may be attributed to the improved fundamental condition of our borrowers, such as stronger earnings and improved leverage ratios.

The average held-to-maturity (“HTM”) securities portfolio was \$609 million during 2014, compared to \$762 million during the same prior year period. During the fourth quarter of 2013, we reclassified a substantial portion of our CDO securities from HTM to AFS as a result of the impact of the VR. The average yield earned during 2014 on HTM securities was 36 bps higher than the yield in 2013, primarily due to the reclassification of CDO securities into the AFS portfolio during the fourth quarter of 2013 that have a lower yield than the remaining securities in the HTM portfolio.

The average balance of AFS securities for 2014 increased by \$365 million, or 11.7%, compared to 2013, and the average yield in 2014 was 15 bps lower than in 2013. The increase in AFS securities was due primarily to purchases of approximately \$1 billion par amount of agency pass-through securities. The yield was also impacted by the sale of \$913 million amortized cost of our CDO securities during 2014.

Average noninterest-bearing demand deposits provided us with low cost funding and comprised 42.4% of average total deposits for 2014, compared to 39.7% for 2013. Average interest-bearing deposit balances were down 2.5% in 2014 compared to 2013; however, the rate paid declined by 3 bps to 19 bps, thus continuing the difficulty to reduce deposit costs further as these costs approach zero.

During 2014, we reduced long-term debt by \$1.2 billion as a result of tender offers, early calls, and redemptions at maturity, including \$835 million during the third quarter of 2014. These actions led to a decrease of \$463 million, or 20.3%, of our average long-term debt outstanding in 2014 compared to 2013. The average interest rate paid on long-term debt for 2014 decreased by 138 bps compared to 2013. Refer to the “Liquidity Risk Management” section beginning on page 68 for more information.

During 2014, most of our cash in excess of that needed to fund earning assets was invested in money market assets, primarily deposits with the Federal Reserve Bank. Average money market investments were 15.8% of total interest-earning assets, compared to 17.4% in the prior year.

See “Interest Rate and Market Risk Management” on page 63 for further discussion of how we manage the portfolios of interest-earning assets, interest-bearing liabilities, and the associated risk.

Interest rate spreads

The spread on average interest-bearing funds was 2.99% for both 2015 and 2014, and 3.02% for 2013. The spread on average interest-bearing funds for 2015 and 2014 was affected by the same factors that had an impact on the NIM.

We expect the mix of interest-earning assets to continue to change over the next several quarters due to slight-to-moderate loan growth in the commercial and industrial and consumer portfolios, accompanied by somewhat less growth in CRE loans, and partially offset by continued attrition in the oil and gas portfolio. In addition, as discussed below, we are incrementally investing in short-to-medium duration U.S. agency pass-through securities that qualify as HQLA; over time we expect these investments to reduce the proportion of earning assets in money market investments, and increase the proportion of AFS securities. Average yields on the loan portfolio may continue to experience modest downward pressure due to competitive pricing and growth in lower-yielding residential mortgages; however, we expect this pressure to be somewhat less compared to the prior two years. We believe that some of the downward pressure on the NIM will be mitigated by lower interest expense on reduced levels of long-term debt due to maturities that occurred towards the end of 2015. We also believe we can offset some of the pressure on the NIM through loan growth, redeployment of cash held in money market investments to term investment securities, and employment of interest rate swaps designated as cash flow hedges.

We expect to remain “asset-sensitive” (which refers to net interest income increasing as a result of a rising interest rate environment) with regard to interest rate risk. In response to new liquidity and liquidity stress-testing regulations, which elevate, relative to historic levels, the proportion of HQLA we will be required to hold, we decided in the second half of 2014 to begin deploying cash into short-to-medium duration U.S. agency pass-through securities. During 2015, we purchased HQLA securities of \$4.8 billion at amortized cost, increasing HQLA securities by \$4.0 billion after paydowns and payoffs during the year, and we are continuing these purchases. Over time these purchases are expected to somewhat reduce our asset sensitivity compared to previous periods. Our estimates of the Company’s actual interest rate risk position are highly dependent upon a number of assumptions regarding the repricing behavior of various deposit and loan types in response to changes in both short-term and long-term interest rates, balance sheet composition, and other modeling assumptions, as well as the actions of competitors and customers in response to those changes. In addition, our modeled projections for noninterest-bearing demand deposits, which are a substantial portion of our deposit balances, are particularly reliant on assumptions for which there is little historical experience due to the prolonged period of very low interest rates. Further detail on interest rate risk is discussed in “Interest Rate Risk” on page 63.

The following schedule summarizes the average balances, the amount of interest earned or incurred, and the applicable yields for interest-earning assets and the costs of interest-bearing liabilities that generate taxable-equivalent net interest income.

Schedule 2

DISTRIBUTION OF ASSETS, LIABILITIES, AND SHAREHOLDERS' EQUITY

AVERAGE BALANCE SHEETS, YIELDS AND RATES

(Amounts in millions)	2015			2014		
	Average balance	Amount of interest ¹	Average rate	Average balance	Amount of interest ¹	Average rate
ASSETS						
Money market investments	\$ 8,252	\$ 23.2	0.28%	\$ 8,215	\$ 21.4	0.26%
Securities:						
Held-to-maturity	581	29.5	5.08	609	32.1	5.27
Available-for-sale	5,181	100.0	1.93	3,472	75.3	2.17
Trading account	64	2.2	3.46	61	2.0	3.22
Total securities	5,826	131.7	2.26	4,142	109.4	2.64
Loans held for sale	125	4.5	3.61	128	4.6	3.63
Loans and leases ²						
Commercial	21,419	903.2	4.22	21,125	922.6	4.37
Commercial Real Estate	10,178	453.5	4.46	10,337	483.7	4.68
Consumer	8,574	335.3	3.91	8,060	327.5	4.06
Total Loans and leases	40,171	1,692.0	4.21	39,522	1,733.8	4.39
Total interest-earning assets	54,374	1,851.4	3.40	52,007	1,869.2	3.59
Cash and due from banks	642			894		
Allowance for loan losses	(607)			(690)		
Goodwill	1,014			1,014		
Core deposit and other intangibles	21			31		
Other assets	2,606			2,634		
Total assets	\$ 58,050			\$ 55,890		
LIABILITIES						
Interest-bearing deposits:						
Saving and money market	\$ 24,619	38.8	0.16	\$ 23,532	37.0	0.16
Time	2,274	9.8	0.43	2,490	11.5	0.46
Foreign	379	0.7	0.18	642	1.2	0.18
Total interest-bearing deposits	27,272	49.3	0.18	26,664	49.7	0.19
Borrowed funds:						
Federal funds purchased and other short-term borrowings	235	0.4	0.14	223	0.3	0.11
Long-term debt	1,021	68.5	6.71	1,811	123.0	6.79
Total borrowed funds	1,256	68.9	5.48	2,034	123.3	6.06
Total interest-bearing liabilities	28,528	118.2	0.41	28,698	173.0	0.60
Noninterest-bearing deposits	21,366			19,610		
Other liabilities	592			554		
Total liabilities	50,486			48,862		
Shareholders' equity:						
Preferred equity	983			1,004		
Common equity	6,581			6,024		
Controlling interest shareholders' equity	7,564			7,028		
Noncontrolling interests	—			—		
Total shareholders' equity	7,564			7,028		
Total liabilities and shareholders' equity	\$ 58,050			\$ 55,890		
Spread on average interest-bearing funds			2.99%			2.99%
Taxable-equivalent net interest income and net yield on interest-earning assets		\$ 1,733.2	3.19%		\$ 1,696.2	3.26%

¹ Taxable-equivalent rates used where applicable.

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

2013			2012			2011		
Average balance	Amount of interest ¹	Average rate	Average balance	Amount of interest ¹	Average rate	Average balance	Amount of interest ¹	Average rate
\$ 8,850	\$ 23.4	0.26%	\$ 7,931	\$ 21.1	0.27%	\$ 5,357	\$ 13.8	0.26%
762	37.4	4.91	774	42.3	5.47	818	44.7	5.47
3,107	72.2	2.32	3,047	94.2	3.09	3,895	89.6	2.30
32	1.1	3.29	24	0.7	3.13	58	2.0	3.45
3,901	110.7	2.84	3,845	137.2	3.57	4,771	136.3	2.86
147	5.3	3.64	186	6.6	3.53	146	5.7	3.94
20,186	940.8	4.66	19,394	991.6	5.11	19,006	1,074.4	5.65
10,386	556.4	5.36	10,533	575.6	5.47	11,088	644.5	5.81
7,537	320.4	4.25	7,110	325.0	4.57	6,802	334.1	4.91
38,109	1,817.6	4.77	37,037	1,892.2	5.11	36,896	2,053.0	5.56
51,007	1,957.0	3.84	48,999	2,057.1	4.20	47,170	2,208.8	4.68
1,014			1,101			1,055		
(830)			(986)			(1,272)		
1,014			1,015			1,015		
44			60			78		
2,693			3,090			3,364		
<u>\$ 54,942</u>			<u>\$ 53,279</u>			<u>\$ 51,410</u>		
\$ 22,891	39.8	0.17	\$ 22,061	52.3	0.24	\$ 21,476	84.8	0.39
2,792	15.8	0.57	3,208	23.1	0.72	3,750	35.6	0.95
1,662	3.3	0.20	1,493	4.7	0.31	1,515	8.1	0.53
27,345	58.9	0.22	26,762	80.1	0.30	26,741	128.5	0.48
278	0.3	0.11	499	1.4	0.28	832	6.7	0.80
2,274	185.9	8.17	2,234	225.2	10.08	1,913	297.2	15.54
2,552	186.2	7.29	2,733	226.6	8.29	2,745	303.9	11.07
29,897	245.1	0.82	29,495	306.7	1.04	29,486	432.4	1.47
17,974			16,669			14,533		
583			604			521		
48,454			46,768			44,540		
1,360			1,768			2,257		
5,130			4,745			4,614		
6,490			6,513			6,871		
(2)			(2)			(1)		
6,488			6,511			6,870		
<u>\$ 54,942</u>			<u>\$ 53,279</u>			<u>\$ 51,410</u>		
		<u>3.02%</u>			<u>3.16%</u>			<u>3.21%</u>
	<u>\$ 1,711.9</u>	<u>3.36%</u>		<u>\$ 1,750.4</u>	<u>3.57%</u>		<u>\$ 1,776.4</u>	<u>3.77%</u>

Schedule 3 analyzes the year-to-year changes in net interest income on a fully taxable-equivalent basis for the years indicated. For purposes of calculating the yields in these schedules, the average loan balances also include the principal amounts of nonaccrual and restructured loans. However, interest received on nonaccrual loans is included in income only to the extent that cash payments have been received and not applied to principal reductions. In addition, interest on restructured loans is generally accrued at reduced rates.

Schedule 3

ANALYSIS OF INTEREST CHANGES DUE TO VOLUME AND RATE

(In millions)	2015 over 2014			2014 over 2013		
	Changes due to		Total changes	Changes due to		Total changes
	Volume	Rate ¹		Volume	Rate ¹	
INTEREST-EARNING ASSETS						
Money market investments	\$ 0.1	\$ 1.7	\$ 1.8	\$ (1.6)	\$ (0.4)	\$ (2.0)
Securities:						
Held-to-maturity	(1.4)	(1.2)	(2.6)	(7.5)	2.2	(5.3)
Available-for-sale	33.0	(8.3)	24.7	7.9	(4.8)	3.1
Trading account	—	0.2	0.2	0.9	—	0.9
Total securities	31.6	(9.3)	22.3	1.3	(2.6)	(1.3)
Loans held for sale	(0.1)	—	(0.1)	(0.7)	—	(0.7)
Loans and leases ²						
Commercial	11.7	(31.1)	(19.4)	40.5	(58.7)	(18.2)
Commercial Real Estate	(7.5)	(22.7)	(30.2)	(2.4)	(70.3)	(72.7)
Consumer	20.1	(12.3)	7.8	21.5	(14.4)	7.1
Total loans and leases	24.3	(66.1)	(41.8)	59.6	(143.4)	(83.8)
Total interest-earning assets	55.9	(73.7)	(17.8)	58.6	(146.4)	(87.8)
INTEREST-BEARING LIABILITIES						
Interest-bearing deposits:						
Saving and money market	1.2	0.6	1.8	0.3	(3.1)	(2.8)
Time	(0.9)	(0.8)	(1.7)	(1.3)	(3.0)	(4.3)
Foreign	(0.5)	—	(0.5)	(1.8)	(0.3)	(2.1)
Total interest-bearing deposits	(0.2)	(0.2)	(0.4)	(2.8)	(6.4)	(9.2)
Borrowed funds:						
Federal funds purchased and other short-term borrowings	—	0.1	0.1	—	—	—
Long-term debt	(53.0)	(1.5)	(54.5)	(31.4)	(31.5)	(62.9)
Total borrowed funds	(53.0)	(1.4)	(54.4)	(31.4)	(31.5)	(62.9)
Total interest-bearing liabilities	(53.2)	(1.6)	(54.8)	(34.2)	(37.9)	(72.1)
Change in taxable-equivalent net interest income	\$ 109.1	\$ (72.1)	\$ 37.0	\$ 92.8	\$ (108.5)	\$ (15.7)

¹ Taxable-equivalent rates used where applicable.

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

In the analysis of interest changes due to volume and rate, changes due to the volume/rate variance are allocated to volume with the following exceptions: when volume and rate both increase, the variance is allocated proportionately to both volume and rate; when the rate increases and volume decreases, the variance is allocated to rate.

Provisions for Credit Losses

The provision for loan losses is the amount of expense that, in our judgment, is required to maintain the allowance for loan losses at an adequate level based on the inherent risks in the loan portfolio. The provision for unfunded lending commitments is used to maintain the reserve for unfunded lending commitments (“RULC”) at an adequate level based on the inherent risks associated with such commitments. In determining adequate levels of the allowance and reserve, we perform periodic evaluations of our various loan portfolios, the levels of actual charge-

offs, credit trends, and external factors. See Note 6 of the Notes to Consolidated Financial Statements and “Credit Risk Management” on page 50 for more information on how we determine the appropriate level for the ALLL and the RULC.

During the past few years, we have experienced an improvement in credit quality metrics; however, recently we have experienced deterioration in credit quality metrics associated with oil and gas-related loans at Amegy. Overall credit quality metrics for 2015 compared to 2014 deteriorated moderately. Gross loan and lease charge-offs increased to \$138.9 million in 2015, compared to \$106.2 million in 2014. Additionally, we had gross recoveries of \$100.3 million in 2015, compared to \$64.0 million in 2014.

Nonperforming assets increased to \$357 million at December 31, 2015 from \$326 million at December 31, 2014. The ratio of nonperforming assets to loans and leases and other real estate owned (“OREO”) increased to 0.87% at December 31, 2015 from 0.81% at December 31, 2014. Classified loans increased to \$1.4 billion at December 31, 2015 from \$1.1 billion at December 31, 2014. Approximately 87% of classified loans at December 31, 2015 were current as to principal and interest payments, compared to 83% at December 31, 2014. Classified loans are loans with well-defined credit weaknesses that are risk graded Substandard or Doubtful.

The allowance for loan losses increased by approximately \$1.4 million since December 31, 2014, due to deterioration within the oil and gas portfolio, which offset improvements in credit quality metrics outside of the oil and gas portfolio. This resulted in a provision of \$40.0 million in 2015, compared to a provision of \$(98.1) million for 2014. The negative provision in 2014 was due to the continued improvement in portfolio-specific credit quality metrics and sustained improvement in broader economic and credit quality indicators up to that point. We continue to exercise caution with regard to the appropriate level of the allowance for loan losses, given the state of the economy and the sensitivity of the oil and gas loan portfolio to energy prices. Refer to the “Oil and Gas-Related Exposure” section on page 52 for more information.

During 2015, we recorded a \$(6.2) million provision for unfunded lending commitments compared to \$(8.6) million in 2014. The negative provision recognized in 2015 is primarily due to the funding of one large impaired letter of credit, partially offset by deterioration in the oil and gas-related portfolio. The negative provision recognized in 2014 was primarily due to significant improvement in portfolio-specific credit quality metrics, sustained improvement in broader economic and credit quality indicators, and changes in the portfolio mix. From quarter to quarter, the provision for unfunded lending commitments may be subject to sizable fluctuations due to changes in the timing and volume of loan commitments, originations, funding, and changes in credit quality.

Noninterest Income

Noninterest income represents revenues we earn for products and services that have no associated interest rate or yield. For 2015, noninterest income was \$377.1 million compared to \$508.6 million in 2014 and \$337.4 million in 2013.

Schedule 4 presents a comparison of the major components of noninterest income for the past three years.

Schedule 4

NONINTEREST INCOME

<i>(Amounts in millions)</i>	2015	Percent change	2014	Percent change	2013
Service charges and fees on deposit accounts	\$ 168.4	0.1%	\$ 168.3	(1.6)%	\$ 171.0
Other service charges, commissions and fees	206.8	6.6	194.0	5.4	184.0
Wealth management income	31.2	2.0	30.6	2.3	29.9
Capital markets and foreign exchange	25.7	13.7	22.6	(19.6)	28.1
Dividends and other investment income	30.1	(31.0)	43.6	(5.4)	46.1
Loan sales and servicing income	30.7	5.5	29.1	(23.6)	38.1
Fair value and nonhedge derivative loss	(0.1)	99.1	(11.4)	37.4	(18.2)
Equity securities gains, net	11.9	(11.9)	13.5	58.8	8.5
Fixed income securities gains (losses), net	(138.7)	(1,433.7)	10.4	458.6	(2.9)
Impairment losses on investment securities	—	—	—	100.0	(188.6)
Less amounts recognized in other comprehensive income	—	—	—	(100.0)	23.5
Net impairment losses on investment securities	—	—	—	100.0	(165.1)
Other	11.1	40.5	7.9	(55.9)	17.9
Total	<u>\$ 377.1</u>	<u>(25.9)</u>	<u>\$ 508.6</u>	<u>50.7</u>	<u>\$ 337.4</u>

Other service charges, commissions and fees, which are comprised of ATM fees, insurance commissions, bankcard merchant fees, debit and credit card interchange fees, cash management fees, lending commitment fees, syndication and servicing fees, and other miscellaneous fees, increased by \$12.8 million compared to 2014. The increase was primarily a result of higher interchange fees and fees generated on sales of swaps to clients, partially offset by a decline in loan fees. In 2014, other service charges commissions and fees increased by \$10.0 million compared to 2013. Most of the increase can be attributed to higher interchange fees, which increased by approximately \$13 million in 2014, primarily due to increased numbers of commercial card customers and increased usage of those cards. This was offset by a decrease of approximately \$3 million in exchange and other fees.

Loan sales and servicing income remained relatively flat, increasing only 5.5%, in 2015 compared to 2014. Income from loan sales and servicing remained low in 2015 and 2014 compared to prior periods as the Company is continuing to retain more of its loan production than in previous years. Loan sales and servicing income decreased by \$9.0 million in 2014 compared to 2013. The decrease was mainly caused by decreased income from residential mortgage loan sales in 2014, compared to 2013. In 2014, the Company and the industry experienced a reduction in the volume of new residential loan originations primarily for refinanced mortgages. In response, we decided to retain more newly-originated loans on our balance sheet rather than sell them, in order to fund them using some of our excess balance sheet liquidity to improve net interest income.

Capital markets and foreign exchange income includes trading income, public finance fees, foreign exchange income, and other capital market related fees. In 2015, capital markets and foreign exchange income increased by \$3.1 million due to an increase of approximately \$3.4 million in bond origination fees. In 2014, capital markets and foreign exchange income decreased by \$5.5 million due primarily to a \$1.8 million decrease in trading income and a \$1.7 million decrease in bond origination fees from clients due to lower levels of financing activity.

Dividends and other investment income declined by \$13.5 million in 2015 compared to 2014 primarily as a result of write-downs on certain PEIs. In 2014 dividends and other investment income declined by \$2.5 million compared to 2013.

Fair value and nonhedge derivative loss improved by \$11.3 million in 2015 compared to 2014 primarily as a result of not having any fees associated with the total return swap (“TRS”) that was terminated effective April 28, 2014 and an improvement in the derivative fair value credit adjustments. In 2014, fair value and nonhedge derivative loss

improved by \$6.8 million compared to 2013 primarily as a result of the termination of the TRS, partially offset by losses on derivative fair value credit adjustments.

During 2015 we recorded \$11.9 million of equity securities gains, compared to \$13.5 million in 2014 and \$8.5 million in 2013. The decrease in 2015 was primarily a result of decreased income from our non-SBIC investments, partially offset by an increase in gains related to our SBIC investments. The increase in 2014 was driven by unrealized gains related to appreciation of our SBIC equity investments.

In 2015 we recorded a fixed income securities loss of \$138.7 million compared to a gain of \$10.4 million in 2014. During the second quarter of 2015, we sold the remaining portfolio of our CDO securities, or \$574 million at amortized cost, and realized net losses of approximately \$137 million. The fixed income securities gain of \$10.4 million in 2014 was primarily from paydowns and payoffs of the CDO securities.

Other noninterest income increased by \$3.2 million in 2015 compared to 2014 primarily as a result from the gain on sale of a branch in California. Other noninterest income decreased by \$10.0 million in 2014, primarily due to gains in 2013 related to certain loans, which had been purchased from failed banks covered by FDIC loss-sharing agreements, as well as gains from branch deposit and asset sales.

Noninterest Expense

Noninterest expense decreased by 3.9% to \$1,600.5 million in 2015, compared to \$1,665.3 million in 2014. In 2014 we redeemed considerable amounts of our long-term debt and incurred debt extinguishment costs that were significantly higher than those incurred during 2015. Other noninterest expense also decreased by approximately \$39.5 million in 2015 primarily as a result of reductions in write-downs of the FDIC indemnification asset. Fees related to professional and legal services declined by \$15.6 million in 2015 due to a decline in consulting fees. These decreases in expense were partially offset by a \$16.3 million, or 1.7%, increase in salaries and employee benefits in 2015 as a result of an increase in employee base salaries.

Schedule 5 presents a comparison of the major components of noninterest expense for the past three years.

Schedule 5

NONINTEREST EXPENSE

<i>(Amounts in millions)</i>	2015	Percent change	2014	Percent change	2013
Salaries and employee benefits	\$ 972.7	1.7%	\$ 956.4	4.8%	\$ 912.9
Occupancy, net	119.5	3.3	115.7	3.0	112.3
Furniture, equipment and software	123.2	6.9	115.3	8.2	106.6
Other real estate expense	(0.6)	50.0	(1.2)	(170.6)	1.7
Credit-related expense	28.5	1.4	28.1	(16.9)	33.8
Provision for unfunded lending commitments	(6.2)	27.9	(8.6)	49.7	(17.1)
Professional and legal services	50.4	(23.6)	66.0	(2.9)	68.0
Advertising	25.3	0.8	25.1	7.3	23.4
FDIC premiums	34.4	6.8	32.2	(15.3)	38.0
Amortization of core deposit and other intangibles	9.3	(14.7)	10.9	(24.3)	14.4
Debt extinguishment cost	2.5	(94.4)	44.4	(63.1)	120.2
Other	241.5	(14.1)	281.0	(6.4)	300.2
Total	<u>\$ 1,600.5</u>	<u>(3.9)</u>	<u>\$ 1,665.3</u>	<u>(2.9)</u>	<u>\$ 1,714.4</u>

Salaries and employee benefits increased by \$16.3 million, or 1.7%, in 2015 compared to 2014. The increase in base salaries resulted, in part, from increased headcount related to our major systems projects and build-out of our enterprise risk management and stress testing functions, partially offset by reductions elsewhere. Staff involved in those projects tend to be in more highly compensated roles than positions in which reductions occurred. Our

headcount decreased from 10,462 FTE employees to 10,200 as of December 31, 2015. During 2015, we incurred severance costs of approximately \$11 million compared to approximately \$9 million in 2014. Salaries and employee benefits increased by 4.8% in 2014 compared to 2013 for similar reasons to those in 2015.

Schedule 6

SALARIES AND EMPLOYEE BENEFITS

<i>(Dollar amounts in millions)</i>	2015	Percent change	2014	Percent change	2013
Salaries and bonuses	\$ 828.5	1.8%	\$ 814.2	5.3%	\$ 773.4
Employee benefits:					
Employee health and insurance	58.1	7.8	53.9	10.2	48.9
Retirement	33.4	(4.6)	35.0	(10.3)	39.0
Payroll taxes and other	52.7	(1.1)	53.3	3.3	51.6
Total benefits	144.2	1.4	142.2	1.9	139.5
Total salaries and employee benefits	<u>\$ 972.7</u>	1.7	<u>\$ 956.4</u>	4.8	<u>\$ 912.9</u>
Full-time equivalent employees at December 31	10,200	(2.5)	10,462	0.1	10,452

Furniture, equipment and software expense increased by \$7.9 million in 2015, compared to 2014. The increase was primarily due to an increase in amortization of purchased software and an increase in our maintenance agreements as a result of our continued investment in the business. Furniture, equipment and software expense increased by \$8.7 million in 2014, compared to 2013. The increase was due to an increase in our maintenance agreements, added licenses, and contract renewals for a variety of vendors.

Professional and legal services decreased in 2015 by \$15.6 million, or 23.6%, from 2014. The decrease was due to a decline in consulting fees primarily related to our CCAR submission. In 2014, fees related to professional and legal services declined by \$2.0 million, or 2.9%, due a decline in legal fees, partially offset by an increase in consulting fees.

FDIC premiums increased by \$2.2 million, or 6.8%, in 2015 compared to 2014. FDIC premiums decreased in 2014 by \$5.8 million, or 15.3%, from 2013. Most of the decrease in 2014 was due to reduced assessment rates resulting from improved credit quality of our loan portfolio and improved capital adequacy.

The FDIC has proposed a change in deposit insurance assessments that implements a Dodd-Frank Act provision requiring banks with over \$10 billion in assets to be responsible for recapitalizing the FDIC insurance fund to 1.35% of insured deposits by the end of 2018, after it reaches a 1.15% reserve ratio. If the rule is finalized, it may go into effect in the first half of 2016, and is expected to increase our FDIC assessment by approximately \$5-\$10 million per year.

In both 2015 and 2014, we reduced long-term debt through tender offers, early calls, and maturities. The tender offers in 2014 resulted in debt extinguishment cost of \$44.4 million, compared to \$2.5 million in 2015. In 2013, we incurred \$120.2 million of debt extinguishment cost due the extinguishment of several long-term debt instruments. For more information, see Note 12 of the Notes to the Consolidated Financial Statements.

Other noninterest expense decreased by \$39.5 million in 2015, compared to 2014, and by \$19.2 million in 2014, compared to 2013. The decline is primarily the result of decreased write-downs of the FDIC indemnification asset and an increased amount of insurance recoveries. The balance of FDIC-supported loans declined significantly in 2014.

In 2015, we held adjusted noninterest expense below \$1.6 billion and plan to do the same in 2016, with a slight increase to noninterest expense in 2017. The expense items that we exclude from the targeted noninterest expense of

\$1.6 billion are the same as those excluded in arriving at the efficiency ratio (see “GAAP to Non-GAAP Reconciliations” on page 76 for more information regarding the calculation of the efficiency ratio).

Income Taxes

Income tax expense was \$142.4 million in 2015, \$222.9 million in 2014, and \$142.9 million in 2013. Our effective income tax rates, including the effects of noncontrolling interests, were 31.5% in 2015, 35.9% in 2014, and 35.1% in 2013. The tax expense rates for all tax years were reduced by nontaxable municipal interest income and nontaxable income from certain bank-owned life insurance. The rate reductions in 2014 were offset by the reduction in the amount of tax credits generated and the inclusion of approximately \$3 million of tax-related interest expense in income tax expense on the financial statements. The interest paid related to various notices and to the closure of various federal and state audits. Further, the tax rate in 2015 decreased significantly as a result of the Company’s investments in alternative energy and technology initiatives.

We had a net DTA balance of approximately \$203 million at December 31, 2015, compared to \$224 million at December 31, 2014. The decrease in the net DTA resulted primarily from items related to loan charge-offs in excess of loan loss provisions and fair value adjustments on security sales. The net decrease in DTA was partially offset by a decrease in the deferred tax liabilities related to the debt exchange from 2009.

We did not record any additional valuation allowance for GAAP purposes as of December 31, 2015. See Note 14 of the Notes to Consolidated Financial Statements and “Critical Accounting Policies and Significant Estimates” on page 80 for additional information.

Preferred Stock Dividends and Redemption

In 2015, we incurred preferred stock dividends of \$62.9 million, a decrease of \$9.0 million from 2014. In 2014, we incurred preferred stock dividends of \$71.9 million, a decrease of \$23.6 million from 2013. In November, 2015, we redeemed \$176 million of Series I preferred stock pursuant to a cash tender offer announced in October 2015. Assuming no further tender offers, the preferred dividends for 2016 are expected to be \$11.7 million in the first and third quarters and \$15.1 million in the second and fourth quarters, respectively. However, the Company’s 2015 capital plan, which runs through the second quarter of 2016, allows for an additional use of up to \$120 million of cash for preferred stock redemptions subject to retained earnings levels. See further details in Note 13 of the Notes to Consolidated Financial Statements.

BUSINESS SEGMENT RESULTS

Following the close of business on December 31, 2015, we completed the merger of our subsidiary banks with and into Zions First National Bank. Subsequently, Zions First National Bank changed its legal name to ZB, National Association. We continue to manage our banking operations under our existing brand names and business segments, including Zions Bank, Amegy Bank, California Bank & Trust, National Bank of Arizona, Nevada State Bank, Vectra Bank Colorado, and The Commerce Bank of Washington. As discussed in the “Executive Summary” on page 25, most of the lending and other decisions affecting customers are made at the local level. The accounting policies of the individual segments are the same as those of the Company. We allocate the cost of centrally provided services to the business segments based upon estimated or actual usage of those services. Due to the charter consolidation, we are moving to an internal funds transfer pricing allocation system to report results of operations for business segments. Note 21 of the Notes to Consolidated Financial Statements contains selected information from the respective balance sheets and statements of income for all segments.

During 2015, our banking operations experienced improved financial performance. Common areas of financial performance experienced at various levels of the segments include:

- increased loan balances, primarily at CB&T, NBAZ, and Vectra;
- improvements in credit quality, which, with the exception of oil and gas-related exposures, resulted in reductions of the ALLL; and
- increased growth in customer deposit balances, primarily at CB&T, NSB and Vectra.

Schedule 7

SELECTED SEGMENT INFORMATION

<i>(Amounts in millions)</i>	Zions Bank			Amegy			CB&T		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
KEY FINANCIAL INFORMATION									
Total assets	\$19,744	\$19,079	\$18,590	\$14,062	\$13,888	\$13,620	\$12,187	\$ 11,340	\$ 10,923
Total deposits	16,900	16,633	16,257	11,634	11,491	11,199	10,520	9,707	9,328
Net income applicable to controlling interests	149.4	220.4	224.6	44.8	93.2	127.4	106.2	101.3	140.1
Net interest margin	3.31%	3.40%	3.55%	3.16%	3.12%	3.27%	3.62%	4.05%	4.73 %
CREDIT QUALITY									
Provision for loan losses	\$ (28.3)	\$ (58.5)	\$ (40.5)	\$ 91.3	\$ 32.2	\$ 4.2	\$ (4.4)	\$ (20.1)	\$ (16.7)
Net loan and lease charge-offs	10.3	13.0	19.7	22.2	22.8	23.8	10.1	5.5	(4.1)
Ratio of net charge-offs to average loans and leases	0.08%	0.11%	0.16%	0.22%	0.24%	0.27%	0.12%	0.06%	(0.05)%
Allowance for loan losses	\$ 180	\$ 219	\$ 290	\$ 223	\$ 154	\$ 144	\$ 81	\$ 96	\$ 123
Ratio of allowance for loan losses to net loans and leases, at year-end	1.46%	1.78%	2.37%	2.20%	1.53%	1.57%	0.92%	1.13%	1.43 %
Nonperforming lending-related assets	\$ 108.9	\$ 82.6	\$ 143.7	\$ 115.7	\$ 78.8	\$ 79.9	\$ 42.3	\$ 88.7	\$ 109.9
Ratio of nonperforming lending-related assets to net loans and leases and other real estate owned	0.88%	0.67%	1.16%	1.14%	0.78%	0.86%	0.48%	1.04%	1.28 %
Accruing loans past due 90 days or more	\$ 4.3	\$ 2.2	\$ 2.0	\$ 2.5	\$ 1.7	\$ 0.3	\$ 24.1	\$ 24.7	\$ 36.9
Ratio of accruing loan past due 90 days or more to net loans and leases	0.03%	0.02%	0.02%	0.02%	0.02%	—%	0.27%	0.29%	0.43 %

(Amounts in millions)	NBAZ			NSB			Vectra			TCBW		
	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013
KEY FINANCIAL INFORMATION												
Total assets	\$5,024	\$4,771	\$4,579	\$4,441	\$4,096	\$3,980	\$3,310	\$2,999	\$2,571	\$1,198	\$ 970	\$1,010
Total deposits	4,369	4,133	3,931	4,035	3,690	3,590	2,889	2,591	2,178	986	816	845
Net income applicable to controlling interests	42.0	46.5	43.9	31.5	22.3	18.8	15.7	21.4	21.4	14.2	1.0	7.9
Net interest margin	3.43%	3.67%	3.76%	2.78 %	2.95%	2.99%	3.40%	3.99%	4.26%	3.09 %	3.42 %	3.31%
CREDIT QUALITY												
Provision for loan losses	\$ 7.9	\$(21.5)	\$(15.0)	\$(28.3)	\$(20.9)	\$(12.0)	\$ 4.7	\$ (8.4)	\$ (4.9)	\$ (2.9)	\$ (0.9)	\$ (2.3)
Net loan and lease charge-offs	10.1	0.4	6.2	(17.3)	0.2	3.1	3.7	0.9	2.5	(0.4)	(0.6)	0.2
Ratio of net charge-offs to average loans and leases	0.26%	0.01%	0.17%	(0.74)%	0.01%	0.14%	0.16%	0.04%	0.12%	(0.05)%	(0.08)%	0.03%
Allowance for loan losses	\$ 38	\$ 40	\$ 62	\$ 43	\$ 54	\$ 75	\$ 33	\$ 32	\$ 42	\$ 8	\$ 10	\$ 10
Ratio of allowance for loan losses to net loans and leases, at year-end	0.97%	1.07%	1.67%	1.87 %	2.22%	3.25%	1.34%	1.39%	1.83%	1.08 %	1.42 %	1.51%
Nonperforming lending-related assets	\$ 46.8	\$ 28.8	\$ 49.1	\$ 19.2	\$ 21.2	\$ 29.5	\$ 22.8	\$ 19.1	\$ 34.4	\$ 1.3	\$ 6.4	\$ 6.2
Ratio of nonperforming lending-related assets to net loans and leases and other real estate owned	1.20%	0.77%	1.31%	0.84 %	0.88%	1.28%	0.92%	0.82%	1.50%	0.18 %	0.90 %	0.90%
Accruing loans past due 90 days or more	\$ 0.1	\$ 0.1	\$ 0.1	\$ —	\$ 0.5	\$ 0.7	\$ 1.0	\$ —	\$ 0.3	\$ —	\$ —	\$ —
Ratio of accruing loans past due 90 days or more to net loans and leases	—%	—%	—%	— %	0.02%	0.03%	0.04%	—%	0.01%	— %	— %	—%

The above amounts do not include intercompany eliminations.

Zions Bank

Zions Bank is headquartered in Salt Lake City, Utah, and is primarily responsible for conducting operations in Utah, Idaho, and Wyoming. If it were a separately chartered bank, it would be the 4th largest full-service commercial bank in Utah and the 4th largest in Idaho, as measured by domestic deposits in these states. Zions Bank conducts the largest portion of our Capital Markets operations, which include Zions Direct, Inc., fixed income securities trading, correspondent banking, public finance, and trust and investment advisory services.

Within Zions Bank, the National Real Estate group is a wholesale business that generally sources loans from other community banks across the country. Such loans are generally low loan-to-value owner occupied loans, but also include non-owner occupied CRE term loans.

Zions Bank net income decreased by \$71.0 million, or 32.2%, during 2015 primarily as a result of losses on CDO sales and an increase in the provision for loan losses. The loan portfolio increased by \$83 million during 2015, which consisted of increases of \$269 million in commercial loans and \$20 million in consumer loans, partially offset by a decrease of \$206 million in CRE loans. The decline in CRE loans was mainly the result of a reduction in the National Real Estate construction and term loan portfolios. Nonperforming lending-related assets increased 31.8% due primarily to increases in nonaccrual loans in the commercial and industrial and commercial owner occupied portfolio. Total deposits at December 31, 2015 were 1.6% higher than at December 31, 2014. The NIM in 2015 decreased to 3.31% from 3.40% in 2014.

Amegy Bank

Amegy Bank is headquartered in Houston, Texas. If it were a separately chartered bank, it would be the 9th largest full-service commercial bank in Texas as measured by domestic deposits in the state.

Amegy's net income decreased by \$48.4 million, or 51.9%, in 2015. The decline in net income is mainly due to a \$59.1 million increase in the provision for loan losses, primarily for its oil and gas-related loans. See Schedule 16 and discussion of our "Oil and Gas-Related Exposure" on page 53 for more information. Despite the decline in the oil and gas-related portfolio, Amegy has been able to achieve marginal loan portfolio growth, resulting in a \$38 million increase from the prior year. During 2015, commercial loans decreased by \$572 million, and CRE loans and consumer loans increased by \$307 million, and \$303 million, respectively. As a result of the oil and gas-related exposure, the credit quality of Amegy's loan portfolio declined during 2015, and the ratio of allowance for loan losses to net loans and leases increased to 2.20% at December 31, 2015 from 1.53% a year earlier. During 2015, nonperforming lending-related assets increased by 46.8%. Deposits increased by 1.2% from 2014 to 2015. The NIM for Amegy in 2015 increased to 3.16% from 3.12% in 2014, primarily due to recoveries of previously charged-off commercial loans.

California Bank & Trust

California Bank & Trust is headquartered in San Diego, California. If it were a separately chartered bank, it would be the 16th largest full-service commercial bank in California as measured by domestic deposits. Its core business is built on relationship banking by providing commercial, real estate and consumer lending, depository services, international banking, cash management, and community development services.

CB&T's net income increased by \$4.9 million, or 4.8%, in 2015 due to an increase in noninterest income and a decrease in noninterest expense. CB&T's loan portfolio increased by \$302 million in 2015 from the prior year. During 2015, CRE loans grew by \$170 million, commercial loans increased by \$232 million, while consumer loans declined by \$100 million. The credit quality of CB&T's loan portfolio continues to improve, and the ratio of allowance for loan losses to net loans and leases declined to 0.92% at December 31, 2015 from 1.13% a year earlier. Deposits at December 31, 2015 were \$10.5 billion, or 8.4%, higher than at December 31, 2014. CB&T's NIM for 2015 decreased to 3.62% from 4.05% in 2014.

National Bank of Arizona

National Bank of Arizona is headquartered in Phoenix, Arizona. If it were a separately chartered bank, it would be the 5th largest full-service commercial bank in Arizona as measured by domestic deposits in the state.

NBAZ had net income of \$42.0 million in 2015, a \$4.5 million or 9.7% decrease from 2014. During 2015, the loan portfolio increased by \$159 million, including \$199 million in commercial loans, partially offset by decreases of \$25 million in CRE loans and \$15 million in consumer loans. The credit quality of NBAZ's loan portfolio continues to improve, and the ratio of allowance for loan losses to net loans and leases declined to 0.97% at December 31, 2015 from 1.07% a year earlier. Deposits at December 31, 2015 were 5.7% higher than a year earlier. The NIM for 2015 was 3.43% compared to 3.67% in 2014.

Nevada State Bank

Nevada State Bank is headquartered in Las Vegas, Nevada. If it were a separately chartered bank, it would be the 5th largest full-service commercial bank in Nevada as measured by domestic deposits in the state. NSB focuses on serving small and mid-sized businesses as well as retail consumers, with an emphasis on relationship banking.

In 2015, NSB had net income of \$31.5 million, compared to \$22.3 million in 2014. NSB's loans declined by \$136 million during 2015, including \$141 million in commercial loans and \$15 million in CRE loans, partially offset by an increase of \$20 million in consumer loans. The credit quality of NSB's loan portfolio improved significantly, and the ratio of allowance for loan losses to net loans and leases was 1.87% and 2.22% at December 31, 2015 and 2014, respectively. During 2015, NSB experienced net loan recoveries of \$17.3 million, primarily related to the term loan portfolio, compared to net loan and lease charge-offs of \$0.2 million in 2014. Nonperforming lending-related assets declined 9.4% from the prior year. Deposits at December 31, 2014 were 9.3% higher than a year earlier. The NIM for NSB in 2015 decreased to 2.78% from 2.95% in 2014.

Vectra Bank Colorado

Vectra Bank Colorado is headquartered in Denver, Colorado. If it were a separately a chartered bank, it would be the 7th largest full-service commercial bank in Colorado as measured by domestic deposits in the state.

In 2015, Vectra's net income declined to \$15.7 million from \$21.4 million in 2014 primarily as a result of an increase in the provision related to Vectra's oil and gas-related credit exposure. During 2015, total loans increased by \$148 million, including \$78 million in consumer loans, \$56 million in commercial loans, and \$14 million in CRE loans. The credit quality of Vectra's loan portfolio continued to improve, and the ratio of allowance for loan losses to net loans and leases decreased to 1.34% at December 31, 2015 from 1.39% a year earlier. Deposits at December 31, 2015 were 11.5% higher than a year earlier. The NIM for Vectra in 2015 decreased to 3.40% from 3.99% in 2014.

The Commerce Bank of Washington

The Commerce Bank of Washington is headquartered in Seattle, Washington. It operates in Washington through a single office under the Commerce Bank of Washington name and in Portland, Oregon, under The Commerce Bank of Oregon name. Its business strategy focuses on serving the financial needs of commercial businesses, including professional services firms. TCBW has been successful in serving the greater Seattle/Puget Sound and Portland regions without requiring extensive investments in a traditional branch network. It has been innovative in effectively utilizing couriers, bank by mail, remote deposit image capture, and other technologies.

TCBW net income for 2015 was \$14.2 million compared to \$1.0 million in 2014. The loan portfolio decreased by \$9 million, including \$8 million decrease in commercial loans and \$2 million decrease in CRE loans, with \$1 million increase in consumer loans.

Nonperforming lending-related assets decreased \$5 million, and the ratio of allowance for loan losses decreased from 1.42% to 1.08% in 2015. Deposits at December 31, 2015 were 20.8% higher than a year earlier. The NIM for TCBW decreased from 3.42% in 2014 to 3.09% in 2015.

TCBW's 2014 results were adversely affected by settlement of a legal matter relating to claims brought against TCBW in connection with a customer and a number of associated investment funds using the "Meridian" brand name as discussed in further detail in Note 17 of the Notes to Consolidated Financial Statements in the 2014 Form 10-K.

Other Segment

Operating components in the "Other" segment, as shown in Notes 21 and 23 of the Notes to Consolidated Financial Statements, relate primarily to the Parent and eliminations of transactions between segments. The major components at the Parent include net interest income, which includes interest expense on other borrowed funds, net impairment losses on investment securities, and losses from the sale of the remaining CDO portfolio.

Significant changes in 2015 compared to 2014 include \$45.3 million increase in net interest income, \$47.4 million decrease in noninterest expense primarily due to repurchases, tender offers and redemptions of long-term debt, and \$88.6 million decrease in noninterest income.

BALANCE SHEET ANALYSIS

Interest-Earning Assets

Interest-earning assets are those assets that have interest rates or yields associated with them. One of our goals is to maintain a high level of interest-earning assets relative to total assets while keeping nonearning assets at a minimum. Interest-earning assets consist of money market investments, securities, loans, and leases.

Schedule 2, which we referred to in our discussion of net interest income, includes the average balances of our interest earning assets, the amount of revenue generated by them, and their respective yields. Another goal is to

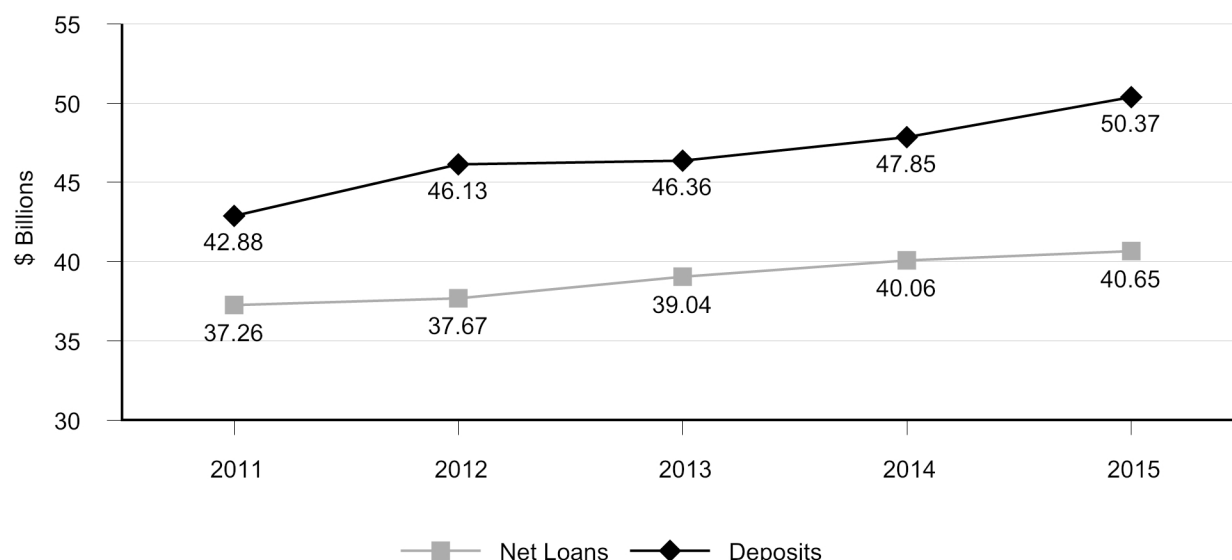
maintain a higher-yielding mix of interest-earning assets, such as loans, relative to lower-yielding assets, such as money market investments or securities, while maintaining adequate levels of highly liquid assets. As a result of slower economic growth accompanied by moderate loan demand in previous periods, the Company's initiative to maintain a higher-yielding mix of interest-earning assets caused us to deploy excess funds into security purchases and redemptions of long term-term debt.

Average interest-earning assets were \$54.4 billion in 2015 compared to \$52.0 billion in the previous year. Average interest-earning assets as a percentage of total average assets were 93.7% in 2015 and 93.1% in 2014.

Average loans were \$40.2 billion in 2015 and \$39.5 billion in 2014. Average loans as a percentage of total average assets were 69.2% in 2015 compared to 70.7% in 2014, primarily driven by a change in the mix of interest-earning assets, due to purchases of term investment securities that outpaced loan growth in 2015.

Average money market investments, consisting of interest-bearing deposits and federal funds sold and security resell agreements, increased by 0.5% to \$8.3 billion in 2015 compared to \$8.2 billion in 2014. Average securities increased by 40.7% from 2014. Average total deposits increased by 5.1% while average total loans increased by 1.6% in 2015 when compared to 2014.

OUTSTANDING LOANS AND DEPOSITS (at December 31)



Investment Securities Portfolio

We invest in securities to actively manage liquidity and interest rate risk, in addition to generating revenues for the Company. Refer to the "Liquidity Risk Management" section on page 68 for additional information on management of liquidity and funding and compliance with Basel III and LCR requirements. The following schedule presents a profile of our investment securities portfolio. The amortized cost amounts represent the original cost of the investments, adjusted for related accumulated amortization or accretion of any yield adjustments, and for impairment losses, including credit-related impairment. The estimated fair value measurement levels and methodology are discussed in Note 20 of the Notes to Consolidated Financial Statements.

Schedule 8

INVESTMENT SECURITIES PORTFOLIO

(In millions)	December 31, 2015				December 31, 2014			
	Par Value	Amortized cost	Carrying value	Estimated fair value	Par Value	Amortized cost	Carrying value	Estimated fair value
Held-to-maturity								
Municipal securities	\$ 546	\$ 546	\$ 546	\$ 552	\$ 608	\$ 608	\$ 608	\$ 620
Asset-backed securities:								
Trust preferred securities – banks and insurance	—	—	—	—	89	79	39	57
	<u>546</u>	<u>546</u>	<u>546</u>	<u>552</u>	<u>697</u>	<u>687</u>	<u>647</u>	<u>677</u>
Available-for-sale								
U.S. Government agencies and corporations:								
Agency securities	1,233	1,232	1,233	1,233	606	607	601	601
Agency guaranteed mortgage-backed securities	3,810	3,965	3,936	3,936	899	935	945	945
Small Business Administration loan-backed securities	1,741	1,933	1,931	1,931	1,400	1,544	1,552	1,552
Municipal securities	387	417	419	419	187	189	189	189
Other	25	25	23	23				
Asset-backed securities:								
Trust preferred securities – banks and insurance	—	—	—	—	659	538	415	415
Other	—	—	—	—	7	6	6	6
	<u>7,196</u>	<u>7,572</u>	<u>7,542</u>	<u>7,542</u>	<u>3,758</u>	<u>3,819</u>	<u>3,708</u>	<u>3,708</u>
Mutual funds and other	101	101	101	101	137	137	136	136
	<u>7,297</u>	<u>7,673</u>	<u>7,643</u>	<u>7,643</u>	<u>3,895</u>	<u>3,956</u>	<u>3,844</u>	<u>3,844</u>
Total	<u>\$ 7,843</u>	<u>\$ 8,219</u>	<u>\$ 8,189</u>	<u>\$ 8,195</u>	<u>\$ 4,592</u>	<u>\$ 4,643</u>	<u>\$ 4,491</u>	<u>\$ 4,521</u>

The amortized cost of investment securities at December 31, 2015 increased by 77.0% from the balances at December 31, 2014, primarily due to purchases of agency guaranteed mortgage-backed securities. There were additional increases in agency securities and SBA loan-backed securities. These increases were partially offset by the sale of the remaining bank and insurance trust preferred CDO portfolio during the second quarter of 2015.

The investment securities portfolio includes \$376 million of net premium almost exclusively from SBA loan-backed securities and agency guaranteed mortgage-backed securities. Recent purchases of these securities have occurred at a premium to the respective par amount. The amortization of these premiums each quarter is dependent upon borrower prepayment behavior. Premium amortization for 2015 was approximately \$51 million, compared to approximately \$23 million in 2014, and is included in portfolio yields. The increased premium amortization is due to both an increased amount of agency guaranteed mortgage-backed securities and SBA loan-backed securities and changes in prepayment rates of the underlying loans.

During the first quarter of 2015, we reclassified all of the remaining held-to-maturity CDO securities, or approximately \$79 million at amortized cost, to AFS securities. See Note 5 of the Notes to Consolidated Financial Statements for further discussion regarding this reclassification.

As of December 31, 2015, under the GAAP fair value accounting hierarchy, 0.8% of the \$7.6 billion fair value of the AFS securities portfolio was valued at Level 1, 99.2% was valued at Level 2, and there were no Level 3 AFS securities as a result of the sale of the remaining CDO securities. At December 31, 2014, 2.7% of the \$3.8 billion fair value of AFS securities portfolio was valued at Level 1, 86.8% was valued at Level 2, and 10.5% was valued at Level 3. See Note 20 of the Notes to Consolidated Financial Statements for further discussion of fair value accounting.

Schedule 9 presents the maturities of the different types of investments that we owned and the corresponding average yield as of December 31, 2015 based on amortized cost. Expected maturities, rather than contractual maturities, are shown for SBA securities, agency guaranteed mortgage-backed securities and certain agency and municipal securities. See “Liquidity Risk Management” on page 68 and Notes 1, 5 and 7 of the Notes to Consolidated Financial Statements for additional information about our investment securities and their management.

Schedule 9

MATURITIES AND AVERAGE YIELDS ON SECURITIES

At December 31, 2015

<i>(Amounts in millions)</i>	Total securities		Within one year		After one but within five years		After five but within ten years		After ten years	
	Amount	Yield*	Amount	Yield*	Amount	Yield*	Amount	Yield*	Amount	Yield*
Held-to-maturity										
Municipal securities	\$ 546	5.0%	\$ 64	3.4%	\$ 199	4.4%	\$ 153	5.8%	\$ 130	5.7%
	<u>546</u>	<u>5.0</u>	<u>64</u>	<u>3.4</u>	<u>199</u>	<u>4.4</u>	<u>153</u>	<u>5.8</u>	<u>130</u>	<u>5.7</u>
Available-for-sale										
U.S. Government agencies and corporations:										
Agency securities	1,232	2.2	106	2.3	346	2.3	595	2.0	185	2.6
Agency guaranteed mortgage-backed securities	3,965	2.2	534	2.1	1,507	2.1	1,359	2.1	565	2.3
Small Business Administration loan-backed securities	1,933	2.1	387	2.1	922	2.1	442	2.1	182	2.2
Municipal securities	417	2.9	13	2.1	157	2.5	211	3.1	36	3.3
Other	25	5.6	—	—	—	—	—	—	25	5.6
	<u>7,572</u>	<u>2.2</u>	<u>1,040</u>	<u>2.1</u>	<u>2,932</u>	<u>2.2</u>	<u>2,607</u>	<u>2.1</u>	<u>993</u>	<u>2.5</u>
Mutual funds and other	101	0.3	101	0.3	—	—	—	—	—	—
	<u>7,673</u>	<u>2.2</u>	<u>1,141</u>	<u>2.0</u>	<u>2,932</u>	<u>2.2</u>	<u>2,607</u>	<u>2.1</u>	<u>993</u>	<u>2.5</u>
Total	<u>\$ 8,219</u>	<u>2.4</u>	<u>\$ 1,205</u>	<u>2.1</u>	<u>\$ 3,131</u>	<u>2.3</u>	<u>\$ 2,760</u>	<u>2.3</u>	<u>\$ 1,123</u>	<u>2.8</u>

*Taxable-equivalent rates used where applicable.

Exposure to State and Local Governments

We provide multiple products and services to state and local governments (referred together as “municipalities”), including deposit services, loans, and investment banking services, and we invest in securities issued by the municipalities.

Schedule 10 summarizes the Company’s exposure to state and local municipalities.

Schedule 10

MUNICIPALITIES

<i>(In millions)</i>	December 31,	
	2015	2014
Loans and leases	\$ 676	\$ 521
Held-to-maturity – municipal securities	546	608
Available-for-sale – municipal securities	419	189
Available-for-sale – auction rate securities	—	5
Trading account – municipal securities	33	53
Unfunded lending commitments	119	58
Total direct exposure to municipalities	<u>\$ 1,793</u>	<u>\$ 1,434</u>

At December 31, 2015, \$1 million of loans to one municipality were on nonaccrual. A significant amount of the municipal loan and lease portfolio is secured by real estate and equipment, and approximately 87% of the outstanding credits were originated by Zions Bank, CB&T, Amegy, and Vectra. See Note 6 of the Notes to Consolidated Financial Statements for additional information about the credit quality of these municipal loans.

Growth in municipal exposures came primarily from increases in the municipal AFS securities portfolio consistent with the Company's initiative to increase securities. AFS securities generally consist of rated securities with investment grade ratings from one or more major credit rating agencies. HTM securities consist of unrated bonds issued by small local government entities. Prior to purchase, the issuers of municipal securities are evaluated by the Company for their creditworthiness, and some of the securities are guaranteed by third parties.

Foreign Exposure and Operations

Our credit exposure to foreign sovereign risks and total foreign credit exposure is not significant. We also do not have significant foreign exposure to derivative counterparties. We have foreign operations as a result of our branch in Grand Cayman, Grand Cayman Islands B.W.I. While deposits in this branch are not subject to FRB reserve requirements, there are no federal or state income tax benefits to the Company or any customers as a result of these operations. Foreign deposits at December 31, 2015 and 2014 were \$294 million and \$328 million, respectively.

Loans Held for Sale

Loans held for sale, consisting primarily of consumer mortgage and small business loans to be sold in the secondary market, were \$150 million at December 31, 2015, compared to \$133 million at December 31, 2014. Consumer loans are primarily fixed-rate mortgages that are originated and sold to third parties.

Loan Portfolio

As of December 31, 2015, net loans and leases accounted for 68.1% of total assets compared to 70.0% at the end of 2014. Schedule 11 presents our loans outstanding by type of loan as of the five most recent year-ends. The schedule also includes a maturity profile for the loans that were outstanding as of December 31, 2015. However, while this schedule reflects the contractual maturity and repricing characteristics of these loans, in a small number of cases, we have hedged the repricing characteristics of our variable-rate loans as more fully described in "Interest Rate Risk" on page 63.

Schedule 11

LOAN PORTFOLIO BY TYPE AND MATURITY

(In millions)	December 31, 2015				December 31,			
	One year or less	One year through five years	Over five years	Total	2014	2013	2012	2011
Commercial:								
Commercial and industrial	\$ 7,560	\$ 4,267	\$ 1,384	\$ 13,211	\$ 13,163	\$ 12,459	\$ 11,215	\$ 10,422
Leasing	29	323	90	442	409	388	422	380
Owner occupied	467	1,231	5,452	7,150	7,351	7,568	7,781	8,394
Municipal	85	127	464	676	521	449	494	441
Total commercial	8,141	5,948	7,390	21,479	21,444	20,864	19,912	19,637
Commercial real estate:								
Construction and land development	711	1,055	76	1,842	1,986	2,193	1,969	2,315
Term	1,292	3,619	3,603	8,514	8,127	8,203	8,362	8,310
Total commercial real estate	2,003	4,674	3,679	10,356	10,113	10,396	10,331	10,625
Consumer:								
Home equity credit line	60	41	2,316	2,417	2,321	2,147	2,197	2,210
1-4 family residential	12	117	5,253	5,382	5,201	4,742	4,363	3,932
Construction and other consumer real estate	225	33	127	385	371	325	322	306
Bankcard and other revolving plans	286	17	141	444	401	361	312	298
Other	15	148	24	187	213	208	233	249
Total consumer	598	356	7,861	8,815	8,507	7,783	7,427	6,995
Total net loans	<u>\$ 10,742</u>	<u>\$ 10,978</u>	<u>\$ 18,930</u>	<u>\$ 40,650</u>	<u>\$ 40,064</u>	<u>\$ 39,043</u>	<u>\$ 37,670</u>	<u>\$ 37,257</u>
Loans maturing:								
With fixed interest rates	\$ 1,228	\$ 3,706	\$ 3,490	\$ 8,424				
With variable interest rates	9,514	7,272	15,440	32,226				
Total	<u>\$ 10,742</u>	<u>\$ 10,978</u>	<u>\$ 18,930</u>	<u>\$ 40,650</u>				

As of December 31, 2015, net loans and leases were \$40.7 billion, reflecting a 1.5% increase from the prior year. The increase is primarily attributable to new loan originations, as well as a decrease in paydowns of existing loans.

Most of the loan portfolio growth during 2015 occurred in municipal, CRE term, 1-4 family residential, and home equity credit line loans (“HECL”). The impact of these increases was partially offset by declines in commercial owner occupied, and CRE construction loans. The loan portfolio increased primarily at CB&T, NBAZ, and Vectra, while balances declined at NSB.

Of the significant increases within the portfolio, municipal loans increased approximately \$155 million, CRE term loans increased \$388 million, and 1-4 family residential loans increased \$181 million, due in part to an increase in loan production. The increase in loans occurred across the Company’s geographic footprint.

Commercial owner occupied loans declined approximately \$202 million due to the runoff and attrition of the National Real Estate portfolio at Zions Bank, which is not expected to continue at the same pace in 2016. The National Real Estate business is a wholesale business that depends upon loan referrals from other community banking institutions. Due to generally soft loan demand nationally, many community banking institutions are retaining, rather than selling, their loan production.

We expect slight-to-moderate overall loan and lease growth during 2016 primarily in consumer and commercial and industrial loans, partially offset by continued attrition from the National Real Estate and oil and gas-related loan portfolios. We also expect to continue to limit construction and land development loan commitment growth for the

foreseeable future as part of management's actions to improve the risk profile of the Company and to reduce portfolio concentration risk.

Loans serviced for the benefit of others increased to \$3.0 billion during 2015 from \$2.7 billion in 2014.

Since 2009, CB&T and NSB have had loss-sharing agreements with the FDIC that provided indemnification for credit losses of acquired loans and foreclosed assets up to specified thresholds. The last of the agreements for commercial loans, which comprised the major portion of the acquired portfolio, expired as of September 30, 2014. The agreements for 1-4 family residential loans will expire in 2019. In previous periods, the FDIC-supported loan balances were presented separately in schedules within MD&A and in other disclosures, and included purchase credit-impaired ("PCI") loans, as discussed in Note 6 of the Notes to Consolidated Financial Statements. Due to declining balances, for all periods presented herein, the FDIC-supported/PCI loans have been reclassified to their respective loan segments and classes.

Other Noninterest-Bearing Investments

As part of our initiative to consolidate our charters into a single charter, we will have shares in a single FHLB (Des Moines) and we expect to redeem outstanding shares of the other respective FHLBs, most likely in the second quarter of 2016. Our investment balance in Federal Reserve stock is expected to remain relatively stable. Schedule 12 sets forth our other noninterest-bearing investments.

Schedule 12

OTHER NONINTEREST-BEARING INVESTMENTS

<i>(In millions)</i>	December 31,	
	2015	2014
Bank-owned life insurance	\$ 486	\$ 476
Federal Home Loan Bank stock	68	104
Federal Reserve stock	123	121
FARMAC stock	25	26
SBIC investments	113	86
Non-SBIC investment funds	24	44
Others	9	9
	<u>\$ 848</u>	<u>\$ 866</u>

Premises and Equipment

Premises and equipment increased \$76 million, or 9.1%, from the prior year primarily due to an increase of \$47 million in buildings and \$56 million in software, partially offset by an increase in depreciation of \$30 million. The capitalized costs associated with buildings were primarily from the development of a new corporate facility for Amegy in Texas. The increase in software was mainly due to the capitalization of eligible costs related to the development of new lending, deposit and reporting systems.

Deposits

Deposits, both interest-bearing and noninterest-bearing, are a primary source of funding for the Company. Average total deposits increased by 5.1% during 2015, with average interest-bearing deposits decreasing by 2.3% and average noninterest-bearing deposits increasing 9.0%. The average interest rate paid for interest-bearing deposits was 1 bp higher in 2015 than in 2014.

Deposits at December 31, 2015, excluding time deposits \$100,000 and over and brokered deposits, increased by 5.8%, or \$2.7 billion, from December 31, 2014. The increase was mainly due to an increase in noninterest-bearing demand deposits, interest-bearing domestic savings and money market, and foreign deposits, offset by a decrease in time deposits under \$100,000.

Demand and savings and money market deposits comprised 95.2% of total deposits at December 31, 2015, compared with 94.3% at December 31, 2014.

During 2015 and 2014, we maintained a relatively low level of brokered deposits with the primary purpose of keeping that funding source available in case of a future need. At December 31, 2015, total deposits included \$119 million of brokered deposits compared to \$108 million at December 31, 2014.

See Notes 11 and 12 of the Notes to Consolidated Financial Statements and “Liquidity Risk Management” on page 68 for additional information on funding and borrowed funds.

RISK ELEMENTS

Since risk is inherent in substantially all of our operations, management of risk is an integral part of our operations and is also a key determinant of our overall performance. The Board of Directors has appointed a Risk Oversight Committee (“ROC”) that consists of appointed Board members who oversee the Company’s risk management processes. The ROC meets on a regular basis to monitor and review Enterprise Risk Management (“ERM”) activities. As required by its charter, the ROC performs oversight for various ERM activities and approves ERM policies and activities as detailed in the ROC charter.

Management applies various strategies to reduce the risks to which the Company’s operations are exposed, including credit, interest rate and market, liquidity, and operational risks. These risks are overseen by the various management committees of which the ERM is the focal point for the monitoring and review of enterprise risk.

Credit Risk Management

Credit risk is the possibility of loss from the failure of a borrower, guarantor, or another obligor to fully perform under the terms of a credit-related contract. Credit risk arises primarily from our lending activities, as well as from off-balance sheet credit instruments.

The Board of Directors, through the ROC, is responsible for approving the overall policies relating to the management of the credit risk of the Company. In addition, the ROC oversees and monitors adherence to key policies and the credit risk appetite which is defined in the Risk Appetite Framework. Additionally, the Board has established the Credit Administration Committee (“CAC”), chaired by the Chief Credit Officer and consisting of members of management, to which it has delegated the responsibility for managing credit risk for the company.

Centralized oversight of credit risk is provided through credit policies, credit administration, and credit examination functions at the Parent. We separate the lending function from the credit administration function, which strengthens control over, and the independent evaluation of, credit activities. Formal loan policies and procedures provide the Company with a framework for consistent underwriting and a basis for sound credit decisions at the local banking affiliate level. In addition, we have a well-defined set of standards for evaluating our loan portfolio, and we utilize a comprehensive loan grading system to determine the risk potential in the portfolio. Furthermore, an independent internal credit examination department periodically conducts examinations of the Company’s lending departments. These examinations are designed to review credit quality, adequacy of documentation, appropriate loan grading administration, and compliance with lending policies. Credit examination reports are submitted to management and to the ROC on a regular basis. New, expanded, or modified products and services, as well as new lines of business, are approved by the New Product Review Committee.

Both the credit policy and the credit examination functions are managed centrally. Emphasis is placed on strong underwriting standards and early detection of potential problem credits in order to develop and implement action plans on a timely basis to mitigate any potential losses.

Our credit risk management strategy includes diversification of our loan portfolio. We attempt to avoid the risk of an undue concentration of credits in a particular collateral type or with an individual customer or counterparty. Generally, our loan portfolio is well diversified; however, due to the nature of our geographical footprint, there are

certain significant concentrations primarily in commercial real estate (“CRE”) and oil and gas-related lending. We have adopted and adhere to concentration limits on various types of CRE lending, particularly construction and land development lending, leveraged lending, municipal lending, and oil and gas-related lending. All of these limits are continually monitored and revised as necessary. The recent growth in construction and land development loan commitments is within the established concentration limits. Our business activity is primarily with customers located within the geographical footprint of our banking affiliates.

The credit quality of our loan portfolio slightly deteriorated during 2015. Nonperforming lending-related assets at December 31, 2015 increased by approximately 9.6% from December 31, 2014. Gross charge-offs for 2015 increased to \$139 million from \$106 million in 2014. However, net charge-offs decreased to \$39 million from \$42 million for the same periods.

As displayed in Schedule 13, commercial and industrial loans were the largest category and constituted 32.5% of our loan portfolio at December 31, 2015. Construction and land development loans slightly decreased to 4.5% of total loans at December 31, 2015, compared to 5.0% at December 31, 2014.

Schedule 13

LOAN PORTFOLIO DIVERSIFICATION

<i>(Amounts in millions)</i>	December 31, 2015		December 31, 2014	
	Amount	% of total loans	Amount	% of total loans
Commercial:				
Commercial and industrial	\$ 13,211	32.5%	\$ 13,163	32.9%
Leasing	442	1.1	409	1.0
Owner occupied	7,150	17.6	7,351	18.3
Municipal	676	1.7	521	1.3
Total commercial	21,479	52.9	21,444	53.5
Commercial real estate:				
Construction and land development	1,842	4.5	1,986	5.0
Term	8,514	21.0	8,127	20.3
Total commercial real estate	10,356	25.5	10,113	25.3
Consumer:				
Home equity credit line	2,417	5.9	2,321	5.8
1-4 family residential	5,382	13.2	5,201	13.0
Construction and other consumer real estate	385	0.9	371	0.9
Bankcard and other revolving plans	444	1.1	401	1.0
Other	187	0.5	213	0.5
Total consumer	8,815	21.6	8,507	21.2
Total net loans	<u>\$ 40,650</u>	<u>100.0%</u>	<u>\$ 40,064</u>	<u>100.0%</u>

Government Agency Guaranteed Loans

We participate in various guaranteed lending programs sponsored by U.S. government agencies, such as the SBA, Federal Housing Authority, Veterans’ Administration, Export-Import Bank of the U.S., and the U.S. Department of Agriculture. As of December 31, 2015, the principal balance of these loans was \$569 million, and the guaranteed portion was approximately \$432 million. Most of these loans were guaranteed by the SBA.

Schedule 14 presents the composition of government agency guaranteed loans.

Schedule 14

GOVERNMENT GUARANTEES

<i>(Amounts in millions)</i>	December 31, 2015	Percent guaranteed	December 31, 2014	Percent guaranteed
Commercial	\$ 536	76%	\$ 539	76%
Commercial real estate	17	77	19	77
Consumer	16	90	17	86
Total loans	<u>\$ 569</u>	76	<u>\$ 575</u>	76

Commercial Lending

Schedule 15 provides selected information regarding lending concentrations to certain industries in our commercial lending portfolio.

Schedule 15

COMMERCIAL LENDING BY INDUSTRY GROUP

<i>(Amounts in millions)</i>	December 31, 2015		December 31, 2014	
	Amount	Percent	Amount	Percent
Real estate, rental and leasing	\$ 2,355	11.0%	\$ 2,418	11.4%
Manufacturing	2,338	10.9	2,305	10.7
Retail trade	2,025	9.4	1,924	9.0
Mining, quarrying and oil and gas extraction	1,820	8.5	2,277	10.6
Wholesale trade	1,644	7.6	1,638	7.6
Healthcare and social assistance	1,361	6.3	1,347	6.3
Finance and insurance	1,325	6.2	1,168	5.5
Transportation and warehousing	1,219	5.7	1,294	6.0
Construction	1,087	5.1	1,027	4.8
Accommodation and food services	964	4.5	911	4.2
Other services (except Public Administration)	862	4.0	830	3.9
Professional, scientific and technical services	860	4.0	884	4.1
Utilities ¹	775	3.6	576	2.7
Other ²	2,844	13.2	2,845	13.2
Total	<u>\$ 21,479</u>	<u>100.0%</u>	<u>\$ 21,444</u>	<u>100.0%</u>

¹ Includes primarily utilities, power, and renewable energy.

² No other industry group exceeds 3%.

Oil and Gas-Related Exposure

Various industries represented in the previous schedule, including mining, quarrying and oil/gas extraction; manufacturing; and transportation and warehousing; contain certain loans we categorized as oil and gas-related. At December 31, 2015 and 2014, we had approximately \$4.8 billion and \$5.8 billion of total oil and gas-related credit exposure, respectively. The distribution of oil and gas-related loans by customer market segment is shown in Schedule 16.

Schedule 16

OIL AND GAS-RELATED EXPOSURE¹

<i>(Amounts in millions)</i>	December 31, 2015	% of total oil and gas- related	December 31, 2014	% of total oil and gas- related
Loans and leases				
Upstream – exploration and production	\$ 817	31%	\$ 1,052	34%
Midstream – marketing and transportation	621	23	579	19
Downstream – refining	127	5	110	4
Other non-services	44	2	55	2
Oilfield services	784	30	971	31
Energy service manufacturing	229	9	306	10
Total loan and lease balances	2,622	100%	3,073	100%
Unfunded lending commitments	2,151		2,700	
Total oil and gas credit exposure	<u>\$ 4,773</u>		<u>\$ 5,773</u>	
Private equity investments	<u>\$ 13</u>		<u>\$ 21</u>	
Credit quality measures				
Criticized loan ratio	30.3%		7.5%	
Classified loan ratio	19.7%		4.3%	
Nonperforming loan ratio	2.5%		0.5%	
Net charge-off ratio, annualized ²	3.6%		—%	

¹ Because many borrowers operate in multiple businesses, judgment has been applied in characterizing a borrower as oil and gas-related, including a particular segment of oil and gas-related activity, e.g., upstream or downstream.

² Calculated as the ratio of annualized net charge-offs from the fourth quarters of 2015 and 2014, respectively, to loan balances at period end 2015 and 2014, respectively.

During 2015, our overall balance of oil and gas-related loans decreased approximately \$451 million, or 14.7%, to \$2.6 billion, primarily as a result of payoffs and pay-downs; exploration and production loan balances decreased 22.3%, and energy services loan balances declined 20.7%. Unfunded oil and gas-related lending commitments declined by \$549 million, or 20.3%. The decline in oil and gas-related credit exposure during 2015 was consistent with expectations, and further attrition over the next several quarters is likely.

As expected, the credit quality of the oil and gas loan portfolio deteriorated during 2015, and will likely continue throughout 2016 due to low energy prices. At December 31, 2015, approximately \$66.2 million, or 2.5%, of the oil and gas-related loan balances were nonaccruing, compared to approximately \$16.6 million, or 0.5% at December 31, 2014. Approximately 71% of oil and gas-related nonaccruing loans were current as to principal and interest payments at December 31, 2015, up from approximately 62% at December 31, 2014.

Classified oil and gas-related credits increased to \$517.5 million at December 31, 2015, from \$133.6 million at December 31, 2014. Oil and gas-related loan net charge-offs were \$42.5 million for 2015, compared to \$8.8 million for 2014. The majority of loan downgrades during 2015 reflected deterioration in the financial condition of oilfield services companies and, to a lesser degree, a small number of downgrades in the upstream portfolio. Further downgrades are likely; however, we currently believe we have established an appropriate reserve for the portfolio. The pattern of a significant increase in graded or classified oil and gas loans as well as the increase in nonaccrual oil and gas loans is generally consistent with prior cycles.

Upstream

Upstream exploration and production loans comprised approximately 31% and 34% of the oil and gas-related loans at December 31, 2015 and December 31, 2014, respectively. Many upstream borrowers have relatively balanced production between oil and gas.

We use disciplined underwriting practices to mitigate the risk associated with upstream lending activities. Upstream loans are made to reserve-based borrowers where approximately 90% of those loans are collateralized by the value of the borrower's oil and gas reserves. Our oil and gas price deck, the pricing applied to a borrower's reserves for underwriting purposes, has generally been below the NYMEX strip, i.e., the average of the daily settlement prices of the next 12 months' futures contracts. Through the use of independent and third party engineers and conservative underwriting, we apply multiple discounts. These discounts often range from 10-40% of the value of the collateral in determining the borrowing base (commitment), and help protect credit quality against significant commodity price declines. Further, reserve-based commitments are subject to a borrowing base redetermination based on then-current energy prices, typically every six months. Generally, we have, at our option, the right to conduct additional redeterminations during the year. Borrowing bases for clients are usually set at 60-70% of available collateral after an adjustment for the discounts described above.

Upstream borrowers generally do not draw the maximum available funding on their lines, which provides the borrower additional liquidity and flexibility. The line utilization rate for upstream borrowers was approximately 57% and 58% at December 31, 2015 and December 31, 2014, respectively. This unused commitment gives us the ability in some cases to reduce the borrowing base commitment through the redetermination process without creating a borrowing base deficiency (where outstanding debt exceeds the new borrowing base). Nevertheless, our loan agreements generally require the borrowers to maintain a certain amount of equity. Therefore, if the loan to collateral value exceeds an acceptable limit, we work with the borrowers to reinstate an acceptable collateral-value threshold. As a result of the fall 2015 redetermination of exploration and production oil and gas-related loan borrowing bases, the borrowing base for total exploration and production commitments, including new commitments, declined approximately 21% since the fall 2014 redetermination.

An additional metric we consider in our underwriting is a borrower's oil and gas price hedging practices. A considerable portion of our reserve-based borrowers are hedged. As of December 31, 2015, of the upstream borrower's risk-based estimated oil production and gas production projected in 2016, approximately 61% and 43%, respectively, is hedged based on the latest data provided by the borrowers.

Midstream

Midstream marketing and transportation loans comprised approximately 23% and 19% of the oil and gas-related exposure at December 31, 2015 and December 31, 2014, respectively. Loans in this segment are made to companies that gather, transport, treat and blend oil and natural gas, or that provide services to similar companies. The assets owned by these borrowers, which make this activity possible, are field-level gathering systems (small diameter pipe), pipelines (medium/large diameter pipe), tanks, trucks, rail cars, various water-based vessels, and natural gas treatment plants. Our midstream loans are secured by these assets, unless the borrower is rated investment-grade. A significant portion of our midstream borrowers' revenues are derived from fee-based contracts, giving them limited exposure to commodity price risk. Since lower oil and gas prices slow the drilling and development of new oil and natural gas, but do not normally result in significant numbers of producing wells being shut in, volumes of oil and gas flowing through midstream systems usually remain relatively stable throughout oil and natural gas price cycles.

Energy Services

Energy services loans, which include oilfield services and energy service manufacturing, comprised approximately 39% and 41% of the oil and gas-related exposure at December 31, 2015 and December 31, 2014, respectively. Energy services loans include borrowers that have a concentration of revenues in the energy industry. However, many of these borrowers provide a broad range of products and services to the energy industry and are not subject to the same volatility as new drilling activities. Many of these borrowers are diversified geographically and service both oil and gas-related drilling and production.

For energy services loans, underwriting criteria require lower leverage to compensate for the cyclical nature of the industry. During the underwriting process, we use sensitivity analysis to consider revenue and cash flow impacts resulting from oil and gas price cycles. Generally, we underwrite energy services loans to withstand a 20-50% decline in cash flows, with higher discounts for those borrowers subject to greater cyclicity.

Risk Management of the Oil and Gas-Related Portfolio

We apply concentration limits and disciplined underwriting to the entire oil and gas-related loan portfolio to limit our risk exposure. Concentration limits on oil and gas-related lending, coupled with adherence to our underwriting standards, served to constrain loan growth during the past several quarters. As an indicator of the diversity in the size of our oil and gas-related portfolio, the average amount of our commitments is approximately \$7 million, with approximately 64% of the commitments less than \$30 million. Additionally, there are instances where we have commitments to a common sponsor which, when combined, would result in higher commitment levels than \$30 million. The portfolio contains only senior loans – no junior or second lien positions; additionally, we cautiously approach making first-lien loans to borrowers that employ excessive leverage through the use of junior lien loans or unsecured layers of debt. Approximately 90% of the total oil and gas-related portfolio is secured by reserves, equipment, real estate, and other collateral, or a combination of collateral types.

We participate as a lender in loans and commitments designated as Shared National Credits (“SNCs”), which generally consist of larger and more diversified borrowers that have better access to capital markets. SNCs are loans or loan commitments of at least \$20 million that are shared by three or more federally supervised institutions. The percentage of SNCs is approximately 72% of the upstream portfolio, 72% of the midstream portfolio, and 47% of the energy services portfolio. Our bankers have direct access and contact with the management of these SNC borrowers, and as such, are active participants. In many cases, we provide ancillary banking services to these borrowers, further evidencing this direct relationship.

As a secondary source of support, many of our oil and gas-related borrowers have access to capital markets and private equity sources. Private sponsors tend to be large funds, often with assets under management of more than \$1 billion, managed by individuals with a great deal of energy expertise and experience and who have successfully managed energy investments through previous energy price cycles. The investors in the funds are primarily institutional investors, such as large pensions, foundations, trusts, and high net worth family offices.

We expect further downgrades in the oil and gas portfolio, primarily from the oilfield services companies; although, we currently believe we have appropriately reserved for these downgrades. The deterioration of oil and gas-related credits is transpiring consistently with our outlook and expectations from late 2014; although, future energy price volatility may result in further credit deterioration. When establishing the level of the allowance for credit losses (“ACL”), we consider multiple factors, including reduced drilling activity and additional capital raises. During 2015, we increased the ACL on the oil and gas portfolio by approximately \$74 million, primarily due to the decline in energy prices, which contributed to an increased provision for loan losses in 2015.

Commercial Real Estate Loans

Selected information indicative of credit quality regarding our CRE loan portfolio is presented in Schedule 17.

Schedule 17

COMMERCIAL REAL ESTATE PORTFOLIO BY LOAN TYPE AND COLLATERAL LOCATION

At December 31, 2015

(Amounts in millions)

(Amounts in millions)		Collateral Location									% of total CRE
Loan type	As of date	Arizona	California	Colorado	Nevada	Texas	Utah/ Idaho	Wash- ington	Other ¹	Total	
Commercial term											
Balance outstanding	12/31/2015	\$ 1,094	\$ 2,933	\$ 408	\$ 550	\$1,409	\$1,243	\$ 268	\$ 609	\$ 8,514	82.2%
% of loan type		12.8%	34.4%	4.8%	6.5%	16.5%	14.6%	3.2%	7.2%	100.0%	
Delinquency rates: ²											
30-89 days	12/31/2015	0.1%	0.1%	0.3%	0.1%	0.1%	—%	0.2%	0.2%	0.1%	
	12/31/2014	—%	0.1%	—%	0.4%	—%	0.6%	0.3%	0.2%	0.2%	
≥ 90 days	12/31/2015	—%	0.5%	1.6%	0.1%	0.1%	0.2%	1.0%	0.9%	0.4%	
	12/31/2014	0.1%	0.6%	—%	0.6%	0.1%	0.3%	0.3%	1.0%	0.4%	
Accruing loans past due 90 days or more	12/31/2015	\$ —	\$ 15	\$ —	\$ —	\$ —	\$ 3	\$ 3	\$ 1	\$ 22	
	12/31/2014	—	12	—	4	—	3	1	—	20	
Nonaccrual loans	12/31/2015	17	4	8	3	1	1	—	6	40	
	12/31/2014	2	8	1	1	2	1	—	10	25	
Residential construction and land development											
Balance outstanding	12/31/2015	\$ 15	\$ 316	\$ 68	\$ 1	\$ 232	\$ 59	\$ 16	\$ 2	\$ 709	6.9%
% of loan type		2.1%	44.6%	9.6%	0.1%	32.7%	8.3%	2.3%	0.3%	100.0%	
Delinquency rates: ²											
30-89 days	12/31/2015	—%	—%	—%	—%	0.3%	—%	—%	—%	0.1%	
	12/31/2014	—%	—%	—%	—%	—%	—%	—%	—%	—%	
≥ 90 days	12/31/2015	—%	—%	—%	—%	0.5%	—%	—%	—%	0.2%	
	12/31/2014	—%	—%	—%	—%	2.6%	—%	—%	—%	0.8%	
Accruing loans past due 90 days or more	12/31/2015	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
	12/31/2014	—	—	—	—	—	—	—	—	—	
Nonaccrual loans	12/31/2015	—	—	—	—	3	—	—	—	3	
	12/31/2014	—	—	—	—	7	—	—	—	7	
Commercial construction and land development											
Balance outstanding	12/31/2015	\$ 83	\$ 212	\$ 78	\$ 33	\$ 482	\$ 173	\$ 28	\$ 44	\$ 1,133	10.9%
% of loan type		7.3%	18.7%	6.9%	2.9%	42.5%	15.3%	2.5%	3.9%	100.0%	
Delinquency rates: ²											
30-89 days	12/31/2015	—%	—%	—%	—%	—%	0.1%	—%	—%	—%	
	12/31/2014	—%	0.5%	0.1%	—%	0.2%	0.1%	—%	—%	0.2%	
≥ 90 days	12/31/2015	—%	—%	—%	—%	0.7%	0.4%	—%	—%	0.4%	
	12/31/2014	—%	0.8%	—%	—%	0.9%	—%	—%	—%	0.5%	
Accruing loans past due 90 days or more	12/31/2015	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
	12/31/2014	—	—	—	—	—	—	—	—	—	
Nonaccrual loans	12/31/2015	—	—	—	—	4	—	—	—	4	
	12/31/2014	—	2	—	—	4	12	—	—	18	
Total construction and land development	12/31/2015	\$ 98	\$ 528	\$ 146	\$ 34	\$ 714	\$ 232	\$ 44	\$ 46	\$ 1,842	
Total commercial real estate	12/31/2015	\$ 1,192	\$ 3,461	\$ 554	\$ 584	\$2,123	\$1,475	\$ 312	\$ 655	\$10,356	100.0%

¹ No other geography exceeds \$101 million for all three loan types.

² Delinquency rates include nonaccrual loans.

Approximately 24% of the CRE term loans consist of mini-perm loans as of December 31, 2015. For such loans, construction has been completed and the project has stabilized to a level that supports the granting of a mini-perm loan in accordance with our underwriting standards. Mini-perm loans generally have initial maturities of three to seven years. The remaining 76% of CRE loans are term loans with initial maturities generally of 5 to 20 years. The stabilization criteria for a project to qualify for a term loan differ by product type and include criteria related to the cash flow generated by the project, loan-to-value ratio, and occupancy rates.

Approximately \$142 million, or 12%, of the commercial construction and land development portfolio at December 31, 2015 consists of acquisition and development loans. Most of these acquisition and development loans are secured by specific retail, apartment, office, or other projects. Underwriting on commercial properties is primarily based on the economic viability of the project with heavy consideration given to the creditworthiness and experience of the sponsor. We generally require that the owner's equity be injected prior to bank advances. Remargining requirements (required equity infusions upon a decline in value of the collateral) are often included in the loan agreement along with guarantees of the sponsor. Recognizing that debt is paid via cash flow, the projected cash flows of the project are critical in the underwriting because these determine the ultimate value of the property and its ability to service debt. Therefore, in most projects (with the exception of multifamily projects) we look for substantial pre-leasing in our underwriting and we generally require a minimum projected stabilized debt service coverage ratio of 1.20 or higher, depending on the project asset class.

Within the residential construction and development sector, many of the requirements previously mentioned, such as creditworthiness and experience of the developer, up-front injection of the developer's equity, principal curtailment requirements, and the viability of the project are also important in underwriting a residential development loan. Significant consideration is given to the likely market acceptance of the product, location, strength of the developer, and the ability of the developer to stay within budget. Progress inspections by qualified independent inspectors are routinely performed before disbursements are made.

Real estate appraisals are ordered and validated independent of the loan officer and the borrower, generally by our internal appraisal review function, which is staffed by licensed appraisers. In some cases, reports from automated valuation services are used. Appraisals are ordered from outside appraisers at the inception, renewal or, for CRE loans, upon the occurrence of any event causing a downgrade to an adverse grade (i.e., "criticized" or "classified"). We increase the frequency of obtaining updated appraisals for adversely graded credits when declining market conditions exist.

Advance rates (i.e., loan commitments) will vary based on the viability of the project and the creditworthiness of the sponsor, but our guidelines generally limit advances to 50% for raw land, 65% for land development, 65% for finished commercial lots, 75% for finished residential lots, 80% for pre-sold homes, 75% for models and homes not under contract, and 75% for commercial properties. Exceptions may be granted on a case-by-case basis.

Loan agreements require regular financial information on the project and the sponsor in addition to lease schedules, rent rolls and, on construction projects, independent progress inspection reports. The receipt of this financial information is monitored and calculations are made to determine adherence to the covenants set forth in the loan agreement. Additionally, loan-by-loan reviews of pass-grade loans for all commercial and residential construction and land development loans are performed semiannually at all affiliates except TCBW, which performs such reviews annually.

CRE loans are sometimes modified to increase the likelihood of collecting the maximum possible amount of our investment in the loan. In general, the existence of a guarantee that improves the likelihood of repayment is taken into consideration when analyzing a loan for impairment. If the support of the guarantor is quantifiable and documented, it is included in the potential cash flows and liquidity available for debt repayment and our impairment methodology takes into consideration this repayment source.

Additionally, when we modify or extend a loan, we give consideration to whether the borrower is in financial difficulty, and whether we have granted a concession. In determining if an interest rate concession has been granted, we consider whether the interest rate on the modified loan is equivalent to current market rates for new debt with similar risk characteristics. If the rate in the modification is less than current market rates, it may indicate that a concession was granted and impairment exists. However, if additional collateral is obtained or if a strong guarantor exists who is believed to be able and willing to support the loan on an extended basis, we also consider the nature and amount of the additional collateral and guarantees in the ultimate determination of whether a concession has been granted.

In general, we obtain and consider updated financial information for the guarantor as part of our determination to extend a loan. The quality and frequency of financial reporting collected and analyzed varies depending on the contractual requirements for reporting, the size of the transaction, and the strength of the guarantor.

Complete underwriting of the guarantor includes, but is not limited to, an analysis of the guarantor's current financial statements, leverage, liquidity, global cash flow, global debt service coverage, contingent liabilities, etc. The assessment also includes a qualitative analysis of the guarantor's willingness to perform in the event of a problem and demonstrated history of performing in similar situations. Additional analysis may include personal financial statements, tax returns, liquidity (brokerage) confirmations, and other reports, as appropriate.

A qualitative assessment is performed on a case-by-case basis to evaluate the guarantor's experience, performance track record, reputation, performance of other related projects with which we are familiar, and willingness to work with us. We also utilize market information sources, rating, and scoring services in our assessment. This qualitative analysis coupled with a documented quantitative ability to support the loan may result in a higher-quality internal loan grade, which may reduce the level of allowance we estimate. Previous documentation of the guarantor's financial ability to support the loan is discounted if there is any indication of a lack of willingness by the guarantor to support the loan.

In the event of default, we evaluate the pursuit of any and all appropriate potential sources of repayment, which may come from multiple sources, including the guarantee. A number of factors are considered when deciding whether or not to pursue a guarantor, including, but not limited to, the value and liquidity of other sources of repayment (collateral), the financial strength and liquidity of the guarantor, possible statutory limitations (e.g., single action rule on real estate) and the overall cost of pursuing a guarantee compared to the ultimate amount we may be able to recover. In other instances, the guarantor may voluntarily support a loan without any formal pursuit of remedies.

Due to the oil and gas price volatility, there could be a potential adverse impact on our CRE loan portfolio within Texas. Our largest credit exposures are to the office, multi-family and hospitality sectors in the city of Houston.

Consumer Loans

We have mainly been an originator of first and second mortgages, generally considered to be of prime quality. Historically, our practice has been to sell "conforming" fixed-rate loans to third parties, including Fannie Mae and Freddie Mac, for which we make representations and warranties that the loans meet certain underwriting and collateral documentation standards. It has also been our practice historically to hold variable-rate loans in our portfolio. We actively monitor loan "put-backs" (required repurchases of loans previously sold to Fannie Mae or Freddie Mac due to inadequate documentation or other reasons). Loan put-backs have been minimal over a multiple-year period. We estimate that we do not have any material risk as a result of either our foreclosure practices or loan put-backs and we have not established any reserves related to these items.

We are engaged in HECL lending. At December 31, 2015 and 2014, our HECL portfolio totaled \$2.4 billion and \$2.3 billion, respectively. Schedule 18 shows the composition of our HECL portfolio by lien status.

*Schedule 18***HECL PORTFOLIO BY LIEN STATUS**

<i>(In millions)</i>	December 31,	
	2015	2014
Secured by first deeds of trust	\$1,267	\$1,201
Secured by second (or junior) liens	1,149	1,120
Total	<u>\$2,416</u>	<u>\$2,321</u>

As of December 31, 2015, loans representing approximately 2% of the outstanding balance in the HECL portfolio were estimated to have combined loan-to-value ratios (“CLTV”) above 100%. An estimated CLTV ratio is the ratio of our loan plus any prior lien amounts divided by the estimated current collateral value. At origination, underwriting standards for the HECL portfolio generally include a maximum 80% CLTV with high credit scores at origination.

Approximately 95% of our HECL portfolio is still in the draw period, and approximately 31% is scheduled to begin amortizing within the next five years. We regularly analyze the risk of borrower default in the event of a loan becoming fully amortizing and the risk of higher interest rates. The analysis indicates that the risk of loss from this factor is minimal in the current economic environment. The annualized credit losses for the HECL portfolio were (2) bps and 5 bps, for 2015 and 2014, respectively. See Note 6 of the Notes to Consolidated Financial Statements for additional information on the credit quality of this portfolio.

Nonperforming Assets

Nonperforming lending-related assets as a percentage of loans and leases and OREO increased slightly to 0.87% at December 31, 2015, compared with 0.81% at December 31, 2014.

Total nonaccrual loans at December 31, 2015 increased by \$43 million from the prior year, primarily due to deterioration in the oil and gas portfolio. Excluding oil and gas-related loans, nonperforming assets have increased in the CRE term loan class, but have declined in the commercial owner occupied and construction and land development loan classes. The largest total decreases in nonaccrual loans occurred at CB&T.

The balance of nonaccrual loans can decrease due to paydowns, charge-offs, and the return of loans to accrual status under certain conditions. If a nonaccrual loan is refinanced or restructured, the new note is immediately placed on nonaccrual. If a restructured loan performs under the new terms for at least a period of six months, the loan can be considered for return to accrual status. See “Restructured Loans” on page 60 for more information. Company policy does not allow for the conversion of nonaccrual construction and land development loans to CRE term loans. See Note 6 of the Notes to Consolidated Financial Statements for more information.

Schedule 19 sets forth our nonperforming lending-related assets.

Schedule 19

NONPERFORMING LENDING-RELATED ASSETS

(Amounts in millions)	December 31,				
	2015	2014	2013	2012	2011
Nonaccrual loans:					
Loans held for sale	\$ —	\$ —	\$ —	\$ —	\$ 18
Commercial:					
Commercial and industrial	164	106	101	94	130
Leasing	4	—	1	1	2
Owner occupied	74	87	137	207	242
Municipal	1	1	10	9	—
Commercial real estate:					
Construction and land development	7	24	29	108	221
Term	40	25	60	137	173
Consumer:					
Real estate	59	64	66	89	122
Other	1	—	2	3	3
Nonaccrual loans	350	307	406	648	911
Other real estate owned:					
Commercial:					
Commercial properties	5	11	16	51	63
Developed land	—	—	6	10	4
Land	1	2	6	8	19
Residential:					
1-4 family	1	4	8	8	35
Developed land	—	2	9	15	22
Land	—	—	1	6	10
Other real estate owned	7	19	46	98	153
Total nonperforming lending-related assets	\$ 357	\$ 326	\$ 452	\$ 746	\$ 1,064
Ratio of nonperforming lending-related assets to net loans and leases ¹ and other real estate owned	0.87%	0.81%	1.15%	1.96%	2.83%
Accruing loans past due 90 days or more:					
Commercial	\$ 7	\$ 8	\$ 8	\$ 24	\$ 30
Commercial real estate	22	20	29	32	55
Consumer	3	1	3	6	9
Total	\$ 32	\$ 29	\$ 40	\$ 62	\$ 94
Ratio of accruing loans past due 90 days or more to net loans and leases ¹	0.08%	0.07%	0.10%	0.16%	0.25%

¹ Includes loans held for sale.

Restructured Loans

Troubled debt restructuring (“TDR”) are loans that have been modified to accommodate a borrower that is experiencing financial difficulties, and for which we have granted a concession that we would not otherwise consider. TDRs declined approximately 13.4% during 2015, primarily due to payments and payoffs. Commercial loans may be modified to provide the borrower more time to complete the project, to achieve a higher lease-up percentage, to sell the property, or for other reasons. Consumer loan TDRs represent loan modifications in which a concession has been granted to the borrower who is unable to refinance the loan with another lender, or who is experiencing economic hardship. Such consumer loan TDRs may include first-lien residential mortgage loans and

home equity loans.

If the restructured loan performs for at least six months according to the modified terms, and an analysis of the customer's financial condition indicates that we are reasonably assured of repayment of the modified principal and interest, the loan may be returned to accrual status. The borrower's payment performance prior to and following the restructuring is taken into account to determine whether or not a loan should be returned to accrual status.

Schedule 20

ACCRUING AND NONACCRUING TROUBLED DEBT RESTRUCTURED LOANS

<i>(In millions)</i>	December 31,	
	2015	2014
Restructured loans – accruing	\$ 194	\$ 245
Restructured loans – nonaccruing	103	98
Total	<u>\$ 297</u>	<u>\$ 343</u>

In the periods following the calendar year in which a loan was restructured, a loan may no longer be reported as a TDR if it is on accrual, is in compliance with its modified terms, and yields a market rate (as determined and documented at the time of the modification or restructure). Company policy requires that the removal of TDR status be approved at the same management level that approved the upgrading of a loan's classification. See Note 6 of the Notes to Consolidated Financial Statements for additional information regarding TDRs.

Schedule 21

TROUBLED DEBT RESTRUCTURED LOANS ROLLFORWARD

<i>(In millions)</i>	2015	2014
Balance at beginning of year	\$ 343	\$ 481
New identified TDRs and principal increases	140	81
Payments and payoffs	(156)	(149)
Charge-offs	(12)	(16)
No longer reported as TDRs	(13)	(36)
Sales and other	(5)	(18)
Balance at end of year	<u>\$ 297</u>	<u>\$ 343</u>

Allowance for Credit Losses

In analyzing the adequacy of the allowance for loan losses, we utilize a comprehensive loan grading system to determine the risk potential in the portfolio and also consider the results of independent internal credit reviews. To determine the adequacy of the allowance, our loan and lease portfolio is broken into segments based on loan type.

Schedule 22 shows the changes in the allowance for loan losses and a summary of loan loss experience.

Schedule 22

SUMMARY OF LOAN LOSS EXPERIENCE

<i>(Amounts in millions)</i>	2015	2014	2013	2012	2011
Loans and leases outstanding on December 31, (net of unearned income)	\$ 40,650	\$ 40,064	\$ 39,043	\$ 37,670	\$ 37,257
Average loans and leases outstanding, (net of unearned income)	\$ 40,171	\$ 39,522	\$ 38,109	\$ 37,037	\$ 36,896
Allowance for loan losses:					
Balance at beginning of year	\$ 605	\$ 746	\$ 896	\$ 1,052	\$ 1,442
Provision charged against earnings	40	(98)	(87)	14	75
Adjustment for FDIC-supported/PCI loans	—	(1)	(11)	(15)	(9)
Charge-offs:					
Commercial	(111)	(77)	(76)	(121)	(241)
Commercial real estate	(14)	(15)	(26)	(85)	(229)
Consumer	(14)	(14)	(29)	(61)	(90)
Total	(139)	(106)	(131)	(267)	(560)
Recoveries:					
Commercial	55	41	41	56	55
Commercial real estate	35	12	25	42	35
Consumer	10	11	13	14	14
Total	100	64	79	112	104
Net loan and lease charge-offs	(39)	(42)	(52)	(155)	(456)
Balance at end of year	\$ 606	\$ 605	\$ 746	\$ 896	\$ 1,052
Ratio of net charge-offs to average loans and leases	0.10%	0.11%	0.14%	0.42%	1.24%
Ratio of allowance for loan losses to net loans and leases, on December 31,	1.49%	1.51%	1.91%	2.38%	2.82%
Ratio of allowance for loan losses to nonperforming loans, on December 31,	173.23%	197.18%	183.54%	138.25%	115.43%
Ratio of allowance for loan losses to nonaccrual loans and accruing loans past due 90 days or more, on December 31,	158.70%	180.03%	166.97%	126.22%	104.67%

Schedule 23 provides a breakdown of the allowance for loan losses and the allocation among the portfolio segments.

Schedule 23

ALLOCATION OF THE ALLOWANCE FOR LOAN LOSSES

At December 31,

<i>(Amounts in millions)</i>	2015		2014		2013		2012		2011	
	% 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
Loan segment										
Commercial	52.9%	\$ 454	53.5%	\$ 413	53.5%	\$ 469	52.9%	\$ 521	52.7%	\$ 578
Commercial real estate	25.5	114	25.3	145	26.6	216	27.4	277	28.5	347
Consumer	21.6	38	21.2	47	19.9	61	19.7	98	18.8	127
Total	100.0%	\$ 606	100.0%	\$ 605	100.0%	\$ 746	100.0%	\$ 896	100.0%	\$ 1,052

The total ALLL remained relatively unchanged during 2015, due to deterioration within the oil and gas portfolio, which was offset by improvements in credit quality metrics outside of the oil and gas portfolio. However, during 2015, we increased the portion of the ALLL related to qualitative and environmental factors to account for the increased risk of loss on loans likely to be affected by the sharp decline in oil prices and more moderate decline in natural gas prices that occurred during the year.

The total ALLL at December 31, 2014 decreased by \$141 million compared to December 31, 2013. The decreases in the ALLL reflected improvements in credit quality trends, somewhat improving economic conditions in some of our markets, and reductions in construction and land development loans. During 2014, we decreased the portion of the ALLL related to qualitative and environmental factors to reflect the positive credit quality trends and stabilizing economic conditions.

The RULC represents a reserve for potential losses associated with off-balance sheet commitments and standby letters of credit. The reserve is separately shown in our balance sheet and any related increases or decreases in the reserve are shown separately in the statement of income. The reserve decreased by \$6.2 million during 2015, primarily due to the funding of one large impaired letter of credit, partially offset by the proportionally large amount of unfunded commitments in the oil and gas portfolio compared to the rest of the portfolio.

See Note 6 of the Notes to Consolidated Financial Statements for additional information related to the ACL and credit trends experienced in each portfolio segment.

Interest Rate and Market Risk Management

Interest rate and market risk are managed centrally. Interest rate risk is the potential for reduced net interest income and other rate sensitive income resulting from adverse changes in the level of interest rates. Market risk is the potential for loss arising from adverse changes in the fair value of fixed income securities, equity securities, other earning assets, and derivative financial instruments as a result of changes in interest rates or other factors. As a financial institution that engages in transactions involving an array of financial products, we are exposed to both interest rate risk and market risk.

The Company's Board of Directors is responsible for approving the overall policies relating to the management of the financial risk of the Company, including interest rate and market risk management. In addition, the Board establishes and periodically revises policy limits and reviews limit exceptions reported by management. The Board has established the Asset/Liability Committee ("ALCO") consisting of members of management, to which it has delegated the responsibility of managing interest rate and market risk for the Company. ALCO is primarily responsible for managing interest rate and market risk.

Interest Rate Risk

Interest rate risk is one of the most significant risks to which we are regularly exposed. In general, our goal in managing interest rate risk is to have net interest income increase in a rising interest rate environment. We refer to this goal as being "asset-sensitive." This approach is based on our belief that in a rising interest rate environment, the market cost of equity, or implied rate at which future earnings are discounted, would also tend to rise.

Due to the low level of rates, there is limited sensitivity to falling rates at the current time, and we have tended to operate near interest rate risk "triggers" and appetites to be appropriately positioned in light of prevailing market conditions in order to maximize shareholder value. However, if interest rates remain at their current historically low levels, given our asset sensitivity, we would expect the NIM to be under continuing modest pressure assuming a balance sheet that is static in size. Additionally, market participants have recently contemplated the possibility of negative rates in the U.S. markets which would likely have a more negative impact on the NIM. In order to mitigate this pressure we have been deploying cash into short-to-medium duration agency pass-through securities. Additionally, we have increased the use of interest rate swaps designated as cash flow hedges to synthetically convert floating-rate assets to fixed-rate. Over time these actions are expected to somewhat reduce our asset sensitivity compared to previous periods, while improving current earnings.

Interest Rate Risk Measurement

We monitor interest rate risk through the use of two complementary measurement methods: net interest income simulation and Economic Value of Equity at Risk (“EVE”). In the net interest income simulation method, we analyze the expected change in net interest income in response to changes in interest rates. In the EVE method, we measure the expected changes in the fair value of equity in response to changes in interest rates.

Net interest income simulation is an estimate of the total net interest income that would be recognized under different rate environments. Net interest income is measured under several parallel and nonparallel interest rate environments and deposit repricing assumptions, taking into account an estimate of the possible exercise of embedded options within the portfolio (e.g., a borrower’s ability to refinance a loan under a lower rate environment). Our policy contains a trigger for a 10% decline in rate sensitive income as well as a risk capacity of a 13% decline if rates were to immediately rise or fall in parallel by 200 bps. This trigger and risk capacity apply to both the fast and the slow deposit assumptions.

EVE is calculated as the fair value of all assets minus the fair value of liabilities. We measure changes in the dollar amount of EVE for parallel shifts in interest rates. Due to embedded optionality and asymmetric rate risk, changes in EVE can be useful in quantifying risks not apparent for small rate changes. Examples of such risks may include out-of-the-money interest rate caps (or limits) on loans, which have little effect under small rate movements but may become important if large rate changes were to occur, or substantial prepayment deceleration for low rate mortgages in a higher rate environment.

The following schedule presents the formal EVE limits we have adopted. Exceptions to the EVE limits are subject to notification and approval by the ROC. In the normal course of business, we evaluated our limits and made changes to reflect its current balance sheet management objectives. These changes are reflected in the following schedule.

Schedule 24

ECONOMIC VALUE OF EQUITY DECLINE LIMITS

Parallel change in interest rates	Trigger decline in EVE	Risk capacity decline in EVE
+/- 200 bps	8%	10%
+/- 400 bps	21%	25%

New Interest Rate Risk Model and Comparisons

In the first quarter of 2015, we adopted a new model to estimate the impact to net interest income and to EVE from changes in interest rates. We made the change because the new model is believed to better reflect customer behavior, particularly with regard to dynamic prepayment speeds (i.e., incrementally slower prepayment speeds on mortgages with incrementally higher interest rate changes) and deposit characteristics (i.e., faster deposit product migration to interest-bearing accounts for larger deposit balances). We ran both models in parallel for several months and members of ALCO scrutinized the results. Additionally, rigorous statistical validation of the new model was conducted prior to its adoption.

Regardless of the model used, estimating the impact on net interest income and EVE requires that we assess a number of variables and make various assumptions in managing our exposure to changes in interest rates. The assessments address deposit withdrawals and deposit product migration (e.g., customers moving money from checking accounts to certificates of deposit), competitive pricing (e.g., existing loans and deposits are assumed to roll into new loans and deposits at similar spreads relative to benchmark interest rates), loan and security prepayments, and the effects of other similar embedded options. As a result of uncertainty about the maturity and repricing characteristics of both deposits and loans, we estimate ranges of possible net interest income and EVE results under a variety of assumptions and scenarios. The modeled results are highly sensitive to the assumptions

used for deposits that do not have specific maturities, such as checking, savings and money market accounts, and also to prepayment assumptions used for loans with prepayment options. We use historical regression analysis as a guide to setting such assumptions; however, due to the current low interest rate environment, which has little historical precedent, estimated deposit durations may not reflect actual future results. Additionally, competition for funding in the marketplace has and may again result in changes of deposit pricing on interest-bearing accounts that is greater or less than changes in benchmark interest rates such as LIBOR or the federal funds rate.

Under most rising interest rate environments, we would expect some customers to move balances in demand deposits to interest-bearing accounts such as money market, savings, or CDs. The models are particularly sensitive to the assumption about the rate of such migration. In order to capture the sensitivity of our models to this risk, we estimate a range of possible outcomes for interest sensitivity under “fast” and “slow” movements of client funds out of noninterest-bearing deposits and into interest-bearing sources of funds.

In addition, we assume certain correlation rates, often referred to as a “deposit beta,” of interest-bearing deposits, wherein the rates paid to customers change at a different pace when compared to changes in benchmark interest rates. Generally, certificates of deposit are assumed to have a high correlation rate, while interest-on-checking accounts are assumed to have a lower correlation rate. Actual results may differ materially due to factors including competitive pricing, money supply, credit worthiness of the Company, and so forth; however, we use our historical experience as well as industry data to inform our assumptions. The aforementioned migration and correlation assumptions result in deposit durations presented in Schedule 25.

Schedule 25

DEPOSIT ASSUMPTIONS

Product	December 31, 2015			
	Fast		Slow	
	Effective duration (unchanged)	Effective duration (+200 bps)	Effective duration (unchanged)	Effective duration (+200 bps)
Demand deposits	1.9%	1.2%	2.2%	2.0%
Money market	1.4%	1.1%	1.8%	1.5%
Savings and interest-on-checking	2.5%	1.7%	3.0%	2.5%

As of the dates indicated and incorporating the assumptions previously described, the following schedule shows our estimated percentage change in net interest income, based on a static balance sheet size, in the first year after the interest rate change if interest rates were to sustain immediate parallel changes ranging from -100 bps to +300 bps.

Schedule 26

INCOME SIMULATION – CHANGE IN NET INTEREST INCOME

Repricing scenario	December 31, 2015				
	Parallel shift in rates (in basis points) ¹				
	-100	0	+100	+200	+300
Fast	(4.2)%	—%	5.0%	8.6%	11.1%
Slow	(5.0)%	—%	8.0%	15.5%	22.2%

¹ Assumes rates cannot go below zero in the negative rate shift.

For comparative purposes, we applied the new model to the December 31, 2014 balances; these results are presented in the following schedule.

The decrease from December 31, 2014 in interest rate sensitivity for upward shocks in rates was driven by

purchases of securities, addition of swap contracts in which we receive a fixed rate, and the previously mentioned changes in modeled demand deposit behavior. For the down 100bp shock, interest rate sensitivity increased due to the fact that negative shocked rates are not allowed. As the Fed Funds target rate was 0.25% as of December 31, 2014 and 0.50% as of December 31, 2015 the -100bp shock as of the latter date represented a larger shock for short-term rates.

Repricing scenario	December 31, 2014				
	Parallel shift in rates (in basis points) ¹				
	-100	0	+100	+200	+300
Fast	(2.6)%	—%	7.8%	14.1%	18.7%
Slow	(3.0)%	—%	10.7%	20.7%	29.6%

¹ Assumes rates cannot go below zero in the negative rate shift.

As of the dates indicated and incorporating the assumptions previously described, the following schedule shows our estimated percentage change in EVE under parallel interest rate changes ranging from -100 bps to +300 bps.

Schedule 27

CHANGES IN ECONOMIC VALUE OF EQUITY

Repricing scenario	December 31, 2015				
	Parallel shift in rates (in basis points) ¹				
	-100 bps	0 bps	+100 bps	+200 bps	+300 bps
Fast	(1.8)%	—%	0.4%	(1.3)%	(4.5)%
Slow	(1.1)%	—%	3.9%	6.1 %	7.2 %

¹ Assumes rates cannot go below zero in the negative rate shift.

For comparative purposes, we applied the new model to the December 31, 2014 balances; these results are presented in the following schedule. The drivers of changes in the EVE are the same as cited above for Net Interest Income.

Repricing scenario	December 31, 2014				
	Parallel shift in rates (in basis points) ¹				
	-100 bps	0 bps	+100 bps	+200 bps	+300 bps
Fast	(0.8)%	—%	2.4%	3.1%	2.2%
Slow	(2.4)%	—%	5.1%	9.0%	11.4%

¹ Assumes rates cannot go below zero in the negative rate shift.

Our focus on business banking also plays a significant role in determining the nature of the Company's asset-liability management posture. At December 31, 2015 and 2014, approximately 80% and 78%, respectively, of the Company's commercial lending and CRE portfolios were variable-rate and primarily tied to either the prime rate or LIBOR. In addition, certain of our consumer loans also have variable interest rates. See Schedule 11 for further information on fixed and variable interest rates of the loan portfolio.

Largely due to competitive pressures, the favorable impact on loan yield from the use of interest rate floors has diminished. As of December 31, 2015 and 2014, approximately 33% and 37%, respectively, of all of the Company's variable-rate loan balances contain floors. Of the loans with floors, approximately 44% and 55% of the balances at these same respective dates were priced at the floor rates, which were above the "index plus spread" rate by an average of 0.33% and 0.53%, respectively.

At December 31, 2015, the Company held \$1,388 million (notional amount) of interest rate swap agreements. See Notes 7 and 20 of the Notes to Consolidated Financial Statements for additional information regarding derivative instruments.

Market Risk – Fixed Income

We engage in the underwriting and trading of municipal securities. This trading activity exposes us to a risk of loss arising from adverse changes in the prices of these fixed income securities.

At December 31, 2015, we had a relatively small amount, \$48 million, of trading assets and \$30 million of securities sold, not yet purchased, compared with \$71 million and \$24 million, at December 31, 2014.

We are exposed to market risk through changes in fair value. We are also exposed to market risk for interest rate swaps used to hedge interest rate risk. Changes in the fair value of AFS securities and in interest rate swaps that qualify as cash flow hedges are included in AOCI for each financial reporting period. During 2015, the after-tax change in AOCI attributable to AFS and HTM securities improved by \$74 million compared to a \$77 million improvement in the same prior year period.

Market Risk – Equity Investments

Through our equity investment activities, we own equity securities that are publicly traded. In addition, we own equity securities in companies and governmental entities, e.g., Federal Reserve Bank and FHLBs, that are not publicly traded. The accounting for equity investments may use the cost, fair value, equity, or full consolidation methods of accounting, depending on our ownership position and degree of involvement in influencing the investees' affairs. Regardless of the accounting method, the value of our investment is subject to fluctuation. Because the fair value of these securities may fall below our investment costs, we are exposed to the possibility of loss. Equity investments in private and public companies are approved, monitored and evaluated by the Company's Equity Investment Committee consisting of members of management.

We hold both direct and indirect investments in predominately pre-public companies through various predominantly SBIC venture capital funds. Our equity exposure to these investments was approximately \$113 million at December 31, 2015 and \$86 million at December 31, 2014. On occasion, some of the companies within our SBIC investments may issue an initial public offering. In this case, the fund is generally subject to a lockout period before liquidating the investment which can introduce additional market risk. As of December 31, 2015 we had direct SBIC investments of approximately \$25 million of publicly traded stocks.

Additionally, Amegy has an alternative investments portfolio. These investments are primarily directed towards equity buyout and mezzanine funds with a key strategy of deriving ancillary commercial banking business from the portfolio companies. Early stage venture capital funds are generally not a part of the strategy because the underlying companies are typically not creditworthy. The carrying value of Amegy's equity investments was \$21 million at December 31, 2015 and \$38 million at December 31, 2014.

These PEIs are subject to the provisions of the Dodd-Frank Act. The VR of the Dodd-Frank Act, as published in December 2013 and amended in January 2014, prohibits banks and bank holding companies from holding PEIs beyond July 21, 2016, as currently extended, except for SBIC funds. The FRB has announced its intention to grant an additional one-year extension to July 21, 2017. As of December 31, 2015, such prohibited PEIs amounted to \$18 million, with an additional \$7 million of unfunded commitments (see Notes 5 and 17 of the Notes to Consolidated Financial Statements for more information). We currently do not believe that this divestiture requirement will ultimately have a material impact on our financial statements.

Our earnings from these investments, and the potential volatility of these earnings, are expected to decline over the next several years and will ultimately cease.

Liquidity Risk Management

Overview

Liquidity risk is the possibility that our cash flows may not be adequate to fund our ongoing operations and meet our commitments in a timely and cost-effective manner. Since liquidity risk is closely linked to both credit risk and market risk, many of the previously discussed risk control mechanisms also apply to the monitoring and management of liquidity risk. We manage our liquidity to provide adequate funds to meet our anticipated financial and contractual obligations, including withdrawals by depositors, debt and capital service requirements, and lease obligations, as well as to fund customers' needs for credit.

Overseeing liquidity management is the responsibility of ALCO, which implements a Board-adopted corporate Liquidity and Funding Policy. This policy addresses monitoring and maintaining adequate liquidity, diversifying funding positions, and anticipating future funding needs. The policy also includes liquidity ratio guidelines, such as the "time-to-required funding" and LCR, that are used to monitor the liquidity positions of the Parent and ZB, N.A., as well as various stress test and liquid asset measurements for the Parent and ZB, N.A. liquidity.

The management of liquidity and funding is performed centrally for the Parent and jointly by the Parent and bank management for its subsidiary bank. The Treasury Department performs this management centrally, under the direction of the Corporate Treasurer, with oversight by ALCO. The Treasurer is responsible for recommending changes to existing funding plans, as well as to the Company's Liquidity Policy. These recommendations must be submitted for approval to ALCO, and changes to the Policy also must be approved by the Company's ERM and the Board of Directors. The Company has adopted policy limits that govern liquidity risk. The policy requires the Company to maintain a buffer of highly liquid assets sufficient to cover cash outflows as the result of a severe liquidity crisis. The Company targets a buffer of highly liquid assets at the Parent to cover 18-24 months of cash outflows under a scenario with limited cash inflows, and maintains a minimum policy limit of not less than 12 months. The Company's banking subsidiary ZB, N.A. exceeds the regulatory requirements of the Modified LCR that mandates a buffer of HQLA to cover 70% of 30-day cash outflows under the assumptions mandated in the Final Liquidity Rule. Additionally, the Company performs monthly liquidity stress testing using a set of internally generated scenarios representing severe liquidity constraints over a 12-month horizon. ZB, N.A. maintains a buffer of highly liquid assets consisting of cash, U.S. Agency, and U.S. Government Sponsored Entity securities to cover 30-day cash outflows under liquidity stress tests and maintains a contingency funding plan to identify funding sources that would be utilized over the extended 12-month horizon. Throughout 2015 and as of December 31, 2015, the Company complied with this policy.

Liquidity Regulation

In September 2014, U.S. banking regulators issued a final rule that implements a quantitative liquidity requirement in the U.S. generally consistent with the LCR minimum liquidity measure established under the Basel III liquidity framework. Under this rule, we are subject to a modified LCR standard, which requires a financial institution to hold an adequate amount of unencumbered High Quality Liquid Assets ("HQLA") that can be converted into cash easily and immediately in private markets to meet its liquidity needs for a short-term liquidity stress scenario. This rule became applicable to us on January 1, 2016. We have calculated that, if the rule were applicable to us as of December 31, 2015, we would be in compliance with the requirement to maintain a modified LCR of at least 100%.

Zions' internal liquidity stress testing program as contained in its policy complies with the requirements of the Enhanced Prudential Standards for liquidity management (Reg. YY).

The Basel III liquidity framework includes a second minimum liquidity measure, the Net Stable Funding Ratio ("NSFR"), which requires a financial institution to maintain a stable funding profile in relation to the characteristics of its on- and off-balance sheet activities. On October 31, 2014, the Basel Committee on Banking Supervision issued its final standards for this ratio, entitled *Basel III: The Net Stable Funding Ratio*. Based upon this Basel III publication, we believe we would meet the minimum NSFR if such requirement were currently effective. However,

the FRB has not yet proposed regulations to implement these Basel Committee standards. We continue to monitor these developments.

Contractual Obligations

Schedule 28 summarizes our contractual obligations at December 31, 2015.

Schedule 28

CONTRACTUAL OBLIGATIONS

<i>(In millions)</i>	One year or less	Over one year through three years	Over three years through five years	Over five years	Indeterminable maturity ¹	Total
Deposits	\$ 1,668	\$ 377	\$ 197	\$ 1	\$ 48,131	\$ 50,374
Commitments to extend credit	4,916	5,045	3,674	3,535	—	17,170
Standby letters of credit:						
Financial	512	43	5	102	—	662
Performance	172	34	11	—	—	217
Commercial letters of credit	18	—	—	—	—	18
Commitments to make venture and other noninterest-bearing investments ²	22	—	—	—	—	22
Federal funds and other short-term borrowings	347	—	—	—	—	347
Long-term debt	88	173	—	556	—	817
Operating leases, net of subleases	45	83	60	102	—	290
Unrecognized tax benefits	5	—	—	—	—	5
	<u>\$ 7,793</u>	<u>\$ 5,755</u>	<u>\$ 3,947</u>	<u>\$ 4,296</u>	<u>\$ 48,131</u>	<u>\$ 69,922</u>

¹ Indeterminable maturity deposits include noninterest-bearing demand, savings and money market, and non-time foreign.

² Commitments to make venture and other noninterest-bearing investments do not have defined maturity dates. They have therefore been considered due on demand, maturing in one year or less.

In addition to the commitments specifically noted in Schedule 28, we enter into a number of contractual commitments in the ordinary course of business. These include software licensing and maintenance, telecommunications services, facilities maintenance and equipment servicing, supplies purchasing, and other goods and services used in the operation of our business. Generally, these contracts are renewable or cancelable at least annually, although in some cases to secure favorable pricing concessions, we have committed to contracts that may extend to several years.

We also enter into derivative contracts under which we are required either to receive or pay cash, depending on changes in interest rates. These contracts are carried at fair value on the balance sheet with the fair value representing the net present value of the expected future cash receipts and payments based on market rates of interest. The fair value of the contracts changes daily as interest rates change. See Note 7 of the Notes to Consolidated Financial Statements for further information on derivative contracts.

Liquidity Management Actions

Consolidated cash, interest-bearing deposits held as investments, and security resell agreements at the Parent and its subsidiaries decreased to \$7.4 billion at December 31, 2015 from \$9.2 billion at December 31, 2014. The \$1.8 billion decrease during 2015 resulted primarily from (1) an increase in investment securities, (2) Net loan originations, (3) repayment of long-term debt, (4) tender offer and purchase of preferred stock, and (5) dividends on common and preferred stock. These decreases were partially offset by an increase in deposits and net cash provided by operating activities.

Our AFS investment securities increased by \$3.8 billion during 2015. This increase was primarily due to the purchase of short-to-medium duration agency guaranteed mortgage-backed securities, partially offset by the sale of the remaining portfolio of CDO securities. We have been adding to our investment portfolio as a result of the need for a permanent buffer of highly liquid assets to satisfy the new LCR rules and more broadly, to maintain a sufficient buffer of highly liquid assets to meet projected liquidity needs under our monthly liquidity stress tests. We expect to continue to deploy cash and short-term investments into highly liquid assets in the next several quarters.

During 2015 we completed a tender offer to purchase \$176 million of our Series I preferred stock.

We made cash payments totaling \$288 million during 2015 for our long-term debt which matured or were redeemed and did not incur any new long-term debt during the same time period. See Note 12 for additional detail about debt redemptions and maturities during 2015.

Parent Company Liquidity – The Parent’s cash requirements consist primarily of debt service, investments in and advances to subsidiaries, operating expenses, income taxes, and dividends to preferred and common shareholders. The Parent’s cash needs are usually met through dividends from its subsidiaries, interest and investment income, subsidiaries’ proportionate share of current income taxes, and long-term debt and equity issuances.

Cash and interest-bearing deposits held as investments at the Parent decreased to \$0.8 billion at December 31, 2015 from \$1.0 billion at December 31, 2014. The \$0.2 billion decrease during 2015 was primarily a result of (1) repayment of long-term debt, (2) tender offer and purchase of preferred stock, and (3) dividends on common and preferred stock. These decreases were partially offset by (1) dividends received from its subsidiary banks on common and preferred stock, (2) net cash provided by operating activities, and (3) a decrease in investment securities. See Notes 12 and 13 of the Notes to Consolidated Financial Statements for additional information about our long-term debt and equity transactions.

During 2015, the Parent received common dividends and return of common equity totaling \$192 million and preferred dividends totaling \$42 million from its subsidiary banks. During 2014, the Parent received from its subsidiary banks \$190 million for common dividends and return of common equity and \$46 million for preferred dividends. At December 31, 2015, ZB, N.A., had approximately \$604 million available for the payment of dividends under current capital regulations. Following the close of business on December 31, 2015, we completed the merger of our subsidiary banks, resulting in one bank with a legal name of ZB, National Association. (see Note 1 for a more detailed discussion). The dividends that ZB, N.A. can pay to the Parent are restricted by current and historical earning levels, retained earnings, and risk-based and other regulatory capital requirements and limitations. During 2015, all of our subsidiary banks recorded a profit. We expect that this profitability will be sustained under the new single charter bank previously discussed, thus permitting continued payments of dividends to the Parent during 2016 although dividend capacity to the Parent will change.

General financial market and economic conditions impact our access to, and cost of, external financing. Access to funding markets for the Parent and subsidiary banks is also directly affected by the credit ratings received from various rating agencies. The ratings not only influence the costs associated with the borrowings, but can also influence the sources of the borrowings. The debt ratings and outlooks issued by the various rating agencies for the Company did not change during 2015, except that Moody’s upgraded the Company’s subordinated debt to Ba1 from Ba2 and both Moody’s and Dominion Bond Rating Service (“DBRS”) revised its outlook to positive from stable. Standard & Poor’s, Fitch, DBRS, and Kroll all rate the Company’s senior debt at an investment-grade level, while Moody’s rates the Company’s senior debt as Ba1 (one notch below investment-grade). In addition, all of the previously mentioned rating agencies, except Kroll, rate the Company’s subordinated debt as noninvestment-grade.

Schedule 29 presents the ZB, N.A.'s ratings as of December 31, 2015:

Schedule 29

CREDIT RATINGS

Rating agency	Outlook	Long-term issuer/ senior debt rating	Short-term debt rating
S&P	Stable	BBB	A-2
Moody's	Positive	Baa1	P-2
Fitch	Stable	BBB-	F3

Schedule 30 presents the Parent's ratings as of December 31, 2015:

Schedule 30

CREDIT RATINGS

Rating agency	Outlook	Long-term issuer/ senior debt rating	Subordinated debt rating
S&P	Stable	BBB-	BB+
Moody's	Positive	Ba1	Ba1
Fitch	Stable	BBB-	BB+
DBRS	Positive	BBB (low)	BB (high)
Kroll	Stable	BBB	BBB-

The Parent's cash payments for interest, reflected in operating expenses, decreased to \$51 million in 2015 from \$96 million in 2014 as a result of a net repayment of long-term debt of \$0.3 billion and \$1.2 billion during 2015 and 2014, respectively. Cash payments for interest are expected to continue to decrease during 2016 as a result of the debt repayments during 2015. Additionally, the Parent paid approximately \$108 million and \$96 million of total dividends on preferred stock and common stock for the same periods. Preferred stock dividends will decrease during 2016 as a result of the tender offer and purchase of approximately \$176 million of our series I preferred stock.

Note 23 of the Notes to Consolidated Financial Statements contains the Parent's statements of income and cash flows for 2015, 2014 and 2013, as well as its balance sheets at December 31, 2015 and 2014.

The Parent's long-term debt maturities during 2016 consist of \$89 million senior notes due on June 20, 2016. At December 31, 2015, maturities of our long-term senior and subordinated debt ranged from June 2016 to September 2028, with effective interest rates from 3.60% to 6.95%.

See Note 12 of the Notes to Consolidated Financial Statements for a complete summary of our long-term debt.

Subsidiary Bank Liquidity – ZB, N.A.'s primary source of funding is its core deposits, consisting of demand, savings and money market deposits, and time deposits under \$250,000. On a consolidated basis, the Company's loan to total deposit ratio is 80.7% as of December 31, 2015, compared to 83.7% as of December 31, 2014. Total deposits increased by \$2.5 billion to \$50.4 billion at December 31, 2015, compared to \$47.9 billion at December 31, 2014, primarily due to a \$1.7 billion increase in noninterest-bearing demand deposits and a \$1.1 billion increase in savings and money market deposits. This increase was partially offset by a \$276 million decrease in time deposits. Also, during 2015, the subsidiary banks redeployed approximately \$1.8 billion of interest-bearing deposits and security resell agreements to short-to-medium duration agency guaranteed mortgage-backed securities. ZB, N.A.'s long-term senior debt ratings were the same as the Parent, except Standard & Poor's was BBB.

The FHLB system and Federal Reserve Banks have been and are a source of back-up liquidity, and from time to time, have been a significant source of funding for each of our subsidiary banks. Subsequent to the charter consolidation on December 31, 2015, ZB, N.A. is a member of the FHLB of Des Moines. The FHLB allows

member banks to borrow against their eligible loans to satisfy liquidity and funding requirements. The bank is required to invest in FHLB and Federal Reserve stock to maintain their borrowing capacity. We do not believe that the subsidiary bank mergers will adversely impact bank liquidity or funding.

At December 31, 2015, the amount available for additional FHLB and Federal Reserve borrowings was approximately \$13.4 billion. The amount available for additional FHLB and Federal Reserve borrowings is not expected to decrease as a result of the subsidiary bank mergers. Loans with a carrying value of approximately \$19.4 billion at December 31, 2015, and \$22.5 billion at December 31, 2014 have been pledged at the Federal Reserve and various FHLBs as collateral for current and potential borrowings. During 2015, we repaid our outstanding \$22 million of long-term borrowings with the FHLB. We had no short-term FHLB or Federal Reserve borrowings outstanding at December 31, 2015 or December 31, 2014. At December 31, 2015, our total investment in FHLB and Federal Reserve stock was \$68 million and \$123 million, respectively, compared to \$104 million and \$121 million at December 31, 2014.

Our investment activities can provide or use cash, depending on the asset liability management posture taken. During 2015, HTM & AFS investment securities' activities resulted in a net increase in investment securities and a net \$3.8 billion decrease in cash compared with a net \$71 million decrease in cash for 2014.

Maturing balances in our subsidiary banks' loan portfolios also provide additional flexibility in managing cash flows. Lending and purchase activity for 2015 resulted in a net cash outflow of \$0.6 billion compared to a net cash outflow of \$1.1 billion for 2014.

During 2015, we paid income taxes of \$132 million, compared to \$183 million during 2014.

Operational Risk Management

Operational risk is the risk to current or anticipated earnings or capital arising from inadequate or failed internal processes or systems, human errors or misconduct, or adverse external events. In our ongoing efforts to identify and manage operational risk, we have an Enterprise Risk Management department whose responsibility is to help employees, management and the Board of Directors to assess, understand, measure, and monitor risk in accordance with our Risk Appetite Framework. We have documented both controls and the Control Self-Assessment related to financial reporting under the 2013 framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and the Federal Deposit Insurance Corporation Improvement Act of 1991.

To manage and minimize our operational risk, we have in place transactional documentation requirements; systems and procedures to monitor transactions and positions; systems and procedures to detect and mitigate attempts to commit fraud, penetrate our systems or telecommunications, access customer data, and/or deny normal access to those systems to our legitimate customers; regulatory compliance reviews; and periodic reviews by the Company's Internal Audit and Credit Examination departments. Reconciliation procedures have been established to ensure that data processing systems consistently and accurately capture critical data. Further, we undertake significant efforts to maintain contingency and business continuity plans for operational support in the event of natural or other disasters. We also mitigate operational risk through the purchase of insurance, including errors and omissions and professional liability insurance.

We are continually improving our oversight of operational risk, including enhancement of risk identification, risk and control self-assessments, and antifraud measures, which are reported on a regular basis to enterprise management committees. The Operational Risk Committee reports to the ERM, which reports to the ROC. Additional measures have been taken to increase oversight by Enterprise Risk Management and Operational Risk Management through the strengthening of new product reviews, enhancements to the Vendor Management and Vendor Risk Management framework, enhancements to the Business Continuity and Disaster Recovery program, and the establishment of Fraud Risk Oversight, Incident Response Oversight and Technology Project Oversight programs. Significant enhancements have also been made to governance and reporting, including the establishment of Policy and Committee Governance programs and the creation of an Enterprise Risk Profile and Operational Risk Profile.

The number and sophistication of attempts to disrupt or penetrate our critical systems, sometimes referred to as hacking, cyberfraud, cyberattacks, cyberterrorism, or other similar names, also continue to grow. On a daily basis, the Company, its customers, and other financial institutions are subject to a large number of such attempts. We have established systems and procedures to monitor, thwart or mitigate damage from such attempts. However, in some instances we, or our customers, have been victimized by cyberfraud (our related losses have not been material), or some of our customers have been temporarily unable to routinely access our online systems as a result of, for example, distributed denial of service attacks. We continue to review this area of our operations to help ensure that we manage this risk in an effective manner.

CAPITAL MANAGEMENT

Overview

The Board of Directors is responsible for approving the policies associated with capital management. The Board has established the Capital Management Committee (“CMC”) whose primary responsibility is to recommend and administer the approved capital policies that govern the capital management of the Company and its subsidiary bank. Other major CMC responsibilities include:

- Setting overall capital targets within the Board-approved capital policy, monitoring performance compared to the Company’s Capital Policy limits, and recommending changes to capital including dividends, common stock repurchases, subordinated debt, and changes in major strategies to maintain the Company and its subsidiary bank at well-capitalized levels;
- Maintaining an adequate capital cushion to withstand adverse stress events while continuing to meet the lending needs of its customers, and to provide reasonable assurance of continued access to wholesale funding, consistent with fiduciary responsibilities to depositors and bondholders; and
- Reviewing agency ratings of the Parent and ZB, N.A., and establishing target ratings.

The Company has a fundamental financial objective to consistently produce superior risk-adjusted returns on its shareholders’ capital. We believe that a strong capital position is vital to continued profitability and to promoting depositor and investor confidence. Specifically, it is the policy of the Parent and ZB, N.A. to:

- Maintain sufficient capital to support current needs;
- Maintain an adequate capital cushion to withstand future adverse stress events while continuing to meet borrowing needs of its customers; and
- Meet fiduciary responsibilities to depositors and bondholders while managing capital distributions to shareholders through dividends and repurchases of common stock so as to be consistent with Federal Reserve guidelines SR 09-04 and 12 U.S.C §§ 56 and 60.

Capital Plan and Stress Tests

The CMC oversees the Company’s capital stress testing under a variety of adverse economic and market scenarios. We have established processes to periodically conduct stress tests to evaluate potential impacts to the Company under hypothetical economic scenarios. These stress tests facilitate our contingency planning and management of capital and liquidity within quantitative limits reflecting the Board of Directors’ risk appetite. These processes are also used to complete the Company’s DFAST, as required by the Dodd-Frank Act, and CCAR as required by the Federal Reserve.

Filing a capital plan with the Federal Reserve based on stress testing and documented sound policies, processes, models, controls, and governance practices, and the subsequent review by the Federal Reserve, is an annual regulatory requirement. This capital plan, which is subject to objection by the Federal Reserve, governs all of the Company’s capital and significant unsecured debt financing actions for a period of five quarters. Among the actions governed by the capital plan are the repurchase of outstanding capital securities and the timing of new capital issuances, and whether the Company can pay or increase dividends. Any such action not included in a capital plan

to which the Federal Reserve has not objected cannot be executed without submission of a revised stress test and capital plan for Federal Reserve review and non-objection; de minimis changes are allowed without a complete plan resubmission, subject to receipt of a Federal Reserve non-objection. Regulations require Company disclosure of these stress tests results.

We submitted our 2015 capital plan and stress test results to the FRB on January 5, 2015. In our capital plan, we were required to forecast, under a variety of economic scenarios for nine quarters ending the fourth quarter of 2016, our estimated regulatory capital ratios, including our Tier 1 common ratio associated with the Basel I capital rules, our CET1 ratio under the Basel III capital rules, and our GAAP tangible common equity ratio. On March 11, 2015, we announced that the Federal Reserve notified us that it did not object to the capital actions outlined in our 2015 capital plan. The plan included (1) the increase of the quarterly common dividend to \$0.06 per share beginning in the second quarter of 2015; (2) the continued payment of preferred dividends at the current rates; and (3) up to \$300 million in total reduction of preferred equity.

The Company's stress test results were significantly different from those modeled by the FRB, as the FRB estimated that the Company's minimum Tier 1 Common ratio in the severely adverse scenario was 5.1%, just above the 5.0% minimum. Since the release of the FRB's modeled results, we have undertaken several actions designed in part to improve the Company's risk profile under the CCAR stress tests. These actions include selling parts of the investment portfolio, extending the duration of the investment portfolio, and limiting growth in certain loan categories which are perceived as risky in the CCAR stress test.

During the second quarter of 2015, we completed our mid-cycle capital stress test as required under DFAST. The results demonstrated that we maintained sufficient capital to withstand a severe economic downturn. Detailed disclosure of the mid-cycle stress test results can be found on the Company's website.

As discussed subsequently, we increased our common dividend to \$0.06 in the second quarter of 2015. In November 2015, we purchased and retired \$180 million of our Series I preferred stock pursuant to a tender offer announced in October 2015. Our 2015 capital plan, which runs through the second quarter of 2016, allows for an additional use of up to \$120 million of cash for preferred stock redemptions. The ultimate determination of future preferred stock reductions will depend on a number of factors, including market conditions and the receptivity of preferred investors to the terms of any preferred stock redemption offers, as well as the effect of other steps we may explore as we seek to manage our capital in light of the most recent round of stress tests, any of which could result in a reduction or delay of further preferred equity reductions. We expect to manage any further reduction of preferred equity such that total tier 1 capital does not decline materially.

We are currently preparing our 2016 capital plan, which is due to the Federal Reserve on April 5, 2016. In addition, our Dodd-Frank Act mid-cycle stress test, based upon the Company's June 30, 2016 financial position, is due on October 5, 2016.

Basel III

The Basel III capital rules, which effectively replaced the Basel I rules, became effective for the Company on January 1, 2015 (subject to phase-in periods for certain of their components). In 2013, the FRB, FDIC, and OCC published final rules (the "Basel III Capital Rules") establishing a new comprehensive capital framework for U.S. banking organizations. The rules implement the Basel Committee's December 2010 framework, commonly referred to as Basel III, for strengthening international capital standards as well as certain provisions of the Dodd-Frank Act. The Basel III capital rules substantially revised the risk-based capital requirements applicable to bank holding companies and depository institutions, including the Company, compared to the Basel I U.S. risk-based capital rules.

Under prior Basel I capital standards, the effects of AOCI items included in capital were excluded for purposes of determining regulatory capital and capital ratios. As a “non-advanced approaches banking organization,” we made a one-time permanent election as of January 1, 2015 to continue to exclude these items, as allowed under the Basel III Capital Rules.

We met all capital adequacy requirements under the Basel III Capital Rules based upon a 2015 phase-in as of December 31, 2015, and believe that we would meet all capital adequacy requirements on a fully phased-in basis if such requirements were currently effective.

A detailed discussion of Basel III requirements, including implications for the Company, is contained on page 9 of the “Capital Standards – Basel Framework” section under Part 1, Item 1 in this Annual Report on Form 10-K.

Capital Management Actions

Total shareholders’ equity increased by 1.9% from \$7.4 billion at December 31, 2014 to \$7.5 billion at December 31, 2015. The increase in total shareholders’ equity is primarily due to net income of \$309 million and to the sale of the Company’s remaining portfolio of CDO securities, which was the primary driver of the \$73 million increase in AOCI. This increase was partially offset by the \$176 million tender offer and repurchase of a portion of our Series I preferred stock and \$108 million of dividends recorded on preferred and common stock.

The common dividend rate was increased to \$0.06 per share during the second quarter of 2015 from \$0.04 per share paid since the second quarter of 2013. We paid \$45.2 million in dividends on common stock during 2015, compared to \$31.3 million during 2014. During its February 2016 meeting, the Board of Directors declared a dividend of \$0.06 per common share payable on February 25, 2016 to shareholders of record on February 18, 2016.

We recorded preferred stock dividends of \$62.9 million for 2015 and \$71.9 million for 2014. Dividends on preferred stock recorded in 2014 included accruals of \$7.0 million. Preferred stock dividends will decrease during 2016 as a result of the purchase of \$180 million of our series I preferred stock discussed previously, and any subsequent preferred stock reduction allowed in our 2015 capital plan.

Banking organizations are required by capital regulations to maintain adequate levels of capital as measured by several regulatory capital ratios. The Company’s capital ratios as of December 31, 2015 under Basel III and December 31, 2014 and 2013 under Basel I are shown in Schedule 31.

Schedule 31

CAPITAL AND PERFORMANCE RATIOS

	2015	2014	2013
Tangible common equity ratio	9.63%	9.48%	8.02%
Tangible equity ratio	11.05%	11.27%	9.85%
Average equity to average assets	13.03%	12.57%	11.81%
Basel III risk-based capital ratios ¹ :			
Common equity tier 1 capital	12.22%		
Tier I leverage	11.26%		
Tier 1 risk-based	14.08%		
Total risk-based	16.12%		
Basel I risk-based capital ratios:			
Tier 1 common		11.92%	10.18%
Tier 1 leverage		11.82%	10.48%
Tier 1 risk-based		14.47%	12.77%
Total risk-based		16.27%	14.67%
Return on average common equity	3.75%	5.42%	5.73%
Tangible return on average tangible common equity	4.55%	6.70%	7.44%

¹ Basel III capital ratios became effective January 1, 2015 and are based upon a 2015 phase-in.

Note 18 of the Notes to Consolidated Financial Statements provides additional information on risk-based capital.

At December 31, 2015, Basel III regulatory tier 1 risk-based capital and total risk-based capital was \$6.6 billion and \$7.5 billion, respectively. Basel I regulatory tier 1 risk-based capital and total risk-based capital at December 31, 2014 was \$6.6 billion and \$7.4 billion, respectively.

GAAP to NON-GAAP RECONCILIATIONS

1. Basel I Tier 1 common capital

The Basel I capital rules were replaced by the Basel III capital rules that became effective for the Company on January 1, 2015 (subject to phase-in periods for certain of their components). The Basel III capital rules include the CET1 capital ratio, which is the core capital component of the Basel III rules and a key ratio considered by regulators, investors and analysts. The calculation of the CET1 capital ratio, as defined under Basel III rules, is considered an acceptable ratio by GAAP for financial institutions and, accordingly, does not require reconciliation to GAAP.

There is a difference in the calculation of the CET1 capital ratio under Basel III rules and the calculation of the tier 1 common (“T1C”) capital ratio under Basel I rules. We present the calculation of key regulatory capital ratios, including the T1C capital ratio, using the governing definition at the end of each quarter, taking into account applicable phase-in rules.

While we were subject to Basel I capital rules prior to 2015, the Federal Reserve and other banking regulators assessed a bank’s capital adequacy based on tier 1 capital, the calculation of which was codified in federal banking regulations. However, Basel I rules did not include a definition for T1C capital and thus it was considered a non-GAAP measure requiring reconciliation to GAAP.

Schedule 32 provides a reconciliation for prior periods of total shareholders’ equity (GAAP) to tier 1 capital (regulatory at the subject dates) and to T1C capital (non-GAAP) using Basel I U.S. regulatory treatment, and the resulting T1C capital ratio.

Schedule 32

BASEL I TIER 1 COMMON CAPITAL (NON-GAAP)

<i>(Amounts in millions)</i>	2014	2013
Total shareholders' equity (GAAP)	\$ 7,370	\$ 6,465
Accumulated other comprehensive loss	128	192
Nonqualifying goodwill and intangibles	(1,040)	(1,050)
Disallowed deferred tax assets	—	—
Other regulatory adjustments	(1)	(6)
Qualifying trust preferred securities	163	163
Tier 1 capital (regulatory)	6,620	5,764
Qualifying trust preferred securities	(163)	(163)
Preferred stock	(1,004)	(1,004)
Tier 1 common capital (non-GAAP)	\$ 5,453	\$ 4,597
Risk-weighted assets (regulatory)	\$ 45,738	\$ 45,146
Tier 1 common capital to risk-weighted assets (non-GAAP)	11.92%	10.18%

2. Tangible return on average tangible common equity

This Annual Report on Form 10-K presents “tangible return on average tangible common equity” which excludes, net of tax, the amortization of core deposit and other intangibles from net earnings applicable to common shareholders, and average goodwill and core deposit and other intangibles from average common equity.

Schedule 33 provides a reconciliation of net earnings applicable to common shareholders (GAAP) to net earnings applicable to common shareholders, excluding net of tax, the effects of amortization of core deposit and other intangibles (non-GAAP), and average common equity (GAAP) to average tangible common equity (non-GAAP).

Schedule 33

TANGIBLE RETURN ON AVERAGE TANGIBLE COMMON EQUITY (NON-GAAP)

<i>(Amounts in millions)</i>	Year Ended December 31,		
	2015	2014	2013
Net earnings applicable to common shareholders (GAAP)	\$ 246.6	\$ 326.6	\$ 294.0
Adjustments, net of tax:			
Amortization of core deposit and other intangibles	5.9	6.9	9.1
Net earnings applicable to common shareholders, excluding the effects of the adjustments, net of tax (non-GAAP)	(a) \$ 252.5	\$ 333.5	\$ 303.1
Average common equity (GAAP)	\$ 6,581	\$ 6,024	\$ 5,130
Average goodwill	(1,014)	(1,014)	(1,014)
Average core deposit and other intangibles	(21)	(31)	(44)
Average tangible common equity (non-GAAP)	(b) \$ 5,546	\$ 4,979	\$ 4,072
Tangible return on average tangible common equity (non-GAAP)	(a/b) 4.55%	6.70%	7.44%

(Amounts in millions)		Three Months Ended		
		December 31, 2015	September 30, 2015	December 31, 2014
Net earnings applicable to common shareholders (GAAP)		\$ 88.2	\$ 84.2	\$ 66.7
Adjustments, net of tax:				
Amortization of core deposit and other intangibles		1.4	1.5	1.7
Net earnings applicable to common shareholders, excluding the effects of the adjustments, net of tax (non-GAAP)	(a)	\$ 89.6	\$ 85.7	\$ 68.4
Average common equity (GAAP)		\$ 6,766	\$ 6,656	\$ 6,521
Average goodwill		(1,014)	(1,014)	(1,014)
Average core deposit and other intangibles		(18)	(20)	(27)
Average tangible common equity (non-GAAP)	(b)	\$ 5,734	\$ 5,622	\$ 5,480
Number of days in quarter	(c)	92	92	92
Number of days in year	(d)	365	365	365
Tangible return on average tangible common equity (non-GAAP)	(a/b/c*d)	6.20%	6.05%	4.95%

3. Tangible equity, tangible common equity, and tangible book value per common share

This Annual Report on Form 10-K presents “tangible equity,” “tangible common equity,” and “tangible book value per common share” which excludes goodwill and other intangibles for these measures and excludes preferred stock for tangible common equity and tangible book value per common share.

Schedule 34 provides a reconciliation of total shareholders’ equity (GAAP) to both tangible equity (non-GAAP) and tangible common equity (non-GAAP). It also shows the calculation of tangible book value per common share using the aforementioned tangible common equity.

Schedule 34

TANGIBLE EQUITY (NON-GAAP) AND TANGIBLE COMMON EQUITY (NON-GAAP)

(Amounts in millions)		December 31,		
		2015	2014	2013
Total shareholders’ equity (GAAP)		\$ 7,507	\$ 7,370	\$ 6,465
Goodwill		(1,014)	(1,014)	(1,014)
Core deposit and other intangibles		(16)	(26)	(36)
Tangible equity (non-GAAP)	(a)	6,477	6,330	5,415
Preferred stock		(829)	(1,004)	(1,004)
Noncontrolling interests		—	—	—
Tangible common equity (non-GAAP)	(b)	\$ 5,648	\$ 5,326	\$ 4,411
Total assets (GAAP)		\$ 59,670	\$ 57,209	\$ 56,031
Goodwill		(1,014)	(1,014)	(1,014)
Core deposit and other intangibles		(16)	(26)	(36)
Tangible assets (non-GAAP)	(c)	\$ 58,640	\$ 56,169	\$ 54,981
Common shares outstanding	(d)	204	203	185
Tangible equity ratio	(a/c)	11.05%	11.27%	9.85%
Tangible common equity ratio	(b/c)	9.63%	9.48%	8.02%
Tangible book value per common share	(b/d)	\$27.63	\$26.23	\$23.88

4. Efficiency ratio

This Annual Report on Form 10-K presents an “efficiency ratio” whose calculation includes adjustments for certain line items and amounts in noninterest expense and noninterest income.

Schedule 35 provides a reconciliation of noninterest expense (GAAP), taxable-equivalent net interest income (GAAP) and noninterest income (GAAP) to the efficiency ratio (non-GAAP).

Schedule 35

EFFICIENCY RATIO

<i>(Amounts in thousands)</i>		Six Months Ended December 31, 2015	2015	2014
Noninterest expense (GAAP)	(a)	\$ 798,925	\$ 1,600,486	\$ 1,665,292
Adjustments:				
Severance costs		7,045	11,005	8,644
Other real estate expense, net		(576)	(647)	(1,251)
Provision for unfunded lending commitments		(5,123)	(6,238)	(8,629)
Debt extinguishment cost		135	2,530	44,422
Amortization of core deposit and other intangibles		4,571	9,247	10,923
Restructuring costs		2,407	3,852	—
Total adjustments		8,459	19,749	54,109
Add-back of adjustments	(b)	(8,459)	(19,749)	(54,109)
Adjusted noninterest expense (non-GAAP)	(a+b)=(c)	\$ 790,466	\$ 1,580,737	\$ 1,611,183
Taxable-equivalent net interest income (GAAP)	(d)	\$ 883,562	\$ 1,733,158	\$ 1,696,146
Noninterest income (GAAP)	(e)	254,877	377,120	508,629
Adjustments:				
Fair value and nonhedge derivative loss		(867)	(111)	(11,390)
Equity securities gains, net		3,683	11,875	13,471
Fixed income securities gains (losses), net		(60)	(138,735)	10,419
Total adjustments		2,756	(126,971)	12,500
Add-back of adjustments	(f)	(2,756)	126,971	(12,500)
Adjusted taxable-equivalent net interest income and noninterest income (non-GAAP)	(d+e+f)=(g)	\$ 1,135,683	\$ 2,237,249	\$ 2,192,275
Efficiency ratio	(c/g)	69.6%	70.7%	73.5%

For items 2, 3, and 4, the identified adjustments to reconcile from the applicable GAAP financial measures to the non-GAAP financial measures are included where applicable in financial results or in the balance sheet presented in accordance with GAAP. We consider these adjustments to be relevant to ongoing operating results and financial position.

We believe that excluding the amounts associated with these adjustments to present the non-GAAP financial measures provides a meaningful base for period-to-period and company-to-company comparisons, which will assist regulators, investors, and analysts in analyzing the operating results or financial position of the Company and in predicting future performance. These non-GAAP financial measures are used by management to assess the performance of the Company’s business or its financial position for evaluating bank reporting segment performance, for presentations of the Company’s performance to investors, and for other reasons as may be requested by investors and analysts. We further believe that presenting these non-GAAP financial measures will permit investors and analysts to assess our performance on the same basis as that applied by management.

Non-GAAP financial measures have inherent limitations, are not required to be uniformly applied, and are not audited. Although these non-GAAP financial measures are frequently used by stakeholders to evaluate a company,

they have limitations as an analytical tool, and should not be considered in isolation or as a substitute for analysis of results reported under GAAP.

CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT ESTIMATES

Note 1 of the Notes to Consolidated Financial Statements contains a summary of the Company's significant accounting policies. Discussed below are certain significant accounting policies that we consider critical to the Company's financial statements. These critical accounting policies were selected because the amounts affected by them are significant to the financial statements. Any changes to these amounts, including changes in estimates, may also be significant to the financial statements. We believe that an understanding of these policies, along with the related estimates we are required to make in recording the financial transactions of the Company, is important to have a complete picture of the Company's financial condition. In addition, in arriving at these estimates, we are required to make complex and subjective judgments, many of which include a high degree of uncertainty. The following discussion of these critical accounting policies includes the significant estimates related to these policies. We have discussed each of these accounting policies and the related estimates with the Audit Committee of the Board of Directors.

We have included, where applicable in this document, sensitivity schedules and other examples to demonstrate the impact of the changes in estimates made for various financial transactions. The sensitivities in these schedules and examples are hypothetical and should be viewed with caution. Changes in estimates are based on variations in assumptions and are not subject to simple extrapolation, as the relationship of the change in the assumption to the change in the amount of the estimate may not be linear. In addition, the effect of a variation in one assumption is in reality likely to cause changes in other assumptions, which could potentially magnify or counteract the sensitivities.

Fair Value Estimates

We measure or monitor many of our assets and liabilities on a fair value basis. Fair value is the price that could be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. To increase consistency and comparability in fair value measurements, current accounting guidance has established a three-level hierarchy to prioritize the valuation inputs among (1) observable inputs that reflect quoted prices in active markets, (2) inputs other than quoted prices with observable market data, and (3) unobservable data such as the Company's own data or single dealer nonbinding pricing quotes.

When observable market prices are not available, fair value is estimated using modeling techniques such as discounted cash flow analysis. These modeling techniques utilize assumptions that market participants would use in pricing the asset or the liability, including assumptions about the risk inherent in a particular valuation technique, the effect of a restriction on the sale or use of an asset, the related life of the asset and applicable growth rate, the risk of nonperformance, and other related assumptions.

The selection and weighting of the various fair value techniques may result in a fair value higher or lower than carrying value. Considerable judgment may be involved in determining the amount that is most representative of fair value.

For assets and liabilities recorded at fair value, the Company's policy is to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements for those items where there is an active market. In certain cases, when market observable inputs for model-based valuation techniques may not be readily available, the Company is required to make judgments about assumptions market participants would use in estimating the fair value of the financial instrument. The models used to determine fair value adjustments are regularly evaluated by management for relevance under current facts and circumstances.

Changes in market conditions may reduce the availability of quoted prices or observable data. For example, reduced liquidity in the capital markets or changes in secondary market activities could result in observable market inputs

becoming unavailable. When market data is not available, the Company would use valuation techniques requiring more management judgment to estimate the appropriate fair value.

Fair value is used on a recurring basis for certain assets and liabilities in which fair value is the primary measure of accounting. Fair value is used on a nonrecurring basis to measure certain assets or liabilities (including HTM securities, loans held for sale, and OREO) for impairment or for disclosure purposes in accordance with current accounting guidance.

Impairment analysis also relates to long-lived assets, goodwill, and core deposit and other intangible assets. An impairment loss is recognized if the carrying amount of the asset is not likely to be recoverable and exceeds its fair value. In determining the fair value, management uses models and applies the techniques and assumptions previously discussed.

Investment securities are valued using several methodologies, which depend on the nature of the security, availability of current market information, and other factors. Investment securities in an unrealized loss position are formally reviewed on a quarterly basis for the presence of OTTI. OTTI is considered to have occurred if its fair value is below amortized cost and (1) we intend to sell the security, or (2) it is “more likely than not” we will be required to sell the security before recovery of its amortized cost basis, or (3) the present value of expected cash flows is not sufficient to recover the entire amortized cost basis. The “more likely than not” criteria is a lower threshold than the “probable” criteria.

Notes 1, 5, 7, 9, and 20 of the Notes to Consolidated Financial Statements and “Investment Securities Portfolio” on page 44 contain further information regarding the use of fair value estimates.

Allowance for Credit Losses

The ACL includes the allowance for loan losses and the RULC. The allowance for loan losses provides for probable losses that have been identified with specific customer relationships and for probable losses believed to be inherent in the loan portfolio, but which have not been specifically identified. The determination of the appropriate level of the allowance is based on periodic evaluations of the portfolios. This process includes both quantitative and qualitative analyses, as well as a qualitative review of the results. The qualitative review requires a significant amount of judgment, and is described in more detail in Note 6 of the Notes to Consolidated Financial Statements.

The RULC provides for potential losses associated with off-balance sheet lending commitments and standby letters of credit. The reserve is estimated using the same procedures and methodologies as for the allowance for loan losses, plus assumptions regarding the probability and amount of unfunded commitments being drawn.

There are numerous components that enter into the evaluation of the allowance for loan losses. Although we believe that our processes for determining an appropriate level for the allowance adequately address the various components that could potentially result in credit losses, the processes and their elements include features that may be susceptible to significant change. Any unfavorable differences between the actual outcome of credit-related events and our estimates could require an additional provision for credit losses. As an example, if the PD risk grade, for all pass-graded commercial and CRE loans, was immediately downgraded one grade on our internal risk grading scale, the quantitatively determined amount of the allowance for loan losses at December 31, 2015 would increase by approximately \$84 million. This sensitivity analysis is hypothetical and has been provided only to indicate the potential impact that changes in risk grades may have on the allowance estimation process.

Although the qualitative process is subjective, it represents the Company’s best estimate of qualitative factors impacting the determination of the allowance for loan losses. Such factors include, but are not limited to, national and regional economic trends and indicators. We believe that given the procedures we follow in determining the allowance for loan losses for the loan portfolio, the various components used in the current estimation processes are appropriate.

Note 6 of the Notes to Consolidated Financial Statements and “Credit Risk Management” on page 50 contain further information and more specific descriptions of the processes and methodologies used to estimate the ACL.

Accounting for Goodwill

Goodwill is initially recorded at fair value and is subsequently evaluated at least annually for impairment in accordance with current accounting guidance. We perform this annual test as of October 1 of each year, or more often if events or circumstances indicate that carrying value may not be recoverable. The goodwill impairment test for a given reporting unit (generally one of our banking segments) compares its fair value with its carrying value. If the carrying amount exceeds fair value, an additional analysis must be performed to determine the amount, if any, by which goodwill is impaired.

To determine the fair value, we generally use a combination of up to three separate methods: comparable publicly traded financial service companies (primarily banks and bank holding companies) in the Western and Southwestern states (“Market Value”); where applicable, comparable acquisitions of financial services companies in the Western and Southwestern states (“Transaction Value”); and the discounted present value of management’s estimates of future cash flows. Critical assumptions that are used as part of these calculations include:

- selection of comparable publicly traded companies based on location, size, and business focus and composition;
- selection of market comparable acquisition transactions based on location, size, business focus and composition, and date of the transaction;
- the discount rate, which is based on Zions’ estimate of its cost of capital, applied to future cash flows;
- the projections of future earnings and cash flows of the reporting unit;
- the relative weight given to the valuations derived by the three methods described; and
- the control premium associated with reporting units.

We apply a control premium in the Market Value approach to determine the reporting units’ equity values. Control premiums represent the ability of a controlling shareholder to change how the Company is managed and can cause the fair value of a reporting unit as a whole to exceed its market capitalization. Based on a review of historical bank acquisition transactions within the Company’s geographic footprint, and a comparison of the target banks’ market values 30 days prior to the announced transaction to the deal value, we have determined that a control premium of 25% was appropriate at the most recent test date.

Since estimates are an integral part of the impairment computations, changes in these estimates could have a significant impact on any calculated impairment amount. Estimates include economic conditions, which impact the assumptions related to interest and growth rates, loss rates and imputed cost of equity capital. The fair value estimates for each reporting unit incorporate current economic and market conditions, including Federal Reserve monetary policy expectations and the impact of legislative and regulatory changes. Additional factors that may significantly affect the estimates include, among others, competitive forces, customer behaviors and attrition, loan losses, changes in growth trends, cost structures and technology, changes in equity market values and merger and acquisition valuations, and changes in industry conditions.

Weakening in the economic environment, a decline in the performance of the reporting units, or other factors could cause the fair value of one or more of the reporting units to fall below carrying value, resulting in a goodwill impairment charge. Additionally, new legislative or regulatory changes not anticipated in management’s expectations may cause the fair value of one or more of the reporting units to fall below the carrying value, resulting in a goodwill impairment charge. Any impairment charge would not affect the Company’s regulatory capital ratios, tangible common equity ratio, or liquidity position.

During the fourth quarter of 2015, we performed our annual goodwill impairment evaluation of the entire organization, effective October 1, 2015. Upon completion of the evaluation process, we concluded that none of our

reporting units was impaired. Furthermore, the evaluation process determined that the fair values of Amegy, CB&T, and Zions Bank exceeded their carrying values by 14%, 45%, and 32%, respectively. Additionally, we performed a hypothetical sensitivity analysis on the discount rate assumption to evaluate the impact of an adverse change to this assumption. If the discount rate applied to future earnings were increased by 100 bps, the fair values of Amegy, CB&T, and Zions Bank would exceed their carrying values by 9%, 39%, and 16%, respectively. Additionally, because of the decline in energy prices since October 1, 2015 through December 31, 2015, we ran additional sensitivity analyses to estimate the impact that the decline would have on Amegy's value and concluded that the goodwill of Amegy was not considered impaired during 2015.

However, due to the significant decline in energy prices in 2016 we are currently evaluating if the goodwill of Amegy is considered impaired for the first quarter of 2016. Our evaluation of impairment of goodwill balance at Amegy will consider the following key assumptions: the appropriate discount rate to reflect the uncertainty of achieving future cash flow projections, growth rate of the Texas economy, net loan loss expectations for future periods, stock prices of comparable publicly traded companies, and oil/gas forward price curves. These assumptions have been impacted by the decline in energy prices in 2016 and prolonged decline in energy prices can adversely impact the carrying value of Amegy. Note 9 of the Notes to Consolidated Financial Statements contains additional information related to goodwill.

Income Taxes

We are subject to the income tax laws of the United States, its states and other jurisdictions where we conduct business. These laws are complex and subject to different interpretations by the taxpayer and the various taxing authorities. In determining the provision for income taxes, management must make judgments and estimates about the application of these laws and related regulations. In the process of preparing the Company's tax returns, management attempts to make reasonable interpretations of the tax laws. These interpretations are subject to challenge by the tax authorities upon audit or to reinterpretation based on management's ongoing assessment of facts and evolving case law.

We had net DTAs of \$203 million at December 31, 2015, compared to \$224 million at December 31, 2014. The most significant portions of the deductible temporary differences relate to (1) the allowance for loan losses, (2) fair value adjustments or impairment write-downs related to securities, (3) pension and postretirement obligations and (4) deferred compensation arrangements. No valuation allowance has been recorded as of December 31, 2015 related to DTAs except for a full valuation reserve related to certain acquired net operating losses from an immaterial nonbank subsidiary. In assessing the need for a valuation allowance, both the positive and negative evidence about the realization of DTAs were evaluated. The ultimate realization of DTAs is based on the Company's ability to (1) carry back net operating losses to prior tax periods, (2) utilize the reversal of taxable temporary differences to offset deductible temporary differences, (3) implement tax planning strategies that are prudent and feasible, and (4) generate future taxable income.

After considering the weight of the positive evidence compared to the negative evidence, management has concluded it is more likely than not that we will realize the existing DTAs and that an additional valuation allowance is not needed.

On a quarterly basis, management assesses the reasonableness of its effective tax rate based upon its current best estimate of net income and the applicable taxes expected for the full year. Deferred tax assets and liabilities are also reassessed on a regular basis. Reserves for contingent tax liabilities are reviewed quarterly for adequacy based upon developments in tax law and the status of examinations or audits. We have tax reserves at December 31, 2015 of approximately \$4 million, net of federal and/or state benefits, primarily relating to uncertain tax positions for various state tax contingencies in several jurisdictions.

Note 14 of the Notes to Consolidated Financial Statements contains additional information regarding income taxes.

RECENT ACCOUNTING PRONOUNCEMENTS AND DEVELOPMENTS

Note 2 of the Notes to Consolidated Financial Statements discusses recently issued accounting pronouncements that we will be required to adopt. Also discussed is our expectation of the impact these new accounting pronouncements will have, to the extent they are material, on our financial condition, results of operations, or liquidity.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information required by this Item is included in “Interest Rate and Market Risk Management” in MD&A beginning on page 63 and is hereby incorporated by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT ON MANAGEMENT’S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Zions Bancorporation and subsidiaries (“the Company”) is responsible for establishing and maintaining adequate internal control over financial reporting for the Company as defined by Exchange Act Rules 13a-15 and 15d-15.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Although any system of internal control can be compromised by human error or intentional circumvention of required procedures, we believe our system provides reasonable assurance that financial transactions are recorded and reported properly, providing an adequate basis for reliable financial statements.

The Company’s management has used the criteria established in Internal Control – Integrated Framework (2013 framework) issued by the COSO to evaluate the effectiveness of the Company’s internal control over financial reporting.

The Company’s management has assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2015 and has concluded that such internal control over financial reporting is effective. There are no material weaknesses in the Company’s internal control over financial reporting that have been identified by the Company’s management.

Ernst & Young LLP, an independent registered public accounting firm, has audited the consolidated financial statements of the Company for the year ended December 31, 2015 and has also issued an attestation report, which is included herein, on internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (“PCAOB”).

REPORTS OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Audit Committee of the Board of Directors and Shareholders of Zions Bancorporation and Subsidiaries

We have audited Zions Bancorporation and subsidiaries' internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Zions Bancorporation and subsidiaries' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report on Management's Assessment of Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Zions Bancorporation and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Zions Bancorporation and subsidiaries as of December 31, 2015 and 2014 and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2015 of Zions Bancorporation and subsidiaries and our report dated February 29, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Salt Lake City, Utah
February 29, 2016

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Audit Committee of the Board of Directors and Shareholders of Zions Bancorporation and Subsidiaries

We have audited the accompanying consolidated balance sheets of Zions Bancorporation and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2015. 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 audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Zions Bancorporation and subsidiaries at December 31, 2015 and 2014, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Zions Bancorporation and subsidiaries' internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 29, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Salt Lake City, Utah
February 29, 2016

ZIONS BANCORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In thousands, except shares)

	December 31,	
	2015	2014
ASSETS		
Cash and due from banks	\$ 798,319	\$ 841,942
Money market investments:		
Interest-bearing deposits	6,108,124	7,178,097
Federal funds sold and security resell agreements	619,758	1,386,291
Investment securities:		
Held-to-maturity, at adjusted cost (approximate fair value \$552,088 and \$677,196)	545,648	647,252
Available-for-sale, at fair value	7,643,116	3,844,248
Trading account, at fair value	48,168	70,601
	<u>8,236,932</u>	<u>4,562,101</u>
Loans held for sale	149,880	132,504
Loans and leases, net of unearned income and fees	40,649,542	40,063,658
Less allowance for loan losses	606,048	604,663
Loans, net of allowance	<u>40,043,494</u>	<u>39,458,995</u>
Other noninterest-bearing investments	848,144	865,950
Premises and equipment, net	905,462	829,809
Goodwill	1,014,129	1,014,129
Core deposit and other intangibles	16,272	25,520
Other real estate owned	7,092	18,916
Other assets	921,919	894,620
	<u>\$ 59,669,525</u>	<u>\$ 57,208,874</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing demand	\$ 22,276,664	\$ 20,529,124
Interest-bearing:		
Savings and money market	25,672,356	24,583,636
Time	2,130,680	2,406,924
Foreign	294,391	328,391
	<u>50,374,091</u>	<u>47,848,075</u>
Federal funds and other short-term borrowings	346,987	244,223
Long-term debt	817,348	1,092,282
Reserve for unfunded lending commitments	74,838	81,076
Other liabilities	548,742	573,688
Total liabilities	<u>52,162,006</u>	<u>49,839,344</u>
Shareholders' equity:		
Preferred stock, without par value, authorized 4,400,000 shares	828,490	1,004,011
Common stock, without par value; authorized 350,000,000 shares; issued and outstanding 204,417,093 and 203,014,903 shares	4,766,731	4,723,855
Retained earnings	1,966,910	1,769,705
Accumulated other comprehensive income (loss)	(54,612)	(128,041)
Total shareholders' equity	<u>7,507,519</u>	<u>7,369,530</u>
	<u>\$ 59,669,525</u>	<u>\$ 57,208,874</u>

See accompanying notes to consolidated financial statements.

ZIONS BANCORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts)

	Year Ended December 31,		
	2015	2014	2013
Interest income:			
Interest and fees on loans	\$ 1,686,220	\$ 1,729,652	\$ 1,814,631
Interest on money market investments	23,165	21,414	23,363
Interest on securities	124,086	101,936	103,442
Total interest income	1,833,471	1,853,002	1,941,436
Interest expense:			
Interest on deposits	49,344	49,736	58,913
Interest on short- and long-term borrowings	68,867	123,262	186,164
Total interest expense	118,211	172,998	245,077
Net interest income	1,715,260	1,680,004	1,696,359
Provision for loan losses	40,035	(98,082)	(87,136)
Net interest income after provision for loan losses	1,675,225	1,778,086	1,783,495
Noninterest income:			
Service charges and fees on deposit accounts	168,451	168,291	171,036
Other service charges, commissions and fees	206,786	193,978	183,961
Wealth management income	31,224	30,573	29,913
Loan sales and servicing income	30,731	29,154	38,113
Capital markets and foreign exchange	25,655	22,584	28,051
Dividends and other investment income	30,150	43,662	46,062
Fair value and nonhedge derivative loss	(111)	(11,390)	(18,152)
Equity securities gains, net	11,875	13,471	8,520
Fixed income securities gains (losses), net	(138,735)	10,419	(2,898)
Impairment losses on investment securities	—	(27)	(188,606)
Less amounts recognized in other comprehensive income	—	—	23,472
Net impairment losses on investment securities	—	(27)	(165,134)
Other	11,094	7,914	17,904
Total noninterest income	377,120	508,629	337,376
Noninterest expense:			
Salaries and employee benefits	972,712	956,411	912,902
Occupancy, net	119,529	115,701	112,303
Furniture, equipment and software	123,196	115,312	106,629
Other real estate expense	(647)	(1,251)	1,712
Credit-related expense	28,541	28,134	33,795
Provision for unfunded lending commitments	(6,238)	(8,629)	(17,104)
Professional and legal services	50,421	66,011	67,968
Advertising	25,314	25,100	23,362
FDIC premiums	34,422	32,174	38,019
Amortization of core deposit and other intangibles	9,247	10,923	14,375
Debt extinguishment cost	2,530	44,422	120,192
Other	241,459	280,984	300,286
Total noninterest expense	1,600,486	1,665,292	1,714,439
Income before income taxes	451,859	621,423	406,432
Income taxes	142,388	222,961	142,977
Net income	309,471	398,462	263,455
Net loss applicable to noncontrolling interests	—	—	(336)
Net income applicable to controlling interest	309,471	398,462	263,791
Preferred stock dividends	(62,857)	(71,894)	(95,512)
Preferred stock redemption	—	—	125,700
Net earnings applicable to common shareholders	\$ 246,614	\$ 326,568	\$ 293,979
Weighted average common shares outstanding during the year:			
Basic shares	203,265	192,207	183,844
Diluted shares	203,698	192,789	184,297
Net earnings per common share:			
Basic	\$ 1.20	\$ 1.68	\$ 1.58
Diluted	1.20	1.68	1.58

See accompanying notes to consolidated financial statements.

ZIONS BANCORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<i>(In thousands)</i>	Year Ended December 31,		
	2015	2014	2013
Net income	\$ 309,471	\$ 398,462	\$ 263,455
Other comprehensive income, net of tax:			
Net unrealized holding gains (losses) on investment securities	(23,409)	82,204	145,902
Reclassification of HTM securities to AFS securities	10,938	—	—
Noncredit-related impairment losses on investment securities not expected to be sold	—	—	(13,751)
Reclassification to earnings for realized net fixed income securities losses (gains)	86,023	(6,447)	1,775
Reclassification to earnings for net credit-related impairment losses on investment securities	—	17	99,903
Accretion of securities with noncredit-related impairment losses not expected to be sold	—	1,111	1,258
Net unrealized losses on other noninterest-bearing investments	(2,552)	(390)	(4,503)
Net unrealized holding gains (losses) on derivative instruments	7,455	2,664	(431)
Reclassification adjustment for increase in interest income recognized in earnings on derivative instruments	(5,583)	(1,605)	(1,580)
Pension and postretirement	557	(13,494)	25,483
Other comprehensive income	73,429	64,060	254,056
Comprehensive income	382,900	462,522	517,511
Comprehensive loss applicable to noncontrolling interests	—	—	(336)
Comprehensive income applicable to controlling interest	<u>\$ 382,900</u>	<u>\$ 462,522</u>	<u>\$ 517,847</u>

See accompanying notes to consolidated financial statements.

ZIONS BANCORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands, except shares and per share amounts)	Preferred stock	Common stock		Retained earnings	Accumulated other comprehensive income (loss)	Noncontrolling interests	Total shareholders' equity
		Shares	Amount				
Balance at December 31, 2012	\$ 1,128,302	184,199,198	\$ 4,166,109	\$ 1,203,815	\$ (446,157)	\$ (3,428)	\$ 6,048,641
Net income (loss) applicable to controlling interest				263,791		(336)	263,455
Other comprehensive income, net of tax					254,056		254,056
Issuance of preferred stock	800,000		(15,682)				784,318
Preferred stock redemption	(925,748)		580	125,700			(799,468)
Subordinated debt converted to preferred stock	1,416		(206)				1,210
Net activity under employee plans and related tax benefits		478,498	32,389				32,389
Dividends on preferred stock				(95,512)			(95,512)
Dividends on common stock, \$0.13 per share				(24,094)			(24,094)
Change in deferred compensation				(30)			(30)
Other changes in noncontrolling interests			(4,166)			3,764	(402)
Balance at December 31, 2013	1,003,970	184,677,696	4,179,024	1,473,670	(192,101)	—	6,464,563
Net income				398,462			398,462
Other comprehensive income, net of tax					64,060		64,060
Issuance of common stock		17,617,450	515,856				515,856
Subordinated debt converted to preferred stock	41		(7)				34
Net activity under employee plans and related tax benefits		719,757	28,982				28,982
Dividends on preferred stock				(71,894)			(71,894)
Dividends on common stock, \$0.16 per share				(31,216)			(31,216)
Change in deferred compensation				683			683
Balance at December 31, 2014	1,004,011	203,014,903	4,723,855	1,769,705	(128,041)	—	7,369,530
Net income				309,471			309,471
Other comprehensive income, net of tax					73,429		73,429
Preferred stock redemption	(175,669)		3,069	(3,449)			(176,049)
Subordinated debt converted to preferred stock	148		(44)				104
Net activity under employee plans and related tax benefits		1,402,190	39,851				39,851
Dividends on preferred stock				(62,857)			(62,857)
Dividends on common stock, \$0.22 per share				(45,133)			(45,133)
Change in deferred compensation				(827)			(827)
Balance at December 31, 2015	<u>\$ 828,490</u>	<u>204,417,093</u>	<u>\$ 4,766,731</u>	<u>\$ 1,966,910</u>	<u>\$ (54,612)</u>	<u>\$ —</u>	<u>\$ 7,507,519</u>

See accompanying notes to consolidated financial statements.

ZIONS BANCORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Year Ended December 31,		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 309,471	\$ 398,462	\$ 263,455
Adjustments to reconcile net income to net cash provided by operating activities:			
Debt extinguishment cost	2,530	44,422	120,192
Net impairment losses on investment securities and long-lived assets	250	27	165,134
Provision for credit losses	33,797	(106,711)	(104,240)
Depreciation and amortization	151,088	128,648	130,616
Fixed income securities losses (gains), net	138,735	(10,419)	2,898
Deferred income tax expense (benefit)	(29,803)	25,938	(60,117)
Net decrease (increase) in trading securities	22,453	(36,045)	(6,286)
Net decrease (increase) in loans held for sale	(5,978)	38,610	75,058
Change in other liabilities	(5,759)	42,636	(1,949)
Change in other assets	(67,260)	(50,956)	255,569
Other, net	(14,355)	(20,291)	(5,223)
Net cash provided by operating activities	535,169	454,321	835,107
CASH FLOWS FROM INVESTING ACTIVITIES			
Net decrease (increase) in money market investments	1,836,506	(105,066)	295,640
Proceeds from maturities and paydowns of investment securities held-to-maturity	123,178	108,404	130,938
Purchases of investment securities held-to-maturity	(61,036)	(164,704)	(155,328)
Proceeds from sales, maturities, and paydowns of investment securities available-for-sale	1,681,280	1,779,327	1,104,010
Purchases of investment securities available-for-sale	(5,513,366)	(1,794,525)	(1,325,704)
Net change in loans and leases	(633,644)	(1,079,151)	(1,446,924)
Purchases of premises and equipment	(157,361)	(175,799)	(88,580)
Proceeds from sales of other real estate owned	24,806	54,056	110,058
Other, net	48,919	34,916	22,895
Net cash used in investing activities	(2,650,718)	(1,342,542)	(1,352,995)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase in deposits	2,526,016	1,485,192	228,705
Net change in short-term funds borrowed	102,764	(96,125)	(12,274)
Proceeds from issuance of long-term debt	—	—	646,408
Repayments of long-term debt	(287,752)	(1,223,275)	(832,122)
Debt extinguishment costs paid	(2,530)	(35,435)	(45,812)
Cash paid for preferred stock redemptions	(175,669)	—	(799,468)
Proceeds from the issuances of common and preferred stock	22,392	526,438	794,143
Dividends paid on common and preferred stock	(108,055)	(96,130)	(119,660)
Other, net	(5,240)	(3,559)	(10,252)
Net cash provided by (used in) financing activities	2,071,926	557,106	(150,332)
Net decrease in cash and due from banks	(43,623)	(331,115)	(668,220)
Cash and due from banks at beginning of year	841,942	1,173,057	1,841,277
Cash and due from banks at end of year	\$ 798,319	\$ 841,942	\$ 1,173,057
Cash paid for interest	\$ 101,623	\$ 152,783	\$ 191,897
Net cash paid for income taxes	131,665	182,954	181,318

See accompanying notes to consolidated financial statements.

ZIONS BANCORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

Zions Bancorporation (“the Parent”) is a financial holding company headquartered in Salt Lake City, Utah, which in 2015 provided a full range of banking and related services through seven subsidiary banks in 11 Western and Southwestern states as follows: Zions Bank, in Utah, Idaho and Wyoming; California Bank & Trust (“CB&T”); Amegy Bank, N. A. (“Amegy”), in Texas; National Bank of Arizona (“NBAZ”); Nevada State Bank (“NSB”); Vectra Bank Colorado, N.A. (“Vectra”), in Colorado and New Mexico; and The Commerce Bank of Washington (“TCBW”) which operates under that name in Washington and under the name The Commerce Bank of Oregon (“TCBO”) in Oregon. Pursuant to a Board resolution adopted November 21, 2014, The Commerce Bank of Oregon merged into TCBW effective March 31, 2015. The Parent also owns and operates certain nonbank subsidiaries that engage in financial services.

Following the close of business on December 31, 2015, these banks and certain of our subsidiaries of the Parent were merged into a single bank which was renamed ZB, N.A. The Parent intends to conduct its future banking business through locally managed and branded units corresponding to these seven banks.

Basis of Financial Statement Presentation

The consolidated financial statements include the accounts of the Parent and its majority-owned subsidiaries (“the Company,” “we,” “our,” “us”). Unconsolidated investments in which there is a greater than 20% ownership are accounted for by the equity method of accounting; those in which there is less than 20% ownership are accounted for under cost, fair value, or equity methods of accounting. All significant intercompany accounts and transactions have been eliminated in consolidation.

The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) and prevailing practices within the financial services industry. References to GAAP, including standards promulgated by the Financial Accounting Standards Board (“FASB”), are made according to sections of the Accounting Standards Codification (“ASC”). Changes to the ASC are made with Accounting Standards Updates (“ASU”) that include consensus issues of the Emerging Issues Task Force (“EITF”). In certain cases, ASUs are issued jointly with International Financial Reporting Standards (“IFRS”).

In preparing the consolidated financial statements, we are required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Certain prior year amounts have been reclassified to conform with the current year presentation. These reclassifications did not affect net income or shareholders’ equity.

Variable Interest Entities

A variable interest entity (“VIE”) is consolidated when a company is the primary beneficiary of the VIE. Current accounting guidance requires continuous analysis on a qualitative rather than a quantitative basis to determine the primary beneficiary of a VIE. At the commencement of our involvement and periodically thereafter, we consider our consolidation conclusions for all entities with which we are involved. As of December 31, 2015 and 2014, no VIEs have been consolidated in the Company’s financial statements.

Statement of Cash Flows

For purposes of presentation in the consolidated statements of cash flows, “cash and cash equivalents” are defined as those amounts included in cash and due from banks in the consolidated balance sheets.

Security Resell Agreements

Security resell agreements represent overnight and term agreements with the majority maturing within 30 days. These agreements are generally treated as collateralized financing transactions and are carried at amounts at which the securities were acquired plus accrued interest. Either the Company, or in some instances third parties on its behalf, take possession of the underlying securities. The fair value of such securities is monitored throughout the contract term to ensure that asset values remain sufficient to protect against counterparty default. We are permitted by contract to sell or repledge certain securities that we accept as collateral for security resell agreements. If sold, our obligation to return the collateral is recorded as “securities sold, not yet purchased” and included as a liability in “Federal funds and other short-term borrowings.” At December 31, 2015, we held approximately \$457 million of securities for which we were permitted by contract to sell or repledge. Security resell agreements averaged approximately \$569 million during 2015, and the maximum amount outstanding at any month-end during 2015 was approximately \$1.6 billion.

Investment Securities

We classify our investment securities according to their purpose and holding period. Gains or losses on the sale of securities are recognized using the specific identification method and recorded in noninterest income.

Held-to-maturity (“HTM”) debt securities are carried at amortized cost with purchase discounts or premiums accreted or amortized into interest income over the contractual life of the security. The Company has the intent and ability to hold such securities until maturity.

Available-for-sale (“AFS”) securities are stated at fair value and generally consist of debt securities held for investment and marketable equity securities not accounted for under the equity method. Unrealized gains and losses of AFS securities, after applicable taxes, are recorded as a component of other comprehensive income (“OCI”).

We review quarterly our investment securities portfolio for any declines in value that are considered to be other-than-temporary impairment (“OTTI”). The process, methodology and factors considered to evaluate securities for OTTI are discussed further in Note 5.

Trading securities are stated at fair value and consist of securities acquired for short-term appreciation or other trading purposes. Realized and unrealized gains and losses are recorded in trading income, which is included in capital markets and foreign exchange.

The fair values of investment securities, as estimated under current accounting guidance, are discussed in Note 20.

Loans and Allowance for Credit Losses

Loans are reported at the principal amount outstanding, net of unearned income. Unearned income, which includes deferred fees net of deferred direct loan origination costs, is amortized to interest income over the life of the loan using the interest method. Interest income is recognized on an accrual basis. Estimated prepayments are used in the determination of the amount of amortization.

At the time of origination, we determine whether loans will be held for investment or held for sale. We may subsequently change our intent to hold loans for investment and reclassify them as held for sale. Loans held for sale are carried at the lower of aggregate cost or fair value. A valuation allowance is recorded when cost exceeds fair value based on reviews at the time of reclassification and periodically thereafter. Gains and losses are recorded in noninterest income based on the difference between sales proceeds and carrying value.

Loans that become other than current with respect to contractual payments due may be accounted for separately depending on the status of the loan, which is determined from certain credit quality indicators and analysis under the circumstances. The loan status includes past due, nonaccrual, impaired, modified, and restructured (including

troubled debt restructurings “TDRs”). Our accounting policies for these loan types and our estimation of the related allowance for loan losses are discussed further in Note 6.

In the ordinary course of business, we transfer portions of loans under participation agreements to manage credit risk and our portfolio concentration. We evaluate the loan participations to determine if they meet the appropriate accounting guidance to qualify as sales. Certain purchased loans require separate accounting procedures that are also discussed in Note 6.

The allowance for credit losses (“ACL”) includes the allowance for loan losses and the reserve for unfunded lending commitments, and represents our estimate of losses inherent in the loan portfolio that may be recognized from loans and lending commitments that are not recoverable. Further discussion of our estimation process for the ACL is included in Note 6.

Other Noninterest-Bearing Investments

These investments include investments in private equity funds (referred to in this document as private equity investments “PEIs”), venture capital securities, securities acquired for various debt and regulatory requirements, bank-owned life insurance, and certain other noninterest-bearing investments. See further discussions in Notes 5, 17 and 20.

Certain PEIs and venture capital securities are accounted for under the equity method and reported at estimated fair value in the absence of readily ascertainable fair values. Changes in fair value and gains and losses from sales are recognized in noninterest income. The values assigned to the securities where no market quotations exist are based upon available information and may not necessarily represent amounts that will ultimately be realized. Such estimated amounts depend on future circumstances and will not be realized until the individual securities are liquidated.

Bank-owned life insurance is accounted for at fair value based on the cash surrender values of the general account insurance policies. A third party service provides these values.

Other PEIs and those acquired for various debt and regulatory requirements are accounted for at cost. Periodic reviews are conducted for impairment by comparing carrying values with estimates of fair value determined according to the previous discussion.

Premises and Equipment

Premises and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation, computed primarily on the straight-line method, is charged to operations over the estimated useful lives of the properties, generally 25 to 40 years for buildings, 3 to 10 years for furniture and equipment, and 3 to 10 years for software, including capitalized costs related to the Company’s new lending and deposit systems. Leasehold improvements are amortized over the terms of the respective leases or the estimated useful lives of the improvements, whichever is shorter.

Goodwill and Identifiable Intangible Assets

Goodwill and intangible assets deemed to have indefinite lives are not amortized. We subject these assets to annual specified impairment tests as of the beginning of the fourth quarter and more frequently if changing conditions warrant. Core deposit assets and other intangibles with finite useful lives are generally amortized on an accelerated basis using an estimated useful life of up to 12 years.

Business Combinations

Business combinations are accounted for under the acquisition method of accounting. Upon initially obtaining control, we recognize 100% of all acquired assets and all assumed liabilities regardless of the percentage owned. The assets and liabilities are recorded at their estimated fair values, with goodwill being recorded when such fair values are less than the cost of acquisition. Certain transaction and restructuring costs are expensed as incurred.

Changes to estimated fair values from a business combination are recognized as an adjustment to goodwill over the measurement period, which cannot exceed one year from the acquisition date. Results of operations of the acquired business are included in our statement of income from the date of acquisition.

Other Real Estate Owned

Other real estate owned (“OREO”) consists principally of commercial and residential real estate obtained in partial or total satisfaction of loan obligations. Amounts are recorded initially at fair value (less any selling costs) based on property appraisals at the time of transfer and subsequently at the lower of cost or fair value (less any selling costs).

Derivative Instruments

We use derivative instruments, including interest rate swaps and floors and basis swaps, as part of our overall interest rate risk management strategy. These instruments enable us to manage to desired asset and liability duration and to reduce interest rate risk exposure by matching estimated repricing periods of interest-sensitive assets and liabilities. We also execute derivative instruments with commercial banking customers to facilitate their risk management strategies. These derivatives are immediately hedged by offsetting derivatives with third parties such that we minimize our net risk exposure as a result of such transactions. We record all derivatives at fair value in the balance sheet as either other assets or other liabilities. See further discussion in Note 7.

Commitments and Letters of Credit

In the ordinary course of business, we enter into commitments to extend credit, commercial letters of credit, and standby letters of credit. Such financial instruments are recorded in the financial statements when they become payable. The credit risk associated with these commitments is evaluated in a manner similar to the allowance for loan losses. The RULC is presented separately in the balance sheet.

Revenue Recognition

Service charges and fees on deposit accounts are recognized in accordance with published deposit account agreements for customer accounts or contractual agreements for commercial accounts. Other service charges, commissions and fees include interchange fees, bank services, and other fees which are generally recognized when earned.

Share-Based Compensation

Share-based compensation generally includes grants of stock options, restricted stock, restricted stock units, and other awards to employees and nonemployee directors. We recognize compensation expense in the statement of income based on the fair value of the associated share-based awards. See further discussion in Note 16.

Income Taxes

Deferred tax assets and liabilities are determined based on temporary differences between financial statement asset and liability amounts and their respective tax bases, and are measured using enacted tax laws and rates. 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. Deferred tax assets are recognized subject to management’s judgment that realization is more likely than not. Unrecognized tax benefits for uncertain tax positions relate primarily to state tax contingencies. See further discussion in Note 14.

Net Earnings Per Common Share

Net earnings per common share is based on net earnings applicable to common shareholders, which is net of preferred stock dividends. Basic net earnings per common share is based on the weighted average outstanding common shares during each year. Unvested share-based awards with rights to receive nonforfeitable dividends are considered participating securities and included in the computation of basic earnings per share. Diluted net earnings per common share is based on the weighted average outstanding common shares during each year, including common stock equivalents. Stock options, restricted stock, restricted stock units, and stock warrants are converted

to common stock equivalents using the treasury method. Diluted net earnings per common share excludes common stock equivalents whose effect is antidilutive. See further discussion in Note 15.

2. RECENT ACCOUNTING PRONOUNCEMENTS

Standard	Description	Date of adoption	Effect on the financial statements or other significant matters
Standards not yet adopted by the Company			
ASU 2016-02, <i>Leases (Topic 842)</i>	The standard requires that a lessee recognize assets and liabilities for leases with lease terms of more than 12 months. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, the standard will require both types of leases to be recognized on the balance sheet. It also requires disclosures to better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements.	January 1, 2019	We are currently evaluating the potential impact of this new guidance on the Company's financial statements.
ASU 2016-01, <i>Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities</i>	The standard provides revised accounting guidance related to the accounting for and reporting of financial instruments. Some of the main provisions include: – Equity investments that do not result in consolidation and are not accounted for under the equity method would be measured at fair value through net income, unless they qualify for the proposed practicability exception for investments that do not have readily determinable fair values. – Changes in instrument-specific credit risk for financial liabilities that are measured under the fair value option would be recognized in other comprehensive income. – Elimination of the requirement to disclose the methods and significant assumptions used to estimate the fair value of financial instruments carried at amortized cost. However it will require the use of exit price when measuring the fair value of financial instruments measured at amortized cost for disclosure purposes.	January 1, 2018	We do not currently expect this new guidance will have a material impact on the Company's financial statements.
ASU 2015-07, <i>Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)</i> , (Topic 820)	The guidance eliminates the current requirement to categorize within the fair value hierarchy investments whose fair values are measured at net asset value ("NAV") using the practical expedient in ASC 820. Fair value disclosure of these investments will be made to facilitate reconciliation to amounts reported on the balance sheet. Other related disclosures will continue when the NAV practical expedient is used. Adoption is retrospective and early adoption is permitted.	January 1, 2016	We do not expect this new disclosure guidance will have a material impact on the Company's financial statements.
ASU 2015-05, <i>Customer's Accounting for Fees Paid in a Cloud Computing Arrangement</i> (Subtopic 350-40)	The standard provides guidance to determine whether an arrangement includes a software license. If it does, the customer accounts for it the same way as for other software licenses. If no software license is included, the customer accounts for it as a service contract. Adoption may be retrospective or prospective. Early adoption is permitted.	January 1, 2016	We do not expect this new guidance will have a material impact on the Company's financial statements.
ASU 2015-03, <i>Simplifying the Presentation of Debt Issuance Costs</i> (Subtopic 835-30)	The standard requires that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of the associated debt liability, consistent with debt discounts. Adoption is retrospective and early adoption is permitted.	January 1, 2016	We currently include debt issuance costs in other assets. The amount to be reclassified to the debt liability is not material to the Company's financial statements.

Standard	Description	Date of adoption	Effect on the financial statements or other significant matters
Standards not yet adopted by the Company (continued)			
ASU 2015-02, <i>Amendments to the Consolidation Analysis</i> (Topic 810)	The new standard changes certain criteria in the variable interest model and the voting model to determine whether certain legal entities are variable interest entities (“VIEs”) and whether they should be consolidated. Additional disclosures are required for entities not currently considered VIEs, but may become VIEs under the new guidance and may be subject to consolidation. Adoption may be retrospective or modified retrospective with a cumulative effect adjustment. Early adoption is permitted.	January 1, 2016	We currently do not consolidate any VIEs and do not expect this new guidance will have a material impact on the Company’s financial statements.
ASU 2014-09, <i>Revenue from Contracts with Customers</i> (Topic 606)	The core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The banking industry does not expect significant changes because major sources of revenue are from financial instruments that have been excluded from the scope of the new standard, (including loans, derivatives, debt and equity securities, etc.). However, the new standard affects other fees charged by banks, such as asset management fees, credit card interchange fees, deposit account fees, etc. Adoption may be made on a full retrospective basis with practical expedients, or on a modified retrospective basis with a cumulative effect adjustment. Early adoption of the guidance is permitted as of January 1, 2017.	January 1, 2018, as extended in August 2015 by ASU 2015-14	While we currently do not expect this standard will have a material impact on the Company’s financial statements, we are still in process of conducting our evaluation.
Standards adopted by the Company			
ASU 2014-14, <i>Classification of Certain Government-Guaranteed Mortgage Loans upon Foreclosure</i> (Subtopic 310-40)	The standard addresses the classification of certain foreclosed mortgage loans fully or partially guaranteed under government programs. Under certain such programs, qualifying creditors can extend mortgage loans with a guarantee entitling the creditor to recover all or a portion of the unpaid principal balance from the government if the borrower defaults. A separate other receivable is established that is measured based on the amount of the loans expected to be recovered.	January 1, 2015	Our adoption of this standard had no impact on the accompanying financial statements.
ASU 2014-04, <i>Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure</i> (Subtopic 310-40)	The standard clarifies that a creditor should be considered to have physical possession of a residential real estate property collateralizing a residential mortgage loan and thus would reclassify the loan to other real estate owned when certain conditions are satisfied. Additional financial statement disclosures will be required.	January 1, 2015	Our adoption of this standard added a nominal amount of additional disclosure to Note 6.
ASU 2014-01, <i>Accounting for Investments in Qualified Affordable Housing Projects</i> (Topic 323)	The standard revised conditions an entity must meet to elect the effective yield method when accounting for qualified affordable housing project investments. The EITF final consensus changed the method of amortizing a Low-Income Housing Tax Credit (“LIHTC”) investment from the effective yield method to a proportional amortization method. Amortization would be proportional to the tax credits and tax benefits received but, under a practical expedient available in certain circumstances, amortization could be proportional to only the tax credits. Reporting entities that invest in LIHTC investments through a limited liability entity could elect the proportional amortization method if certain conditions are met.	January 1, 2015	Our adoption of this standard did not have a material impact on the accompanying financial statements.

3. SUPPLEMENTAL CASH FLOW INFORMATION

Noncash activities are summarized as follows:

(In thousands)	Year Ended December 31,		
	2015	2014	2013
Loans and leases transferred to other real estate owned	\$ 11,924	\$ 25,189	\$ 60,749
Loans and leases reclassified as loans held for sale	5,048	(26,272)	36,301
Adjusted cost of HTM securities reclassified to AFS securities	79,276	—	181,915
Preferred stock/beneficial conversion feature transferred to retained earnings as result of the Series C preferred stock redemption	—	—	125,700

4. OFFSETTING ASSETS AND LIABILITIES

Gross and net information for selected financial instruments in the balance sheet is as follows:

(In thousands)	December 31, 2015					
	Gross amounts recognized	Gross amounts offset in the balance sheet	Net amounts presented in the balance sheet	Gross amounts not offset in the balance sheet		Net amount
				Financial instruments	Cash collateral received/pledged	
Description						
Assets:						
Federal funds sold and security resell agreements	\$ 619,758	\$ —	\$ 619,758	\$ —	\$ —	\$ 619,758
Derivatives (included in other assets)	77,638	—	77,638	(5,916)	—	71,722
	<u>\$ 697,396</u>	<u>\$ —</u>	<u>\$ 697,396</u>	<u>\$ (5,916)</u>	<u>\$ —</u>	<u>\$ 691,480</u>
Liabilities:						
Federal funds and other short-term borrowings	\$ 346,987	\$ —	\$ 346,987	\$ —	\$ —	\$ 346,987
Derivatives (included in other liabilities)	72,568	—	72,568	(5,916)	(61,134)	5,518
	<u>\$ 419,555</u>	<u>\$ —</u>	<u>\$ 419,555</u>	<u>\$ (5,916)</u>	<u>\$ (61,134)</u>	<u>\$ 352,505</u>
(In thousands)	December 31, 2014					
	Gross amounts recognized	Gross amounts offset in the balance sheet	Net amounts presented in the balance sheet	Gross amounts not offset in the balance sheet		Net amount
				Financial instruments	Cash collateral received/pledged	
Description						
Assets:						
Federal funds sold and security resell agreements	\$ 1,386,291	\$ —	\$ 1,386,291	\$ —	\$ —	\$ 1,386,291
Derivatives (included in other assets)	66,420	—	66,420	(3,845)	(18)	62,557
	<u>\$ 1,452,711</u>	<u>\$ —</u>	<u>\$ 1,452,711</u>	<u>\$ (3,845)</u>	<u>\$ (18)</u>	<u>\$ 1,448,848</u>
Liabilities:						
Federal funds and other short-term borrowings	\$ 244,223	\$ —	\$ 244,223	\$ —	\$ —	\$ 244,223
Derivatives (included in other liabilities)	66,064	—	66,064	(3,845)	(57,547)	4,672
	<u>\$ 310,287</u>	<u>\$ —</u>	<u>\$ 310,287</u>	<u>\$ (3,845)</u>	<u>\$ (57,547)</u>	<u>\$ 248,895</u>

Security repurchase and reverse repurchase (“resell”) agreements are offset, when applicable, in the balance sheet according to master netting agreements. Security repurchase agreements are included with “Federal funds and other short-term borrowings.” Derivative instruments may be offset under their master netting agreements; however, for

accounting purposes, we present these items on a gross basis in the Company's balance sheet. See Note 7 for further information regarding derivative instruments.

5. INVESTMENTS

Investment Securities

Investment securities are summarized below. Note 20 discusses the process to estimate fair value for investment securities.

<i>(In thousands)</i>	December 31, 2015			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Held-to-maturity				
Municipal securities	\$ 545,648	\$ 11,218	\$ 4,778	\$ 552,088
Available-for-sale				
U.S. Government agencies and corporations:				
Agency securities	1,231,740	4,313	2,658	1,233,395
Agency guaranteed mortgage-backed securities	3,964,593	7,919	36,037	3,936,475
Small Business Administration loan-backed securities	1,932,817	12,602	14,445	1,930,974
Municipal securities	417,374	2,177	856	418,695
Other debt securities	25,454	152	2,665	22,941
	7,571,978	27,163	56,661	7,542,480
Money market mutual funds and other	100,612	61	37	100,636
	7,672,590	27,224	56,698	7,643,116
Total	\$ 8,218,238	\$ 38,442	\$ 61,476	\$ 8,195,204

	December 31, 2014						
		Recognized in OCI ¹			Not recognized in OCI		
(In thousands)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Carrying value	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Held-to-maturity							
Municipal securities	\$ 607,675	\$ —	\$ —	\$ 607,675	\$ 13,018	\$ 804	\$ 619,889
Asset-backed securities:							
Trust preferred securities – banks and insurance	79,276	—	39,699	39,577	18,393	663	57,307
	686,951	—	39,699	647,252	31,411	1,467	677,196
Available-for-sale							
U.S. Government agencies and corporations:							
Agency securities	607,523	1,572	8,343	600,752			600,752
Agency guaranteed mortgage-backed securities	935,164	12,132	2,105	945,191			945,191
Small Business Administration loan-backed securities	1,544,710	16,446	8,891	1,552,265			1,552,265
Municipal securities	189,059	1,143	945	189,257			189,257
Asset-backed securities:							
Trust preferred securities – banks and insurance	537,589	103	121,984	415,708			415,708
Other	5,252	207	7	5,452			5,452
	3,819,297	31,603	142,275	3,708,625			3,708,625
Mutual funds and other	136,591	76	1,044	135,623			135,623
	3,955,888	31,679	143,319	3,844,248			3,844,248
Total	\$ 4,642,839	\$ 31,679	\$ 183,018	\$ 4,491,500			\$ 4,521,444

¹ The gross unrealized losses recognized in OCI on HTM securities resulted from a previous transfer of AFS securities to HTM and from OTTI.

CDO Sales and Paydowns

During the second quarter of 2015, we sold the remaining portfolio of our collateralized debt obligation (“CDO”) securities, or \$574 million at amortized cost, and realized net losses of approximately \$137 million. During the first quarter of 2015, we reclassified all of the remaining held-to-maturity CDO securities, or approximately \$79 million at amortized cost, to AFS securities. The reclassification resulted from increased risk weights for these securities under the new Basel III capital rules, and was made in accordance with applicable accounting guidance that allows for such reclassifications when increased risk weights of debt securities must be used for regulatory risk-based capital purposes. No gain or loss was recognized in the statement of income at the time of reclassification.

During 2014, we reduced the CDO portfolio by \$1.02 billion amortized cost through sales and paydowns/payoffs which resulted in net fixed income securities gains of \$10.4 million. These sales were made in part as a result of the Volcker Rule (“VR”).

Maturities

The amortized cost and estimated fair value of investment debt securities are shown subsequently as of December 31, 2015 by expected timing of principal payments. Actual principal payments may differ from contractual or expected principal payments 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 fair value	Amortized cost	Estimated fair value
Due in one year or less	\$ 64,213	\$ 64,453	\$ 1,040,087	\$ 1,036,107
Due after one year through five years	198,818	202,124	2,932,469	2,921,436
Due after five years through ten years	153,325	156,676	2,606,838	2,597,827
Due after ten years	129,292	128,835	992,584	987,110
	<u>\$ 545,648</u>	<u>\$ 552,088</u>	<u>\$ 7,571,978</u>	<u>\$ 7,542,480</u>

The following is a summary of the amount of gross unrealized losses for debt securities and the estimated fair value by length of time the securities have been in an unrealized loss position:

(In thousands)	December 31, 2015					
	Less than 12 months		12 months or more		Total	
	Gross unrealized losses	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses	Estimated fair value
Held-to-maturity						
Municipal securities	\$ 4,521	\$ 122,197	\$ 257	\$ 13,812	\$ 4,778	\$ 136,009
Asset-backed securities:						
Trust preferred securities – banks and insurance	—	—	—	—	—	—
	<u>4,521</u>	<u>122,197</u>	<u>257</u>	<u>13,812</u>	<u>4,778</u>	<u>136,009</u>
Available-for-sale						
U.S. Government agencies and corporations:						
Agency securities	2,176	559,196	482	131,615	2,658	690,811
Agency guaranteed mortgage-backed securities	34,583	3,639,824	1,454	65,071	36,037	3,704,895
Small Business Administration loan-backed securities	5,348	567,365	9,097	535,376	14,445	1,102,741
Municipal securities	735	102,901	121	5,733	856	108,634
Other	—	—	2,665	12,337	2,665	12,337
Asset-backed securities:						
Trust preferred securities – banks and insurance	—	—	—	—	—	—
Auction rate securities	—	—	—	—	—	—
	<u>42,842</u>	<u>4,869,286</u>	<u>13,819</u>	<u>750,132</u>	<u>56,661</u>	<u>5,619,418</u>
Mutual funds and other	37	35,488	—	—	37	35,488
	<u>42,879</u>	<u>4,904,774</u>	<u>13,819</u>	<u>750,132</u>	<u>56,698</u>	<u>5,654,906</u>
Total	<u>\$ 47,400</u>	<u>\$5,026,971</u>	<u>\$ 14,076</u>	<u>\$ 763,944</u>	<u>\$ 61,476</u>	<u>\$5,790,915</u>

(In thousands)	December 31, 2014					
	Less than 12 months		12 months or more		Total	
	Gross unrealized losses	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses	Estimated fair value
Held-to-maturity						
Municipal securities	\$ 527	\$ 62,762	\$ 277	\$ 14,003	\$ 804	\$ 76,765
Asset-backed securities:						
Trust preferred securities – banks and insurance	53	122	40,309	57,186	40,362	57,308
	580	62,884	40,586	71,189	41,166	134,073
Available-for-sale						
U.S. Government agencies and corporations:						
Agency securities	4,510	295,694	3,833	101,188	8,343	396,882
Agency guaranteed mortgage-backed securities	1,914	425,114	191	12,124	2,105	437,238
Small Business Administration loan-backed securities	5,869	495,817	3,022	175,523	8,891	671,340
Municipal securities	258	36,551	687	4,616	945	41,167
Asset-backed securities:						
Trust preferred securities – banks and insurance	—	—	121,984	405,605	121,984	405,605
Auction rate securities	7	1,607	—	—	7	1,607
	12,558	1,254,783	129,717	699,056	142,275	1,953,839
Mutual funds and other	1,044	71,907	—	—	1,044	71,907
	13,602	1,326,690	129,717	699,056	143,319	2,025,746
Total	\$ 14,182	\$1,389,574	\$ 170,303	\$ 770,245	\$ 184,485	\$2,159,819

At December 31, 2015 and 2014, respectively, 187 and 153 HTM and 709 and 458 AFS investment securities were in an unrealized loss position.

Other-Than-Temporary Impairment

Ongoing Policy

We review investment securities on a quarterly basis for the presence of other-than-temporary impairment (“OTTI”). We assess whether OTTI is present when the fair value of a debt security is less than its amortized cost basis at the balance sheet date (the majority of the investment portfolio are debt securities). Under these circumstances, OTTI is considered to have occurred if (1) we have formed a documented intent to sell identified securities or initiated such sales; (2) it is “more likely than not” we will be required to sell the security before recovery of its amortized cost basis; or (3) the present value of expected cash flows is not sufficient to recover the entire amortized cost basis.

Noncredit-related OTTI in securities we intend to sell is recognized in earnings as is any credit-related OTTI in securities, regardless of our intent. Noncredit-related OTTI on AFS securities not expected to be sold is recognized in OCI. The amount of noncredit-related OTTI in a security is quantified as the difference in a security’s amortized cost after adjustment for credit impairment, and its lower fair value. Presentation of OTTI is made in the statement of income on a gross basis with an offset for the amount of OTTI recognized in OCI.

Our OTTI evaluation process takes into consideration current market conditions; fair value in relationship to cost; extent and nature of change in fair value; severity and duration of the impairment; recent events specific to the issuer or industry; our assessment of the creditworthiness of the issuer, including external credit ratings, changes, recent downgrades, and trends; the cash flow priority position of the instrument that we hold in the case of structured securities; volatility of earnings and trends; current analysts’ evaluations; all available information relevant to the collectability of debt securities; and other key measures. In addition, for AFS securities with fair values below amortized cost, we must determine if we intend to sell the securities or if it is more likely than not that we will be required to sell the securities before recovery of their amortized cost basis. For HTM securities, we must

determine we have the ability to hold the securities to maturity. We consider any other relevant factors before concluding our evaluation for the existence of OTTI in our securities portfolio.

OTTI Conclusions

The following summarizes the conclusions from our OTTI evaluation for those security types that had significant gross unrealized losses at December 31, 2015:

OTTI – U.S. Government Agencies and Corporations

Agency Securities: These securities were issued by the Federal Agricultural Mortgage Corporation (“FAMC”) and the Export-Import Bank of the U.S. These securities are fixed or floating-rate and were generally purchased at par. They have maturity dates from 1 to 25 years and have contractual cash flows guaranteed by agencies of the U.S. Government. Unrealized losses relate to changes in interest rates subsequent to purchase and are not attributable to credit. At December 31, 2015, we did not have an intent to sell identified securities with unrealized losses or initiate such sales, and we believe it is more likely than not we would not be required to sell such securities before recovery of their amortized cost basis. Therefore, we did not record OTTI for these securities during 2015.

Agency Guaranteed Mortgage-Backed Securities: These pass-through securities are comprised largely of fixed and floating-rate residential mortgage-backed securities issued by the Government National Mortgage Association (“GNMA”), the Federal National Mortgage Association (“FNMA”), or the Federal Home Loan Mortgage Corporation (“FHLMC”). They were generally purchased at premiums with maturity dates from 10 to 15 years for fixed-rate securities and 30 years for floating-rate securities. These securities benefit from certain guarantee provisions or, in the case of GNMA, direct U.S. government guarantees. Unrealized losses relate to changes in interest rates subsequent to purchase and are not attributable to credit. At December 31, 2015, we did not have an intent to sell identified securities with unrealized losses or initiate such sales, and we believe it is more likely than not we would not be required to sell such securities before recovery of their amortized cost basis. Therefore, we did not record OTTI for these securities during 2015.

Small Business Administration (“SBA”) Loan-Backed Securities: These securities were generally purchased at premiums with maturities from 5 to 25 years and have principal cash flows guaranteed by the SBA. Unrealized losses relate to changes in interest rates subsequent to purchase and are not attributable to credit. At December 31, 2015, we did not have an intent to sell identified SBA securities with unrealized losses or initiate such sales, and we believe it is more likely than not we would not be required to sell such securities before recovery of their amortized cost basis. Therefore, we did not record OTTI for these securities during 2015.

The following is a tabular rollforward of the total amount of credit-related OTTI, including amounts recognized in earnings:

(In thousands)	2015			2014		
	HTM	AFS	Total	HTM	AFS	Total
Balance of credit-related OTTI at beginning of year	\$ (9,079)	\$ (95,472)	\$ (104,551)	\$ (9,052)	\$ (176,833)	\$ (185,885)
Additions recognized in earnings during the year:						
Credit-related OTTI not previously recognized ¹	—	—	—	—	—	—
Credit-related OTTI previously recognized when there is no intent to sell and no requirement to sell before recovery of amortized cost basis ²	—	—	—	(27)	—	(27)
Subtotal of amounts recognized in earnings	—	—	—	(27)	—	(27)
Transfers from HTM to AFS	9,079	(9,079)	—	—	—	—
Reductions for securities sold or paid off during the year	—	104,551	104,551	—	81,361	81,361
Reductions for securities the Company intends to sell or will be required to sell before recovery of its amortized cost basis	—	—	—	—	—	—
Balance of credit-related OTTI at end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (9,079)</u>	<u>\$ (95,472)</u>	<u>\$ (104,551)</u>

¹ Relates to securities not previously impaired.

² Relates to additional impairment on securities previously impaired.

To determine the credit component of OTTI for all security types, we utilize projected cash flows. These cash flows are credit adjusted using, among other things, assumptions for default probability and loss severity. Certain other unobservable inputs such as prepayment rate assumptions are also utilized. In addition, certain internal models may be utilized. See Note 20 for further discussion. To determine the credit-related portion of OTTI in accordance with applicable accounting guidance, we use the security specific effective interest rate when estimating the present value of cash flows.

For those securities with credit-related OTTI recognized in the statement of income, the amounts of pretax noncredit-related OTTI recognized in OCI were as follows:

(In thousands)	2015	2014	2013
HTM	\$ —	\$ —	\$ 16,114
AFS	—	—	7,358
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 23,472</u>

The following summarizes gains and losses, including OTTI, that were recognized in the statement of income:

(In thousands)	2015		2014		2013	
	Gross gains	Gross losses	Gross gains	Gross losses	Gross gains	Gross losses
Investment securities:						
Held-to-maturity	\$ 1	\$ —	\$ 18	\$ 27	\$ 81	\$ 403
Available-for-sale	8,443	147,656	92,525	83,815	13,881	181,591
Other noninterest-bearing investments	25,045	12,693	23,706	8,544	10,182	1,662
	<u>33,489</u>	<u>160,349</u>	<u>116,249</u>	<u>92,386</u>	<u>24,144</u>	<u>183,656</u>
Net gains (losses)		<u>\$ (126,860)</u>		<u>\$ 23,863</u>		<u>\$ (159,512)</u>
Statement of income information:						
Net impairment losses on investment securities		\$ —		\$ (27)		\$ (165,134)
Equity securities gains, net		11,875		13,471		8,520
Fixed income securities gains (losses), net		(138,735)		10,419		(2,898)
Net gains (losses)		<u>\$ (126,860)</u>		<u>\$ 23,863</u>		<u>\$ (159,512)</u>

Interest income by security type is as follows:

(In thousands)	2015			2014			2013		
	Taxable	Nontaxable	Total	Taxable	Nontaxable	Total	Taxable	Nontaxable	Total
Investment securities:									
Held-to-maturity	\$ 12,777	\$ 10,892	\$ 23,669	\$ 14,770	\$ 11,264	\$ 26,034	\$ 19,905	\$ 11,375	\$ 31,280
Available-for-sale	94,877	3,326	98,203	71,365	2,558	73,923	69,061	2,046	71,107
Trading	2,214	—	2,214	1,979	—	1,979	1,055	—	1,055
	<u>\$109,868</u>	<u>\$ 14,218</u>	<u>\$124,086</u>	<u>\$ 88,114</u>	<u>\$ 13,822</u>	<u>\$101,936</u>	<u>\$ 90,021</u>	<u>\$ 13,421</u>	<u>\$103,442</u>

Investment securities with a carrying value of approximately \$2.3 billion and \$1.4 billion at December 31, 2015 and 2014, respectively, were pledged to secure public and trust deposits, advances, and for other purposes as required by law. Securities are also pledged as collateral for security repurchase agreements.

Private Equity Investments

Effect of Volcker Rule

The VR, as published pursuant to the Dodd-Frank Act in December 2013 and amended in January 2014, significantly restricted certain activities by covered bank holding companies, including restrictions on certain types of securities, proprietary trading, and private equity investing. The Company's PEIs consist of Small Business Investment Companies ("SBICs") and non-SBICs. Following the sales of its CDO securities, the only prohibited investments under the VR requiring divestiture by the Company were certain of its PEIs. Of the recorded PEIs of \$137 million at December 31, 2015, approximately \$18 million remain prohibited by the VR.

As of December 31, 2015, we have sold a total of approximately \$17 million of PEIs, including \$9 million during 2015 and \$8 million during 2014. All of these sales related to prohibited PEIs. The 2015 sales resulted in insignificant amounts of realized gains or losses. The 2014 sales resulted in net realized gains of \$5.6 million, of which \$5.1 million was recorded in equity securities gains and \$0.5 million was recorded in dividends and other investment income. Further, we recognized \$4.7 million of net impairment in 2014 on prohibited PEIs. The remaining balance of PEIs are primarily recorded at estimated fair value at December 31, 2015.

We will dispose of the remaining \$18 million of prohibited PEIs before the required deadline. However, the required deadline has been extended to July 21, 2016 from July 21, 2015 and the Federal Reserve has announced its intention

to grant banking entities an additional one-year extension to July 21, 2017. See other discussions in Notes 17 and 20.

As discussed in Note 17, we have \$22 million at December 31, 2015 of unfunded commitments for PEIs, of which approximately \$7 million relate to prohibited PEIs. Until we dispose of the prohibited PEIs, we expect to fund these commitments if and as capital calls are made, as allowed under the VR.

6. LOANS AND ALLOWANCE FOR CREDIT LOSSES

Loans and Loans Held for Sale

Loans are summarized as follows according to major portfolio segment and specific loan class:

<i>(In thousands)</i>	December 31,	
	2015	2014
Loans held for sale	\$ 149,880	\$ 132,504
Commercial:		
Commercial and industrial	\$ 13,211,481	\$ 13,162,955
Leasing	441,666	408,974
Owner occupied	7,150,028	7,351,548
Municipal	675,839	520,887
Total commercial	21,479,014	21,444,364
Commercial real estate:		
Construction and land development	1,841,502	1,986,408
Term	8,514,401	8,126,600
Total commercial real estate	10,355,903	10,113,008
Consumer:		
Home equity credit line	2,416,357	2,321,150
1-4 family residential	5,382,099	5,200,882
Construction and other consumer real estate	385,240	370,542
Bankcard and other revolving plans	443,780	401,352
Other	187,149	212,360
Total consumer	8,814,625	8,506,286
Total loans	\$ 40,649,542	\$ 40,063,658

Loan balances are presented net of unearned income and fees, which amounted to \$150.3 million at December 31, 2015 and \$144.7 million at December 31, 2014.

Owner occupied and commercial real estate (“CRE”) loans include unamortized premiums of approximately \$26.2 million at December 31, 2015 and \$36.5 million at December 31, 2014.

Municipal loans generally include loans to municipalities with the debt service being repaid from general funds or pledged revenues of the municipal entity, or to private commercial entities or 501(c)(3) not-for-profit entities utilizing a pass-through municipal entity to achieve favorable tax treatment.

Land development loans included in the construction and land development loan class were \$288.0 million at December 31, 2015, and \$484.9 million at December 31, 2014.

Loans with a carrying value of approximately \$19.4 billion at December 31, 2015 and \$22.5 billion at December 31, 2014 have been pledged at the Federal Reserve and various Federal Home Loan Banks (“FHLBs”) as collateral for potential borrowings.

We sold loans totaling \$1.4 billion in 2015, \$1.2 billion in 2014, and \$1.6 billion in 2013, that were classified as loans held for sale. The sold loans were derecognized from the balance sheet. Loans classified as loans held for sale primarily consist of conforming residential mortgages and the guaranteed portion of SBA loans. The principal balance of sold loans for which we retain servicing was approximately \$1.3 billion at December 31, 2015 and 2014.

Amounts added to loans held for sale during these years were \$1.4 billion, \$1.2 billion, and \$1.5 billion, respectively. Income from loans sold, excluding servicing, was \$17.8 million in 2015, \$15.1 million in 2014, and \$24.1 million in 2013.

During the third quarter of 2014, construction and land development loans decreased by \$447 million due to conversions to term loans, and increased syndication and participation arrangements. Additionally, 1-4 family residential loans increased by \$326 million, primarily due to the purchase of \$249 million par amount of high quality jumbo adjustable rate mortgage (“ARM”) loans from another bank. Management took these actions to improve the risk profile of the Company’s loans and reduce portfolio concentration risk.

Since 2009, CB&T and NSB have had loss-sharing agreements with the Federal Deposit Insurance Corporation (“FDIC”), which provided indemnification for credit losses of acquired loans and foreclosed assets up to specified thresholds. The agreements for commercial loans, which comprised the major portion of the acquired portfolio, expired as of September 30, 2014. The agreements for 1-4 family residential loans will expire in 2019. In previous periods, the FDIC-supported loan balances were presented separately in this footnote and in other disclosures, and included purchased credit-impaired (“PCI”) loans as subsequently discussed in Purchased Loans. Due to declining balances, for all years presented herein, the FDIC-supported/PCI loans have been reclassified to their respective loan segments and classes.

Allowance for Credit Losses

The allowance for credit losses (“ACL”) consists of the allowance for loan and lease losses (“ALLL”) (also referred to as the allowance for loan losses) and the RULC.

Allowance for Loan and Lease Losses

The ALLL represents our estimate of probable and estimable losses inherent in the loan and lease portfolio as of the balance sheet date. Losses are charged to the ALLL when recognized. Generally, commercial loans are charged off or charged down at the point at which they are determined to be uncollectible in whole or in part, or when 180 days past due, unless the loan is well secured and in the process of collection. Consumer loans are either charged off or charged down to net realizable value no later than the month in which they become 180 days past due. Closed-end loans that are not secured by residential real estate are either charged off or charged down to net realizable value no later than the month in which they become 120 days past due. We establish the amount of the ALLL by analyzing the portfolio at least quarterly, and we adjust the provision for loan losses so the ALLL is at an appropriate level at the balance sheet date.

We determine our ALLL as the best estimate within a range of estimated losses. The methodologies we use to estimate the ALLL depend upon the impairment status and portfolio segment of the loan. The methodology for impaired loans is discussed subsequently. For the commercial and CRE segments, we use a comprehensive loan grading system to assign probability of default (“PD”) and loss given default (“LGD”) grades to each loan. The credit quality indicators discussed subsequently are based on this grading system. In addition, loan officers utilize their experience and judgment in assigning PD and LGD grades, subject to confirmation of the PD and LGD by either credit risk or credit examination. We create groupings of these grades for each banking affiliate and loan class and calculate historic loss rates using a loss migration analysis that attributes historic realized losses to these loan grade groupings over the period of January 2008 through the most recent full quarter.

For the consumer loan segment, we use roll rate models to forecast probable inherent losses. Roll rate models measure the rate at which consumer loans migrate from one delinquency category to the next worse delinquency category, and eventually to loss. We estimate roll rates for consumer loans using recent delinquency and loss

experience by segmenting our consumer loan portfolio into separate pools based on common risk characteristics and separately calculating historical delinquency and loss experience for each pool. These roll rates are then applied to current delinquency levels to estimate probable inherent losses. Roll rates incorporate housing market trends inasmuch as these trends manifest themselves in charge-offs and delinquencies. In addition, our qualitative and environmental factors discussed subsequently incorporate the most recent housing market trends.

The current status and historical changes in qualitative and environmental factors may not be reflected in our quantitative models. Thus, after applying historical loss experience, as described above, we review the quantitatively derived level of ALLL for each segment using qualitative criteria and use those criteria to determine our estimate within the range. We track various risk factors that influence our judgment regarding the level of the ALLL across the portfolio segments. These factors primarily include:

- Asset quality trends
- Risk management and loan administration practices
- Risk identification practices
- Effect of changes in the nature and volume of the portfolio
- Existence and effect of any portfolio concentrations
- National economic and business conditions
- Regional and local economic and business conditions
- Data availability and applicability
- Effects of other external factors

The magnitude of the impact of these factors on our qualitative assessment of the ALLL changes from quarter to quarter according to the extent these factors are already reflected in historic loss rates and according to the extent these factors diverge from one to another. We also consider the uncertainty inherent in the estimation process when evaluating the ALLL.

Reserve for Unfunded Lending Commitments

We also estimate a reserve for potential losses associated with off-balance sheet commitments, including standby letters of credit. We determine the RULC using the same procedures and methodologies that we use for the ALLL. The loss factors used in the RULC are the same as the loss factors used in the ALLL, and the qualitative adjustments used in the RULC are the same as the qualitative adjustments used in the ALLL. We adjust the Company's unfunded lending commitments that are not unconditionally cancelable to an outstanding amount equivalent using credit conversion factors, and we apply the loss factors to the outstanding equivalents.

Changes in the ACL are summarized as follows:

<i>(In thousands)</i>	December 31, 2015			
	Commercial	Commercial real estate	Consumer	Total
Allowance for loan losses				
Balance at beginning of year	\$ 412,514	\$ 145,009	\$ 47,140	\$ 604,663
Additions:				
Provision for loan losses	96,995	(51,777)	(5,183)	40,035
Adjustment for FDIC-supported/PCI loans	(57)	57	5	5
Deductions:				
Gross loan and lease charge-offs	(110,437)	(14,194)	(14,298)	(138,929)
Recoveries	55,262	34,897	10,115	100,274
Net loan and lease (charge-offs) recoveries	(55,175)	20,703	(4,183)	(38,655)
Balance at end of year	<u>\$ 454,277</u>	<u>\$ 113,992</u>	<u>\$ 37,779</u>	<u>\$ 606,048</u>
Reserve for unfunded lending commitments				
Balance at beginning of year	\$ 58,931	\$ 21,517	\$ 628	\$ 81,076
Provision credited to earnings	(1,235)	(4,991)	(12)	(6,238)
Balance at end of year	<u>\$ 57,696</u>	<u>\$ 16,526</u>	<u>\$ 616</u>	<u>\$ 74,838</u>
Total allowance for credit losses				
Allowance for loan losses	\$ 454,277	\$ 113,992	\$ 37,779	\$ 606,048
Reserve for unfunded lending commitments	57,696	16,526	616	74,838
Total allowance for credit losses	<u>\$ 511,973</u>	<u>\$ 130,518</u>	<u>\$ 38,395</u>	<u>\$ 680,886</u>

<i>(In thousands)</i>	December 31, 2014			
	Commercial	Commercial real estate	Consumer	Total
Allowance for loan losses				
Balance at beginning of year	\$ 469,213	\$ 216,012	\$ 61,066	\$ 746,291
Additions:				
Provision for loan losses	(19,691)	(67,825)	(10,566)	(98,082)
Adjustment for FDIC-supported/PCI loans	(1,209)	—	(96)	(1,305)
Deductions:				
Gross loan and lease charge-offs	(76,345)	(15,322)	(14,543)	(106,210)
Recoveries	40,546	12,144	11,279	63,969
Net loan and lease charge-offs	(35,799)	(3,178)	(3,264)	(42,241)
Balance at end of year	<u>\$ 412,514</u>	<u>\$ 145,009</u>	<u>\$ 47,140</u>	<u>\$ 604,663</u>
Reserve for unfunded lending commitments				
Balance at beginning of year	\$ 48,345	\$ 37,485	\$ 3,875	\$ 89,705
Provision charged (credited) to earnings	10,586	(15,968)	(3,247)	(8,629)
Balance at end of year	<u>\$ 58,931</u>	<u>\$ 21,517</u>	<u>\$ 628</u>	<u>\$ 81,076</u>
Total allowance for credit losses				
Allowance for loan losses	\$ 412,514	\$ 145,009	\$ 47,140	\$ 604,663
Reserve for unfunded lending commitments	58,931	21,517	628	81,076
Total allowance for credit losses	<u>\$ 471,445</u>	<u>\$ 166,526</u>	<u>\$ 47,768</u>	<u>\$ 685,739</u>

The ALLL and outstanding loan balances according to the Company's impairment method are summarized as follows:

<i>(In thousands)</i>	December 31, 2015			
	Commercial	Commercial real estate	Consumer	Total
Allowance for loan losses				
Individually evaluated for impairment	\$ 36,909	\$ 3,154	\$ 9,462	\$ 49,525
Collectively evaluated for impairment	417,295	110,417	27,866	555,578
Purchased loans with evidence of credit deterioration	73	421	451	945
Total	<u>\$ 454,277</u>	<u>\$ 113,992</u>	<u>\$ 37,779</u>	<u>\$ 606,048</u>
Outstanding loan balances				
Individually evaluated for impairment	\$ 289,629	\$ 107,341	\$ 92,605	\$ 489,575
Collectively evaluated for impairment	21,129,125	10,193,840	8,712,079	40,035,044
Purchased loans with evidence of credit deterioration	60,260	54,722	9,941	124,923
Total	<u>\$ 21,479,014</u>	<u>\$ 10,355,903</u>	<u>\$ 8,814,625</u>	<u>\$ 40,649,542</u>

<i>(In thousands)</i>	December 31, 2014			
	Commercial	Commercial real estate	Consumer	Total
Allowance for loan losses				
Individually evaluated for impairment	\$ 28,627	\$ 4,027	\$ 9,059	\$ 41,713
Collectively evaluated for impairment	382,552	140,090	37,508	560,150
Purchased loans with evidence of credit deterioration	1,335	892	573	2,800
Total	<u>\$ 412,514</u>	<u>\$ 145,009</u>	<u>\$ 47,140</u>	<u>\$ 604,663</u>
Outstanding loan balances				
Individually evaluated for impairment	\$ 259,207	\$ 167,435	\$ 95,267	\$ 521,909
Collectively evaluated for impairment	21,105,217	9,861,862	8,395,371	39,362,450
Purchased loans with evidence of credit deterioration	79,940	83,711	15,648	179,299
Total	<u>\$ 21,444,364</u>	<u>\$ 10,113,008</u>	<u>\$ 8,506,286</u>	<u>\$ 40,063,658</u>

Nonaccrual and Past Due Loans

Loans are generally placed on nonaccrual status when payment in full of principal and interest is not expected, or the loan is 90 days or more past due as to principal or interest, unless the loan is both well secured and in the process of collection. Factors we consider in determining whether a loan is placed on nonaccrual include delinquency status, collateral value, borrower or guarantor financial statement information, bankruptcy status, and other information which would indicate that the full and timely collection of interest and principal is uncertain.

A nonaccrual loan may be returned to accrual status when all delinquent interest and principal become current in accordance with the terms of the loan agreement; the loan, if secured, is well secured; the borrower has paid according to the contractual terms for a minimum of six months; and analysis of the borrower indicates a reasonable assurance of the ability and willingness to maintain payments. Payments received on nonaccrual loans are applied as a reduction to the principal outstanding.

Closed-end loans with payments scheduled monthly are reported as past due when the borrower is in arrears for two or more monthly payments. Similarly, open-end credit such as charge-card plans and other revolving credit plans are reported as past due when the minimum payment has not been made for two or more billing cycles. Other multi-payment obligations (i.e., quarterly, semiannual, etc.), single payment, and demand notes are reported as past due when either principal or interest is due and unpaid for a period of 30 days or more.

Nonaccrual loans are summarized as follows:

<i>(In thousands)</i>	December 31,	
	2015	2014
Commercial:		
Commercial and industrial	\$ 163,906	\$ 105,591
Leasing	3,829	295
Owner occupied	73,881	87,243
Municipal	951	1,056
Total commercial	242,567	194,185
Commercial real estate:		
Construction and land development	7,045	23,880
Term	40,253	25,107
Total commercial real estate	47,298	48,987
Consumer:		
Home equity credit line	8,270	11,430
1-4 family residential	50,254	49,861
Construction and other consumer real estate	748	1,735
Bankcard and other revolving plans	537	196
Other	186	254
Total consumer loans	59,995	63,476
Total	\$ 349,860	\$ 306,648

Past due loans (accruing and nonaccruing) are summarized as follows:

December 31, 2015							
(In thousands)	Current	30-89 days past due	90+ days past due	Total past due	Total loans	Accruing loans 90+ days past due	Nonaccrual loans that are current
Commercial:							
Commercial and industrial	\$ 13,114,045	\$ 60,523	\$ 36,913	\$ 97,436	\$ 13,211,481	\$ 3,065	\$ 117,942
Leasing	440,963	183	520	703	441,666	—	3,309
Owner occupied	7,085,086	37,776	27,166	64,942	7,150,028	3,626	43,984
Municipal	668,207	7,586	46	7,632	675,839	46	951
Total commercial	21,308,301	106,068	64,645	170,713	21,479,014	6,737	166,186
Commercial real estate:							
Construction and land development	1,835,360	842	5,300	6,142	1,841,502	—	1,745
Term	8,469,390	10,424	34,587	45,011	8,514,401	21,697	24,867
Total commercial real estate	10,304,750	11,266	39,887	51,153	10,355,903	21,697	26,612
Consumer:							
Home equity credit line	2,407,972	4,717	3,668	8,385	2,416,357	—	3,053
1-4 family residential	5,340,549	14,828	26,722	41,550	5,382,099	1,036	20,939
Construction and other consumer real estate	374,987	8,593	1,660	10,253	385,240	1,337	408
Bankcard and other revolving plans	440,358	1,861	1,561	3,422	443,780	1,217	146
Other	186,436	647	66	713	187,149	—	83
Total consumer loans	8,750,302	30,646	33,677	64,323	8,814,625	3,590	24,629
Total	\$ 40,363,353	\$ 147,980	\$ 138,209	\$ 286,189	\$ 40,649,542	\$ 32,024	\$ 217,427

December 31, 2014							
(In thousands)	Current	30-89 days past due	90+ days past due	Total past due	Total loans	Accruing loans 90+ days past due	Nonaccrual loans that are current
Commercial:							
Commercial and industrial	\$ 13,092,731	\$ 28,295	\$ 41,929	\$ 70,224	\$ 13,162,955	\$ 4,677	\$ 64,385
Leasing	408,724	225	25	250	408,974	—	270
Owner occupied	7,275,842	29,182	46,524	75,706	7,351,548	3,334	39,649
Municipal	520,887	—	—	—	520,887	—	1,056
Total commercial	21,298,184	57,702	88,478	146,180	21,444,364	8,011	105,360
Commercial real estate:							
Construction and land development	1,972,206	2,711	11,491	14,202	1,986,408	92	12,481
Term	8,082,940	14,415	29,245	43,660	8,126,600	19,700	13,787
Total commercial real estate	10,055,146	17,126	40,736	57,862	10,113,008	19,792	26,268
Consumer:							
Home equity credit line	2,309,967	4,503	6,680	11,183	2,321,150	1	1,779
1-4 family residential	5,163,610	12,416	24,856	37,272	5,200,882	318	20,599
Construction and other consumer real estate	359,723	9,675	1,144	10,819	370,542	160	608
Bankcard and other revolving plans	397,882	2,425	1,045	3,470	401,352	946	80
Other	211,560	644	156	800	212,360	—	84
Total consumer loans	8,442,742	29,663	33,881	63,544	8,506,286	1,425	23,150
Total	\$ 39,796,072	\$ 104,491	\$ 163,095	\$ 267,586	\$ 40,063,658	\$ 29,228	\$ 154,778

¹ Represents nonaccrual loans not past due more than 30 days; however, full payment of principal and interest is still not expected.

Credit Quality Indicators

In addition to the past due and nonaccrual criteria, we also analyze loans using loan risk grading systems, which vary based on the size and type of credit risk exposure. The internal risk grades assigned to loans follow our definitions of Pass, Special Mention, Substandard, and Doubtful, which are consistent with published definitions of regulatory risk classifications.

Definitions of Pass, Special Mention, Substandard, and Doubtful are summarized as follows:

Pass – A Pass asset is higher quality and does not fit any of the other categories described below. The likelihood of loss is considered remote.

Special Mention – A Special Mention asset has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the bank's credit position at some future date.

Substandard – A Substandard asset is inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Assets so classified have well-defined weaknesses and are characterized by the distinct possibility that the bank may sustain some loss if deficiencies are not corrected.

Doubtful – A Doubtful asset has all the weaknesses inherent in a Substandard asset with the added characteristics that the weaknesses make collection or liquidation in full highly questionable.

We generally assign internal risk grades to commercial and CRE loans with commitments equal to or greater than \$750,000 based on financial and statistical models, individual credit analysis, and loan officer judgment. For these larger loans, we assign one of multiple grades within the Pass classification or one of the following four grades: Special Mention, Substandard, Doubtful, and Loss. Loss indicates that the outstanding balance has been charged off. We confirm our internal risk grades quarterly, or as soon as we identify information that affects the credit risk of the loan.

For consumer loans or certain small commercial loans with commitments equal to or less than \$750,000, we generally assign internal risk grades similar to those described previously based on automated rules that depend on refreshed credit scores, payment performance, and other risk indicators. These are generally assigned either a Pass or Substandard grade and are reviewed as we identify information that might warrant a grade change.

Outstanding loan balances (accruing and nonaccruing) categorized by these credit quality indicators are summarized as follows:

<i>(In thousands)</i>	December 31, 2015					
	Pass	Special mention	Sub-standard	Doubtful	Total loans	Total allowance
Commercial:						
Commercial and industrial	\$ 12,007,076	\$ 399,847	\$ 804,403	\$ 155	\$ 13,211,481	
Leasing	411,131	5,166	25,369	—	441,666	
Owner occupied	6,720,052	139,784	290,192	—	7,150,028	
Municipal	663,903	—	11,936	—	675,839	
Total commercial	19,802,162	544,797	1,131,900	155	21,479,014	\$ 454,277
Commercial real estate:						
Construction and land development	1,786,610	42,348	12,544	—	1,841,502	
Term	8,319,348	47,245	139,036	8,772	8,514,401	
Total commercial real estate	10,105,958	89,593	151,580	8,772	10,355,903	113,992
Consumer:						
Home equity credit line	2,404,635	—	11,722	—	2,416,357	
1-4 family residential	5,325,519	—	56,580	—	5,382,099	
Construction and other consumer real estate	381,738	—	3,502	—	385,240	
Bankcard and other revolving plans	440,282	—	3,498	—	443,780	
Other	186,836	—	313	—	187,149	
Total consumer loans	8,739,010	—	75,615	—	8,814,625	37,779
Total	\$ 38,647,130	\$ 634,390	\$ 1,359,095	\$ 8,927	\$ 40,649,542	\$ 606,048

<i>(In thousands)</i>	December 31, 2014					
	Pass	Special mention	Sub-standard	Doubtful	Total loans	Total allowance
Commercial:						
Commercial and industrial	\$ 12,515,846	\$ 209,215	\$ 426,002	\$ 11,892	\$ 13,162,955	
Leasing	399,032	4,868	5,074	—	408,974	
Owner occupied	6,844,310	168,423	338,815	—	7,351,548	
Municipal	518,513	1,318	1,056	—	520,887	
Total commercial	20,277,701	383,824	770,947	11,892	21,444,364	\$ 412,514
Commercial real estate:						
Construction and land development	1,925,685	8,464	52,259	—	1,986,408	
Term	7,802,571	96,347	223,324	4,358	8,126,600	
Total commercial real estate	9,728,256	104,811	275,583	4,358	10,113,008	145,009
Consumer:						
Home equity credit line	2,304,352	—	16,798	—	2,321,150	
1-4 family residential	5,138,660	—	62,222	—	5,200,882	
Construction and other consumer real estate	367,932	—	2,610	—	370,542	
Bankcard and other revolving plans	399,446	—	1,906	—	401,352	
Other	211,811	—	549	—	212,360	
Total consumer loans	8,422,201	—	84,085	—	8,506,286	47,140
Total	\$ 38,428,158	\$ 488,635	\$ 1,130,615	\$ 16,250	\$ 40,063,658	\$ 604,663

Impaired Loans

Loans are considered impaired when, based on current information and events, it is probable that we will be unable to collect all amounts due in accordance with the contractual terms of the loan agreement, including scheduled interest payments. For our non-purchased credit-impaired loans, if a nonaccrual loan has a balance greater than \$1 million, or if a loan is a TDR, including TDRs that subsequently default, or if the loan is no longer reported as a TDR, we individually evaluate the loan for impairment and estimate a specific reserve for the loan for all portfolio segments under applicable accounting guidance. Smaller nonaccrual loans are pooled for ALLL estimation purposes. PCI loans are included in impaired loans and are accounted for under separate accounting guidance. See subsequent discussion under Purchased Loans.

When a loan is impaired, we estimate a specific reserve for the loan based on the projected present value of the loan's future cash flows discounted at the loan's effective interest rate, the observable market price of the loan, or the fair value of the loan's underlying collateral. The process of estimating future cash flows also incorporates the same determining factors discussed previously under nonaccrual loans. When we base the impairment amount on the fair value of the loan's underlying collateral, we generally charge-off the portion of the balance that is impaired, such that these loans do not have a specific reserve in the ALLL. Payments received on impaired loans that are accruing are recognized in interest income, according to the contractual loan agreement. Payments received on impaired loans that are on nonaccrual are not recognized in interest income, but are applied as a reduction to the principal outstanding. The amount of interest income recognized on a cash basis during the time the loans were impaired within the years ended December 31, 2015 and 2014 was not significant.

Information on all impaired loans is summarized as follows, including the average recorded investment and interest income recognized for the years ended December 31, 2015 and 2014:

(In thousands)	December 31, 2015					Year Ended December 31, 2015	
	Unpaid principal balance	Recorded investment		Total recorded investment	Related allowance	Average recorded investment	Interest income recognized
		with no allowance	with allowance				
Commercial:							
Commercial and industrial	\$ 272,161	\$ 44,190	\$ 163,729	\$ 207,919	\$ 30,538	\$ 153,756	\$ 7,506
Owner occupied	141,526	83,024	43,243	126,267	5,486	125,777	12,450
Municipal	1,430	951	—	951	—	994	—
Total commercial	415,117	128,165	206,972	335,137	36,024	280,527	19,956
Commercial real estate:							
Construction and land development	22,791	5,076	9,558	14,634	618	16,192	6,410
Term	142,239	82,864	34,361	117,225	2,604	111,074	16,971
Total commercial real estate	165,030	87,940	43,919	131,859	3,222	127,266	23,381
Consumer:							
Home equity credit line	27,064	18,980	5,319	24,299	243	22,050	1,547
1-4 family residential	74,009	29,540	41,155	70,695	8,736	96,482	2,616
Construction and other consumer real estate	2,741	989	1,014	2,003	173	2,288	123
Bankcard and other revolving plans	—	—	—	—	—	1	102
Other	3,187	36	2,570	2,606	299	3,781	838
Total consumer loans	107,001	49,545	50,058	99,603	9,451	124,602	5,226
Total	\$ 687,148	\$ 265,650	\$ 300,949	\$ 566,599	\$ 48,697	\$ 532,395	\$ 48,563

(In thousands)	December 31, 2014					Year Ended December 31, 2014	
	Unpaid principal balance	Recorded investment		Total recorded investment	Related allowance	Average recorded investment	Interest income recognized
		with no allowance	with allowance				
Commercial:							
Commercial and industrial	\$ 185,520	\$ 43,257	\$ 103,565	\$ 146,822	\$ 22,852	\$ 185,947	\$ 10,803
Owner occupied	198,231	83,179	86,382	169,561	6,087	233,361	18,221
Municipal	1,535	1,056	—	1,056	—	9,208	—
Total commercial	385,286	127,492	189,947	317,439	28,939	428,516	29,024
Commercial real estate:							
Construction and land development	60,993	16,500	26,977	43,477	1,773	61,068	6,384
Term	203,788	96,351	63,740	160,091	2,345	238,507	31,144
Total commercial real estate	264,781	112,851	90,717	203,568	4,118	299,575	37,528
Consumer:							
Home equity credit line	30,209	14,798	11,883	26,681	437	25,909	2,426
1-4 family residential	86,575	37,096	35,831	72,927	8,494	81,526	2,058
Construction and other consumer real estate	3,902	1,449	1,410	2,859	233	3,167	155
Bankcard and other revolving plans	—	—	—	—	—	2	22
Other	6,580	—	5,254	5,254	133	7,585	1,665
Total consumer loans	127,266	53,343	54,378	107,721	9,297	118,189	6,326
Total	\$ 777,333	\$ 293,686	\$ 335,042	\$ 628,728	\$ 42,354	\$ 846,280	\$ 72,878

Modified and Restructured Loans

Loans may be modified in the normal course of business for competitive reasons or to strengthen the Company's position. Loan modifications and restructurings may also occur when the borrower experiences financial difficulty and needs temporary or permanent relief from the original contractual terms of the loan. These modifications are structured on a loan-by-loan basis and, depending on the circumstances, may include extended payment terms, a modified interest rate, forgiveness of principal, or other concessions. Loans that have been modified to accommodate a borrower who is experiencing financial difficulties, and for which the Company has granted a concession that it would not otherwise consider, are considered TDRs.

We consider many factors in determining whether to agree to a loan modification involving concessions, and seek a solution that will both minimize potential loss to the Company and attempt to help the borrower. We evaluate borrowers' current and forecasted future cash flows, their ability and willingness to make current contractual or proposed modified payments, the value of the underlying collateral (if applicable), the possibility of obtaining additional security or guarantees, and the potential costs related to a repossession or foreclosure and the subsequent sale of the collateral.

TDRs are classified as either accrual or nonaccrual loans. A loan on nonaccrual and restructured as a TDR will remain on nonaccrual status until the borrower has proven the ability to perform under the modified structure for a minimum of six months, and there is evidence that such payments can and are likely to continue as agreed. 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. A TDR loan that specifies an interest rate that at the time of the restructuring is greater than or equal to the rate the bank is willing to accept for a new loan with comparable risk may not be reported as a TDR or an impaired loan in the calendar years subsequent to the restructuring if it is in compliance with its modified terms.

Selected information on TDRs at year-end that includes the recorded investment on an accruing and nonaccruing basis by loan class and modification type is summarized in the following schedules:

	December 31, 2015						
	Recorded investment resulting from the following modification types:						
(In thousands)	Interest rate below market	Maturity or term extension	Principal forgiveness	Payment deferral	Other ¹	Multiple modification types ²	Total
Accruing							
Commercial:							
Commercial and industrial	\$ 202	\$ 3,236	\$ 13	\$ 100	\$ 23,207	\$ 34,473	\$ 61,231
Owner occupied	1,999	681	929	—	9,879	16,339	29,827
Total commercial	2,201	3,917	942	100	33,086	50,812	91,058
Commercial real estate:							
Construction and land development	94	—	—	—	—	9,698	9,792
Term	4,696	638	166	976	2,249	20,833	29,558
Total commercial real estate	4,790	638	166	976	2,249	30,531	39,350
Consumer:							
Home equity credit line	192	2,147	9,763	—	164	3,155	15,421
1-4 family residential	2,669	353	6,747	433	3,440	32,903	46,545
Construction and other consumer real estate	174	384	—	—	—	1,152	1,710
Total consumer loans	3,035	2,884	16,510	433	3,604	37,210	63,676
Total accruing	10,026	7,439	17,618	1,509	38,939	118,553	194,084
Nonaccruing							
Commercial:							
Commercial and industrial	28	455	—	1,879	3,577	49,617	55,556
Owner occupied	685	1,669	—	724	34	16,335	19,447
Municipal	—	951	—	—	—	—	951
Total commercial	713	3,075	—	2,603	3,611	65,952	75,954
Commercial real estate:							
Construction and land development	—	333	—	—	3,156	208	3,697
Term	1,844	—	—	—	2,960	5,203	10,007
Total commercial real estate	1,844	333	—	—	6,116	5,411	13,704
Consumer:							
Home equity credit line	7	500	1,400	54	—	233	2,194
1-4 family residential	—	275	2,052	136	1,180	7,299	10,942
Construction and other consumer real estate	—	101	17	48	—	44	210
Bankcard and other revolving plans	—	—	—	—	—	—	—
Total consumer loans	7	876	3,469	238	1,180	7,576	13,346
Total nonaccruing	2,564	4,284	3,469	2,841	10,907	78,939	103,004
Total	\$ 12,590	\$ 11,723	\$ 21,087	\$ 4,350	\$ 49,846	\$ 197,492	\$ 297,088

December 31, 2014

(In thousands)	Recorded investment resulting from the following modification types:						Total
	Interest rate below market	Maturity or term extension	Principal forgiveness	Payment deferral	Other ¹	Multiple modification types ²	
Accruing							
Commercial:							
Commercial and industrial	\$ 2,611	\$ 6,509	\$ 18	\$ 3,203	\$ 3,855	\$ 34,585	\$ 50,781
Owner occupied	19,981	1,124	960	1,251	10,960	17,505	51,781
Total commercial	22,592	7,633	978	4,454	14,815	52,090	102,562
Commercial real estate:							
Construction and land development	—	—	—	—	521	19,854	20,375
Term	7,328	9,027	179	3,153	2,546	39,007	61,240
Total commercial real estate	7,328	9,027	179	3,153	3,067	58,861	81,615
Consumer:							
Home equity credit line	742	70	11,320	—	166	1,281	13,579
1-4 family residential	2,425	552	6,828	446	753	34,719	45,723
Construction and other consumer real estate	290	422	42	90	—	1,227	2,071
Total consumer loans	3,457	1,044	18,190	536	919	37,227	61,373
Total accruing	33,377	17,704	19,347	8,143	18,801	148,178	245,550
Nonaccruing							
Commercial:							
Commercial and industrial	442	576	—	611	5,199	20,410	27,238
Owner occupied	2,714	1,219	—	883	2,852	12,040	19,708
Municipal	—	1,056	—	—	—	—	1,056
Total commercial	3,156	2,851	—	1,494	8,051	32,450	48,002
Commercial real estate:							
Construction and land development	11,080	68	—	93	3,300	6,427	20,968
Term	2,851	—	—	—	277	4,607	7,735
Total commercial real estate	13,931	68	—	93	3,577	11,034	28,703
Consumer:							
Home equity credit line	—	—	420	203	—	399	1,022
1-4 family residential	3,378	1,029	1,951	191	3,527	9,413	19,489
Construction and other consumer real estate	—	463	—	—	—	100	563
Total consumer loans	3,378	1,492	2,371	394	3,527	9,912	21,074
Total nonaccruing	20,465	4,411	2,371	1,981	15,155	53,396	97,779
Total	\$ 53,842	\$ 22,115	\$ 21,718	\$ 10,124	\$ 33,956	\$ 201,574	\$ 343,329

¹ Includes TDRs that resulted from other modification types including, but not limited to, a legal judgment awarded on different terms, a bankruptcy plan confirmed on different terms, a settlement that includes the delivery of collateral in exchange for debt reduction, etc.

² Includes TDRs that resulted from a combination of any of the previous modification types.

Unused commitments to extend credit on TDRs amounted to approximately \$7.5 million at December 31, 2015 and \$6.1 million at December 31, 2014.

The total recorded investment of all TDRs in which interest rates were modified below market was \$188.0 million and \$219.3 million at December 31, 2015 and 2014, respectively. These loans are included in the previous schedule in the columns for interest rate below market and multiple modification types.

The net financial impact on interest income due to interest rate modifications below market for accruing TDRs is summarized in the following schedule:

<i>(In thousands)</i>	<u>2015</u>	<u>2014</u>
Commercial:		
Commercial and industrial	\$ (261)	\$ (84)
Owner occupied	(279)	(519)
Total commercial	(540)	(603)
Commercial real estate:		
Construction and land development	(90)	(197)
Term	(378)	(573)
Total commercial real estate	(468)	(770)
Consumer:		
Home equity credit line	(2)	(5)
1-4 family residential	(1,037)	(1,130)
Construction and other consumer real estate	(27)	(32)
Total consumer loans	(1,066)	(1,167)
Total decrease to interest income ¹	<u>\$ (2,074)</u>	<u>\$ (2,540)</u>

¹ Calculated based on the difference between the modified rate and the premodified rate applied to the recorded investment.

On an ongoing basis, we monitor the performance of all TDRs according to their restructured terms. Subsequent payment default is defined in terms of delinquency, when principal or interest payments are past due 90 days or more for commercial loans, or 60 days or more for consumer loans.

As of December 31, 2015, the recorded investment of accruing and nonaccruing TDRs that had a payment default during the year listed below (and are still in default at year-end) and are within 12 months or less of being modified as TDRs is as follows:

<i>(In thousands)</i>	<u>December 31, 2015</u>			<u>December 31, 2014</u>		
	<u>Accruing</u>	<u>Nonaccruing</u>	<u>Total</u>	<u>Accruing</u>	<u>Nonaccruing</u>	<u>Total</u>
Commercial:						
Commercial and industrial	\$ 883	\$ 116	\$ 999	\$ —	\$ 1,008	\$ 1,008
Owner occupied	—	1,684	1,684	—	378	378
Total commercial	883	1,800	2,683	—	1,386	1,386
Commercial real estate:						
Construction and land development	—	—	—	—	—	—
Term	—	—	—	—	—	—
Total commercial real estate	—	—	—	—	—	—
Consumer:						
Home equity credit line	—	—	—	—	201	201
1-4 family residential	—	722	722	192	310	502
Construction and other consumer real estate	—	—	—	—	55	55
Total consumer loans	—	722	722	192	566	758
Total	<u>\$ 883</u>	<u>\$ 2,522</u>	<u>\$ 3,405</u>	<u>\$ 192</u>	<u>\$ 1,952</u>	<u>\$ 2,144</u>

Note: Total loans modified as TDRs during the 12 months previous to December 31, 2015 and 2014 were \$134.0 million and \$84.7 million, respectively.

As of December 31, 2015, the amount of foreclosed residential real estate property held by the Company was approximately \$0.5 million, and the recorded investment in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure was approximately \$12.5 million.

Concentrations of Credit Risk

Credit risk is the possibility of loss from the failure of a borrower, guarantor, or another obligor to fully perform under the terms of a credit-related contract. Credit risks (whether on- or off-balance sheet) may occur when individual borrowers, groups of borrowers, or counterparties have similar economic characteristics, including industries, geographies, collateral types, sponsors, etc., and are similarly affected by changes in economic or other conditions. Credit risk also includes the loss that would be recognized subsequent to the reporting date if counterparties failed to perform as contracted. See Note 7 for a discussion of counterparty risk associated with the Company's derivative transactions.

We perform an ongoing analysis of our loan portfolio to evaluate whether there is any significant exposure to any concentrations of credit risk. Based on this analysis, we believe that the loan portfolio is generally well diversified; however, due to the nature of the Company's geographical footprint, there are certain significant concentrations primarily in CRE and oil and gas-related lending. Further, we cannot guarantee that we have fully understood or mitigated all risk concentrations or correlated risks. We have adopted and adhere to concentration limits on various types of CRE lending, particularly construction and land development lending, leveraged lending, municipal lending, and oil and gas-related lending. All of these limits are continually monitored and revised as we judge appropriate. These concentration limits, particularly the various types of CRE and real estate development loan limits, are materially lower than they were just prior to the emergence of the recent economic downturn.

Purchased Loans

Background and Accounting

We purchase loans in the ordinary course of business and account for them and the related interest income based on their performing status at the time of acquisition. Purchased credit-impaired ("PCI") loans have evidence of credit deterioration at the time of acquisition and it is probable that not all contractual payments will be collected. Interest income for PCI loans is accounted for on an expected cash flow basis. Certain other loans acquired by the Company that are not credit-impaired include loans with revolving privileges and are excluded from the PCI tabular disclosures following. Interest income for these loans is accounted for on a contractual cash flow basis. Certain acquired loans with similar characteristics such as risk exposure, type, size, etc., are grouped and accounted for in loan pools.

Outstanding Balances and Accrutable Yield

The outstanding balances of all required payments and the related carrying amounts for PCI loans are as follows:

<i>(In thousands)</i>	December 31,	
	2015	2014
Commercial	\$ 72,440	\$ 104,942
Commercial real estate	65,167	118,217
Consumer	11,082	17,910
Outstanding balance	<u>\$ 148,689</u>	<u>\$ 241,069</u>
Carrying amount	\$ 125,029	\$ 179,299
Less ALLL	945	2,800
Carrying amount, net	<u>\$ 124,084</u>	<u>\$ 176,499</u>

At the time of acquisition of PCI loans, we determine the loan's contractually required payments in excess of all cash flows expected to be collected as an amount that should not be accreted (nonaccretible difference). With

respect to the cash flows expected to be collected, the portion representing the excess of the loan's expected cash flows over our initial investment (accretable yield) is accreted into interest income on a level yield basis over the remaining expected life of the loan or pool of loans. The effects of estimated prepayments are considered in estimating the expected cash flows.

Certain PCI loans are not accounted for as previously described because the estimation of cash flows to be collected involves a high degree of uncertainty. Under these circumstances, the accounting guidance provides that interest income is recognized on a cash basis similar to the cost recovery methodology for nonaccrual loans. The net carrying amounts in the preceding schedule also include the amounts for these loans. There were no amounts of these loans at December 31, 2015 and \$5.3 million at December 31, 2014.

Changes in the accretable yield for PCI loans were as follows:

<i>(In thousands)</i>	2015	2014
Balance at beginning of year	\$ 45,055	\$ 77,528
Accretion	(40,077)	(58,140)
Reclassification from nonaccretable difference	22,190	17,647
Disposals and other	12,635	8,020
Balance at end of year	<u>\$ 39,803</u>	<u>\$ 45,055</u>

The primary drivers of reclassification to accretable yield from nonaccretable difference and increases in disposals and other were (1) changes in estimated cash flows, (2) unexpected payments on nonaccrual loans, and (3) recoveries on zero balance loans pools. See subsequent discussion under changes in cash flow estimates.

ALLL Determination

For all acquired loans, the ALLL is only established for credit deterioration subsequent to the date of acquisition and represents our estimate of the inherent losses in excess of the book value of acquired loans. The ALLL for acquired loans is included in the overall ALLL in the balance sheet.

During 2015, 2014 and 2013, we adjusted the ALLL for acquired loans by recording a provision for loan losses of \$0.3 million in 2015, and a negative provision of \$(1.7) million in 2014, and \$(10.1) million in 2013. The provision is net of the ALLL reversals resulting from changes in cash flow estimates, which are discussed subsequently.

Changes in the provision for loan losses and related ALLL are driven in large part by the same factors that affect the changes in reclassification from nonaccretable difference to accretable yield, as discussed under changes in cash flow estimates.

Changes in Cash Flow Estimates

Over the life of the loan or loan pool, we continue to estimate cash flows expected to be collected. We evaluate quarterly at the balance sheet date whether the estimated present values of these loans using the effective interest rates have decreased below their carrying values. If so, we record a provision for loan losses.

For increases in carrying values that resulted from better than expected cash flows, we use such increases first to reverse any existing ALLL. During 2015, 2014, and 2013, total reversals to the ALLL, including the impact of increases in estimated cash flows, were \$3.7 million in 2015 and \$4.6 million in 2014, and \$15.1 million in 2013. When there is no current ALLL, we increase the amount of accretable yield on a prospective basis over the remaining life of the loan and recognize this increase in interest income.

The impact of increased cash flow estimates recognized in the statement of income for acquired loans with no ALLL was approximately \$31.6 million in 2015, \$46.7 million in 2014, and \$90.9 million in 2013, of additional interest income.

7. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Objectives

Our objectives in using derivatives are to add stability to interest income or expense, to modify the duration of specific assets or liabilities as we consider advisable, to manage exposure to interest rate movements or other identified risks, and/or to directly offset derivatives sold to our customers. We apply hedge accounting to certain derivatives executed for risk management purposes as described in more detail subsequently. However, we do not apply hedge accounting to all of the derivatives involved in our risk management activities. Derivatives not designated as accounting hedges are not speculative and are used to economically manage our exposure to interest rate movements and other identified risks, but do not meet the strict hedge accounting requirements.

Accounting

We record all derivatives on the balance sheet at fair value. Note 20 discusses the process to estimate fair value for derivatives. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative and the resulting designation. Derivatives 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. Derivatives used to hedge the exposure to variability in expected cash flows, or other types of forecasted transactions, are considered cash flow hedges.

For derivatives designated as fair value hedges, changes in the fair value of the derivative are recognized in earnings together with changes in the fair value of the related hedged item. The net amount, if any, representing hedge ineffectiveness, is reflected in earnings. In previous years, we used fair value hedges to manage interest rate exposure to certain long-term debt. These hedges have been terminated and their remaining balances were completely amortized into earnings during 2015.

For derivatives designated as cash flow hedges, the effective portion of changes in the fair value of the derivative are recorded in OCI and recognized in earnings when the hedged transaction affects earnings. The ineffective portion of changes in the fair value of cash flow hedges is recognized directly in earnings. We use interest rate swaps as part of our cash flow hedging strategy to hedge the variable cash flows associated with designated commercial loans. These interest rate swap agreements designated as cash flow hedges involve the receipt of fixed-rate amounts in exchange for variable-rate payments over the life of the agreements without exchange of the underlying notional amount.

No derivatives have been designated for hedges of investments in foreign operations.

We assess the effectiveness of each hedging relationship by comparing the changes in fair value or cash flows on the derivative hedging instrument with the changes in fair value or cash flows on the designated hedged item or transaction. For derivatives not designated as accounting hedges, changes in fair value are recognized in earnings.

The remaining balances of any derivative instruments terminated prior to maturity, including amounts in accumulated other comprehensive income (“AOCI”) for swap hedges, are accreted or amortized to interest income or expense over the period to their previously stated maturity dates.

Amounts in AOCI are reclassified to interest income as interest is earned on variable-rate loans and as amounts for terminated hedges are accreted or amortized to earnings. For the 12 months following December 31, 2015, we estimate that an additional \$6.0 million will be reclassified.

Collateral and Credit Risk

Exposure to credit risk arises from the possibility of nonperformance by counterparties. Financial institutions which are well capitalized and well established are the counterparties for those derivatives entered into for asset liability management and to offset derivatives sold to our customers. The Company reduces its counterparty exposure for derivative contracts by centrally clearing all eligible derivatives.

For those derivatives that are not centrally cleared, the counterparties are typically financial institutions or customers of the Company. For those that are financial institutions, we manage our credit exposure through the use of a Credit Support Annex (“CSA”) to International Swaps and Derivative Association (“ISDA”) master agreements. Eligible collateral types are documented by the CSA and controlled under the Company’s general credit policies. They are typically monitored on a daily basis. A valuation haircut policy reflects the fact that collateral may fall in value between the date the collateral is called and the date of liquidation or enforcement. In practice, all of the Company’s collateral held as credit risk mitigation under a CSA is cash.

We offer interest rate swaps to our customers to assist them in managing their exposure to changing interest rates. Upon issuance, all of these customer swaps are immediately offset through matching derivative contracts, such that the Company minimizes its interest rate risk exposure resulting from such transactions. Most of these customers do not have the capability for centralized clearing. Therefore we manage the credit risk through loan underwriting which includes a credit risk exposure formula for the swap, the same collateral and guarantee protection applicable to the loan and credit approvals, limits, and monitoring procedures. Fee income from customer swaps is included in other service charges, commissions and fees. No significant losses on derivative instruments have occurred as a result of counterparty nonperformance. Nevertheless, the related credit risk is considered and measured when and where appropriate. See Note 6 and 17 for further discussion of our underwriting, collateral requirements, and other procedures used to address credit risk.

Our derivative contracts require us to pledge collateral for derivatives that are in a net liability position at a given balance sheet date. Certain of these derivative contracts contain credit-risk-related contingent features that include the requirement to maintain a minimum debt credit rating. We may be required to pledge additional collateral if a credit-risk-related feature were triggered, such as a downgrade of our credit rating. However, in past situations, not all counterparties have demanded that additional collateral be pledged when provided for under their contracts. At December 31, 2015, the fair value of our derivative liabilities was \$72.6 million, for which we were required to pledge cash collateral of approximately \$56.6 million in the normal course of business. If our credit rating were downgraded one notch by either Standard & Poor’s or Moody’s at December 31, 2015, the additional amount of collateral we could be required to pledge is approximately \$1.6 million. As a result of the Dodd-Frank Act, all newly eligible derivatives entered into are cleared through a central clearinghouse. Derivatives that are centrally cleared do not have credit-risk-related features that require additional collateral if our credit rating were downgraded.

Derivative Amounts

Selected information with respect to notional amounts and recorded gross fair values at December 31, 2015 and 2014, and the related gain (loss) of derivative instruments for the years then ended is summarized as follows:

	December 31, 2015			December 31, 2014		
	Notional amount	Fair value		Notional amount	Fair value	
		Other assets	Other liabilities		Other assets	Other liabilities
<i>(In thousands)</i>						
Derivatives designated as hedging instruments						
Cash flow hedges: ¹						
Interest rate swaps	\$ 1,387,500	\$ 5,461	\$ 956	\$ 275,000	\$ 1,508	\$ 123
Total derivatives designated as hedging instruments	1,387,500	5,461	956	275,000	1,508	123
Derivatives not designated as hedging instruments						
Interest rate swaps	40,314	—	8	—	—	—
Interest rate swaps for customers ²	3,256,190	51,353	53,843	2,770,052	48,287	50,669
Foreign exchange	463,064	20,824	17,761	443,721	16,625	15,272
Total derivatives not designated as hedging instruments	3,759,568	72,177	71,612	3,213,773	64,912	65,941
Total derivatives	\$ 5,147,068	\$ 77,638	\$ 72,568	\$ 3,488,773	\$ 66,420	\$ 66,064

(In thousands)	Year Ended December 31, 2015				Year Ended December 31, 2014			
	Amount of derivative gain (loss) recognized/reclassified							
	OCI	Reclassified from AOCI to interest income	Noninterest income (expense)	Offset to interest expense	OCI	Reclassified from AOCI to interest income	Noninterest income (expense)	Offset to interest expense
Derivatives designated as hedging instruments								
Cash flow hedges: ¹								
Interest rate swaps	\$12,124	\$ 9,004			\$4,361	\$ 2,594		
	12,124	9,004	³		4,361	2,594	³	
Fair value hedges:								
Terminated swaps on long-term debt				\$ 1,504				\$ 2,309
Total derivatives designated as hedging instruments	12,124	9,004		1,504	4,361	2,594		2,309
Derivatives not designated as hedging instruments								
Interest rate swaps			\$ —				\$ 355	
Interest rate swaps for customers ²			7,438				467	
Futures contracts			2				—	
Foreign exchange			9,519				8,344	
Total return swap			—				(7,894)	
Total derivatives not designated as hedging instruments			16,959				1,272	
Total derivatives	\$12,124	\$ 9,004	\$ 16,959	\$ 1,504	\$4,361	\$ 2,594	\$ 1,272	\$ 2,309

Note: These schedules are not intended to present at any given time the Company's long/short position with respect to its derivative contracts.

¹ Amounts recognized in OCI and reclassified from AOCI represent the effective portion of the derivative gain (loss).

² Amounts include both the customer swaps and the offsetting derivative contracts.

³ Amounts of \$9.0 million for 2015 and \$2.6 million for 2014 are the amounts of reclassification to earnings presented in the tabular changes of AOCI in Note 13.

The fair value of derivative assets was reduced by a net credit valuation adjustment of \$2.4 million at both December 31, 2015 and 2014. The adjustment for derivative liabilities was not significant at December 31, 2015 and 2014. These adjustments are required to reflect both our own nonperformance risk and the respective counterparty's nonperformance risk.

8. PREMISES AND EQUIPMENT

Premises and equipment are summarized as follows:

(In thousands)	December 31,	
	2015	2014
Land	\$ 229,693	\$ 233,300
Buildings	598,643	551,603
Furniture and equipment	459,975	458,703
Leasehold improvements	138,765	133,624
Software	295,428	239,670
Total	1,722,504	1,616,900
Less accumulated depreciation and amortization	817,042	787,091
Net book value	\$ 905,462	\$ 829,809

9. GOODWILL AND OTHER INTANGIBLE ASSETS

Core deposit and other intangible assets and related accumulated amortization are as follows at December 31:

<i>(In thousands)</i>	Gross carrying amount		Accumulated amortization		Net carrying amount	
	2015	2014	2015	2014	2015	2014
Core deposit intangibles	\$ 166,518	\$ 170,688	\$ (151,157)	\$ (146,842)	\$ 15,361	\$ 23,846
Customer relationships and other intangibles	28,014	28,014	(27,103)	(26,340)	911	1,674
Total	<u>\$ 194,532</u>	<u>\$ 198,702</u>	<u>\$ (178,260)</u>	<u>\$ (173,182)</u>	<u>\$ 16,272</u>	<u>\$ 25,520</u>

The amount of amortization expense of core deposit and other intangible assets is separately reflected in the statement of income.

Estimated amortization expense for core deposit and other intangible assets is as follows for the five years succeeding December 31, 2015:

<i>(In thousands)</i>	
2016	\$ 7,888
2017	6,369
2018	1,556
2019	459
2020	—

Changes in the carrying amount of goodwill for operating segments with goodwill are as follows:

<i>(In thousands)</i>	Zions Bank	CB&T	Amegy	Consolidated Company
Balance at December 31, 2013	\$ 19,514	\$ 379,024	\$ 615,591	\$ 1,014,129
Impairment losses	—	—	—	—
Balance at December 31, 2014	19,514	379,024	615,591	1,014,129
Impairment losses	—	—	—	—
Balance at December 31, 2015	<u>\$ 19,514</u>	<u>\$ 379,024</u>	<u>\$ 615,591</u>	<u>\$ 1,014,129</u>

A Company-wide annual impairment test is conducted as of October 1 of each year and updated on a more frequent basis when events or circumstances indicate that impairment could have taken place. Results of the testing for 2015 and 2014 concluded that no impairment was present in any of the operating segments.

10. DEPOSITS

At December 31, 2015, the scheduled maturities of all time deposits were as follows:

<i>(In thousands)</i>	
2016	\$ 1,667,431
2017	248,709
2018	128,548
2019	86,471
2020	110,674
Thereafter	973
Total	<u>\$ 2,242,806</u>

At December 31, 2015, the contractual maturities of domestic time deposits with a denomination of \$100,000 and over were as follows: \$334 million in 3 months or less, \$219 million over 3 months through 6 months, \$278 million over 6 months through 12 months, and \$300 million over 12 months.

Domestic time deposits in denominations that meet or exceed the current FDIC insurance limit of \$250,000 were \$584 million and \$657 million at December 31, 2015 and 2014, respectively. Domestic time deposits under \$250,000 were \$1.5 billion and \$1.7 billion at December 31, 2015 and 2014, respectively. Foreign time deposits \$250,000 and over were \$112 million and \$135 million at December 31, 2015 and 2014, respectively.

Deposit overdrafts reclassified as loan balances were \$14 million and \$15 million at December 31, 2015 and 2014, respectively.

11. SHORT-TERM BORROWINGS

Selected information for federal funds and other short-term borrowings is as follows:

<i>(Amounts in thousands)</i>	2015	2014	2013
Federal funds purchased			
Average amount outstanding	\$ 105,910	\$ 104,358	\$ 150,217
Weighted average rate	0.18%	0.17%	0.15%
Highest month-end balance	122,461	124,093	206,450
Year-end balance	111,263	100,193	129,131
Weighted average rate on outstandings at year-end	0.25%	0.15%	0.14%
Security repurchase agreements			
Average amount outstanding	127,358	116,190	124,929
Weighted average rate	0.11%	0.06%	0.05%
Highest month-end balance	205,566	156,710	137,611
Year-end balance	205,566	118,600	137,611
Weighted average rate on outstandings at year-end	0.15%	0.13%	0.05%
Other short-term borrowings, year-end balances			
Securities sold, not yet purchased	30,158	24,230	73,606
Other	—	1,200	—
Total federal funds and other short-term borrowings	\$ 346,987	\$ 244,223	\$ 340,348

Federal funds purchased and security repurchase agreements generally mature in less than 30 days. Our participation in security repurchase agreements is on an overnight or term basis (e.g., 30 or 60 days). Our subsidiary bank executes overnight repurchase agreements with sweep accounts in conjunction with a master repurchase agreement. When this occurs, securities under their control are pledged 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. Of the total security repurchase agreements at December 31, 2015, \$63 million were overnight and \$143 million were term.

Prior to the consolidation of our subsidiary bank charters on December 31, 2015, the subsidiary banks could borrow from the FHLB under their lines of credit that are secured under blanket pledge arrangements. The subsidiary banks maintained unencumbered collateral with carrying amounts adjusted for the types of collateral pledged, equal to at least 100% of the outstanding advances. At December 31, 2015, the amount available for FHLB advances was approximately \$9.1 billion and no short-term FHLB advances were outstanding.

Additionally, prior to the consolidation of our subsidiary bank charters on December 31, 2015, the subsidiary banks could also borrow from the Federal Reserve based on the amount of collateral pledged to a Federal Reserve Bank. At December 31, 2015, the amount available for additional Federal Reserve borrowings was approximately \$4.3 billion.

12. LONG-TERM DEBT

Long-term debt is summarized as follows:

(In thousands)	December 31,	
	2015	2014
Junior subordinated debentures related to trust preferred securities	\$ 164,950	\$ 168,043
Convertible subordinated notes	—	132,838
Subordinated notes	249,891	335,798
Senior notes	401,595	432,385
FHLB advances	—	22,156
Capital lease obligations	912	1,062
Total	<u>\$ 817,348</u>	<u>\$ 1,092,282</u>

The preceding amounts represent the par value of the debt adjusted for any unamortized premium or discount or other basis adjustments, including the value of associated hedges for 2014.

Trust Preferred Securities

Junior subordinated debentures related to trust preferred securities issued to the following trusts were outstanding at December 31, 2015 as follows:

(Amounts in thousands)	Balance	Coupon rate ¹	Maturity
Amegy Statutory Trust I	\$ 51,547	3mL+2.85% (3.38%)	Dec 2033
Amegy Statutory Trust II	36,083	3mL+1.90% (2.22%)	Oct 2034
Amegy Statutory Trust III	61,856	3mL+1.78% (2.29%)	Dec 2034
Stockmen's Statutory Trust II	7,732	3mL+3.15% (3.75%)	Mar 2033
Stockmen's Statutory Trust III	7,732	3mL+2.89% (3.42%)	Mar 2034
Total	<u>\$ 164,950</u>		

¹ Designation of "3mL" is three-month LIBOR; effective interest rate at the beginning of the accrual period commencing on or before December 31, 2015 is shown in parenthesis.

The junior subordinated debentures for the Amegy and Stockmen's Trusts were assumed by the Parent through previous acquisitions and mergers, and are direct and unsecured obligations of the Parent. They are subordinate to other indebtedness and general creditors.

The Parent has assumed the unconditional guarantees of the obligations of the Amegy and Stockmen's trusts with respect to their respective series of trust preferred securities to the extent set forth in the applicable guarantee agreements. Each trust has issued a corresponding series of trust preferred security obligations. The trust obligations are in the form of capital securities subject to mandatory redemption upon repayment of the junior subordinated debentures by the Parent. The sole assets of the trusts are the junior subordinated debentures.

Interest distributions are made quarterly at the same rates earned by the trusts on the junior subordinated debentures; however, we may defer the payment of interest on the junior subordinated debentures. Early redemption is currently possible on all of the debentures and requires the approval of banking regulators.

Subordinated Notes

Subordinated notes consist of the following at December 31, 2015:

Coupon rate	Subordinated notes		Maturity
	Balance	Par amount	
5.65%	\$ 162,000	\$ 162,000	Nov 2023
6.95%	87,891	87,891	Sep 2028
Total	<u>\$ 249,891</u>	<u>\$ 249,891</u>	

These notes are unsecured, and interest is payable quarterly on the 6.95% notes and semiannually on the 5.65% notes. For the 6.95% notes, interest payments commenced December 15, 2013 to the earliest possible redemption date of September 15, 2023, after which the interest rate changes to an annual floating rate equal to 3mL+3.89%. Interest payments on the 5.65% notes commenced May 15, 2014 to the earliest possible redemption date of November 15, 2018, after which they are payable quarterly at an annual floating rate equal to 3mL+4.19%.

Senior Notes

Senior notes consist of the following at December 31, 2015:

Coupon rate	Senior notes		Maturity
	Balance	Par amount	
4.00%	\$ 88,210	\$ 89,360	Jun 2016
4.50%	160,950	163,857	Mar 2017
4.50%	141,328	145,231	Jun 2023
3.60%	11,107	11,108	July 2018
Total	<u>\$ 401,595</u>	<u>\$ 409,556</u>	

These notes are unsecured and interest is payable semiannually. The notes were issued under a shelf registration filed with the SEC and were sold via the Company's online auction process and direct sales. The notes are not redeemable prior to maturity except for the \$11.1 million notes that have an optional early redemption in June 2016.

Debt Redemptions and Repurchases

We redeemed or repurchased the following amounts of long-term debt during 2015 and 2014:

Note type	2015		2014	
	Coupon rate	Par amount	Coupon rate	Par amount
Trust preferred	3mL + 2.85%	\$ 3,093		
Convertible subordinated notes			5.65%	\$ 75,674
	6.00%	79,276		
	5.50%	71,592		
		<u>150,868</u>		<u>75,674</u>
Subordinated notes			5.65%	30,173
			3mL+1.25%	75,000
	6.00%	32,366		
	5.50%	52,078		
		<u>84,444</u>		<u>105,173</u>
Senior notes			7.75%	240,769
			4.0%, 4.5%	499,980
			3.50%	50,000
			2.55% - 5.50%	247,512
	3.30% - 3.70%	27,281		
		<u>27,281</u>		<u>1,038,261</u>
FHLB Advances		22,009		
Total		<u>\$ 287,695</u>		<u>\$1,219,108</u>

Debt Extinguishment Costs

Debt extinguishment costs are as follows for the years 2015, 2014 and 2013:

<i>(In thousands)</i>	2015	2014	2013
Early tender premiums	\$ 2,395	\$ 33,971	\$ 45,812
Write-offs of unamortized debt discount and issuance costs and fees	135	10,451	74,380
Total	<u>\$ 2,530</u>	<u>\$ 44,422</u>	<u>\$ 120,192</u>

Maturities of Long-term Debt

Maturities of long-term debt are as follows for the years succeeding December 31, 2015:

<i>(In thousands)</i>	Consolidated	Parent only
2016	\$ 88,382	\$ 88,210
2017	161,147	160,951
2018	11,332	11,107
2019	259	—
2020	60	—
Thereafter	556,168	556,168
Total	<u>\$ 817,348</u>	<u>\$ 816,436</u>

The \$556.2 million of Parent only maturities payable after 2020 consist of the \$165.0 million of trust preferred securities and \$391.2 million of senior notes.

13. SHAREHOLDERS' EQUITY

Preferred Stock

Preferred stock is without par value and has a liquidation preference of \$1,000 per share, or \$25 per depositary share. Except for Series I and J, all preferred shares were issued in the form of depositary shares, with each depositary share representing a 1/40th ownership interest in a share of the preferred stock. All preferred shares are registered with the SEC.

In general, preferred shareholders may receive asset distributions before common shareholders; however, preferred shareholders have only limited voting rights generally with respect to certain provisions of the preferred stock, the issuance of senior preferred stock, and the election of directors. Preferred stock dividends reduce earnings available to common shareholders and are paid on the 15th day of the months indicated in the following schedule. Dividends are approved by the Board of Directors and are subject to regulatory non-objection to a stress test and capital plan submitted to the Federal Reserve pursuant to the annual Comprehensive Capital Analysis and Review ("CCAR") process. Redemption of the preferred stock is at the Company's option after the expiration of any applicable redemption restrictions. The redemption amount is computed at the per share liquidation preference plus any declared but unpaid dividends. Redemptions are subject to certain regulatory provisions, including the previously noted capital plan non-objection for a submitted capital plan in a given year.

Preferred stock is summarized as follows:

(Amounts in thousands except share amounts)	Carrying value at December 31,		Shares at December 31, 2015		Rate	Dividends payable	Earliest redemption date	Rate following earliest redemption date (when applicable)	Dividends payable after rate change
	2015	2014	Authorized	Outstanding					
Series A	\$ 66,316	\$ 66,168	140,000	66,139	> of 4.0% or 3mL +0.52%	Qtrly Mar,Jun, Sep,Dec	Dec 15, 2011		
Series F	143,750	143,750	250,000	143,750	7.9%	Qtrly Mar,Jun, Sep,Dec	Jun 15, 2017		
Series G	171,827	171,827	200,000	171,827	6.3%	Qtrly Mar,Jun, Sep,Dec	Mar 15, 2023	annual floating rate = 3mL+4.24%	
Series H	126,221	126,221	126,221	126,221	5.75%	Qtrly Mar,Jun, Sep,Dec	Jun 15, 2019		
Series I	125,224	300,893	300,893	125,224	5.8%	Semi-annually Jun,Dec	Jun 15, 2023	annual floating rate = 3mL+3.8%	Qtrly Mar,Jun, Sep,Dec
Series J	195,152	195,152	195,152	195,152	7.2%	Semi-annually Mar,Sep	Sep 15, 2023	annual floating rate = 3mL+4.44%	Qtrly Mar,Jun, Sep,Dec
Total	<u>\$ 828,490</u>	<u>\$ 1,004,011</u>							

Preferred Stock Redemptions

Effective November 18, 2015, we redeemed approximately \$175.7 million of Series I preferred stock through a cash tender offer. The offer amount of \$180 million, or \$24.65 per share, differed from the redemption amount by approximately \$4.3 million of accrued dividends. The size and terms of the offer were determined in accordance with the Company's 2015 capital plan.

In September 2013, we redeemed all of the outstanding \$800 million par amount of Series C preferred stock through the issuance of an aggregate equivalent amount of other series of preferred stock. The reduction of \$926 million carrying value in preferred stock differed from the par amount by \$126 million, which was the intrinsic value of the beneficial conversion feature ("BCF") associated with the convertible subordinated debt. The BCF had been accumulating as the convertible subordinated debt was converted to the Series C preferred stock. The \$126 million BCF transfer was recorded as a preferred stock redemption in the 2013 statement of income. As shown in Note 12, the remaining convertible subordinated debt matured during 2015.

Common Stock

In July 2014, we issued \$525 million of common stock, which consisted of approximately 17.6 million shares at a price of \$29.80 per share. Net of commissions and fees, this issuance added approximately \$516 million to common stock and was permitted under the Company's resubmitted capital plan.

Common Stock Warrants

We have 5.8 million common stock warrants at an exercise price of \$36.27 per share which expire November 14, 2018. These warrants were associated with the preferred stock issued under the Troubled Asset Relief Program ("TARP") which was redeemed in 2012. In addition, we have issued a total of 29.3 million common stock warrants which can be exercised at a price of \$36.14 as of December 31, 2015 through May 22, 2020.

Accumulated Other Comprehensive Income

Changes in AOCI by component are as follows:

<i>(In thousands)</i>	Net unrealized gains (losses) on investment securities	Net unrealized gains (losses) on derivatives and other	Pension and post-retirement	Total
2015				
Balance at December 31, 2014	\$ (91,921)	\$ 2,226	\$ (38,346)	\$ (128,041)
Other comprehensive income (loss) before reclassifications, net of tax	(12,471)	4,903	(3,161)	(10,729)
Amounts reclassified from AOCI, net of tax	86,023	(5,583)	3,718	84,158
Other comprehensive income (loss)	73,552	(680)	557	73,429
Balance at December 31, 2015	\$ (18,369)	\$ 1,546	\$ (37,789)	\$ (54,612)
Income tax expense (benefit) included in other comprehensive income (loss)	\$ 48,422	\$ (331)	\$ 374	\$ 48,465
2014				
Balance at December 31, 2013	\$ (168,805)	\$ 1,556	\$ (24,852)	\$ (192,101)
Other comprehensive income (loss) before reclassifications, net of tax	82,204	2,275	(15,284)	69,195
Amounts reclassified from AOCI, net of tax	(5,320)	(1,605)	1,790	(5,135)
Other comprehensive income (loss)	76,884	670	(13,494)	64,060
Balance at December 31, 2014	\$ (91,921)	\$ 2,226	\$ (38,346)	\$ (128,041)
Income tax expense (benefit) included in other comprehensive income (loss)	\$ 60,795	\$ 467	\$ (8,764)	\$ 52,498

<i>(In thousands)</i>	Amounts reclassified from AOCI ¹			Statement of Income (SI) Balance Sheet (BS)	Affected line item
Details about AOCI components	2015	2014	2013		
Net realized gains (losses) on investment securities	\$ (138,735)	\$ 10,419	\$ (2,898)	SI	Fixed income securities gains (losses), net
Income tax expense (benefit)	(52,712)	3,971	(1,123)		
	(86,023)	6,448	(1,775)		
Net unrealized losses on investment securities	—	(27)	(164,732)	SI	Net impairment losses on investment securities
Income tax benefit	—	(10)	(64,829)		
	—	(17)	(99,903)		
Accretion of securities with noncredit-related impairment losses not expected to be sold	—	(1,878)	(2,106)	BS	Investment securities, held-to-maturity
Deferred income taxes	—	767	848	BS	Other assets
	\$ (86,023)	\$ 5,320	\$ (102,936)		
Net unrealized gains on derivative instruments	\$ 9,004	\$ 2,594	\$ 2,647	SI	Interest and fees on loans
Income tax expense	3,421	989	1,067		
	\$ 5,583	\$ 1,605	\$ 1,580		
Amortization of net actuarial loss	\$ (5,996)	\$ (2,843)	\$ (8,127)	SI	Salaries and employee benefits
Amortization of prior service credit (cost)	—	(50)	27	SI	Salaries and employee benefits
Income tax benefit	(2,278)	(1,103)	(3,194)		
	\$ (3,718)	\$ (1,790)	\$ (4,906)		

¹ Negative reclassification amounts indicate decreases to earnings in the statement of income and increases to balance sheet assets. The opposite applies to positive reclassification amounts.

Deferred Compensation

Deferred compensation consists of invested assets, including the Company's common stock, which are held in rabbi trusts for certain employees and directors. At December 31, 2015 and 2014, the cost of the common stock included in retained earnings was approximately \$15.2 million and \$14.3 million, respectively. We consolidate the fair value of invested assets of the trusts along with the total obligations and include them in other assets and other liabilities, respectively, in the balance sheet. At December 31, 2015 and 2014, total invested assets were approximately \$81.8 million and \$86.6 million and total obligations were approximately \$96.9 million and \$100.9 million, respectively.

Noncontrolling Interests

In 2013, we removed the entire noncontrolling interest amount of approximately \$4.8 million from the Company's balance sheet following settlement with the remaining owner.

14. INCOME TAXES

Income tax expense is summarized as follows:

<i>(In thousands)</i>	2015	2014	2013
Federal:			
Current	\$ 158,164	\$ 178,450	\$ 173,418
Deferred	(31,843)	14,277	(51,475)
	<u>126,321</u>	<u>192,727</u>	<u>121,943</u>
State:			
Current	14,027	18,573	29,676
Deferred	2,040	11,661	(8,642)
	<u>16,067</u>	<u>30,234</u>	<u>21,034</u>
	<u>\$ 142,388</u>	<u>\$ 222,961</u>	<u>\$ 142,977</u>

Income tax expense computed at the statutory federal income tax rate of 35% reconciles to actual income tax expense as follows:

<i>(In thousands)</i>	2015	2014	2013
Income tax expense at statutory federal rate	\$ 158,151	\$ 217,498	\$ 142,251
State income taxes including credits, net	10,443	19,652	13,672
Other nondeductible expenses	3,205	2,949	2,574
Nontaxable income	(20,397)	(17,869)	(17,071)
Tax credits and other taxes	(2,926)	(1,717)	(2,628)
Other	(6,088)	2,448	4,179
	<u>\$ 142,388</u>	<u>\$ 222,961</u>	<u>\$ 142,977</u>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets (“DTA”) and deferred tax liabilities are presented below:

<i>(In thousands)</i>	December 31,	
	2015	2014
Gross deferred tax assets:		
Book loan loss deduction in excess of tax	\$ 254,223	\$ 258,488
Pension and postretirement	24,749	25,142
Deferred compensation	91,665	93,023
Security investments and derivative fair value adjustments	11,254	22,440
Net operating losses, capital losses and tax credits	4,659	5,442
FDIC-supported transactions	9,157	15,636
Other	46,016	46,521
	<u>441,723</u>	<u>466,692</u>
Valuation allowance	(4,261)	(4,261)
Total deferred tax assets	<u>437,462</u>	<u>462,431</u>
Gross deferred tax liabilities:		
Core deposits and purchase accounting	(3,392)	(6,559)
Premises and equipment, due to differences in depreciation	(10,588)	(10,361)
FHLB stock dividends	(10,042)	(12,376)
Leasing operations	(85,255)	(76,148)
Prepaid expenses	(9,001)	(9,337)
Prepaid pension reserves	(18,087)	(18,491)
Mortgage servicing	(6,845)	(5,834)
Subordinated debt modification	(46,451)	(64,030)
Deferred loan fees	(23,723)	(22,774)
Equity investments	(21,037)	(12,262)
Total deferred tax liabilities	<u>(234,421)</u>	<u>(238,172)</u>
Net deferred tax assets	<u>\$ 203,041</u>	<u>\$ 224,259</u>

The amount of net DTAs is included with other assets in the balance sheet. The \$4.3 million valuation allowance at December 31, 2015 and 2014 was for certain acquired net operating loss carryforwards included in our acquisition of the remaining interests in a less significant subsidiary. At December 31, 2015, excluding the \$4.3 million, the tax effect of remaining net operating loss and tax credit carryforwards was approximately \$0.4 million expiring through 2030.

We evaluate the net DTAs on a regular basis to determine whether an additional valuation allowance is required. In conducting this evaluation, we have considered all available evidence, both positive and negative, based on the more likely than not criteria that such assets will be realized. This evaluation includes, but is not limited to: (1) available carryback potential to prior tax years; (2) potential future reversals of existing deferred tax liabilities, which historically have a reversal pattern generally consistent with DTAs; (3) potential tax planning strategies; and (4) future projected taxable income. Based on this evaluation, and considering the weight of the positive evidence compared to the negative evidence, we have concluded that an additional valuation allowance is not required as of December 31, 2015.

We have a liability for unrecognized tax benefits relating to uncertain tax positions primarily for various state tax contingencies in several jurisdictions. A reconciliation of the beginning and ending amount of gross unrecognized tax benefits is as follows:

<i>(In thousands)</i>	2015	2014	2013
Balance at beginning of year	\$ 3,255	\$ 2,385	\$ 2,385
Tax positions related to current year:			
Additions	786	—	—
Reductions	—	—	—
Tax positions related to prior years:			
Additions	1,407	870	—
Reductions	—	—	—
Settlements with taxing authorities	—	—	—
Lapses in statutes of limitations	—	—	—
Balance at end of year	<u>\$ 5,448</u>	<u>\$ 3,255</u>	<u>\$ 2,385</u>

At December 31, 2015 and 2014, the liability for unrecognized tax benefits included approximately \$3.9 million and \$2.1 million, respectively (net of the federal tax benefit on state issues) that, if recognized, would affect the effective tax rate. There is approximately \$3.3 million of gross unrecognized tax benefits that may decrease during the 12 months subsequent to December 31, 2015.

Interest and penalties related to unrecognized tax benefits are included in income tax expense in the statement of income. At December 31, 2015 and 2014, accrued interest and penalties recognized in the balance sheet, net of any federal and/or state tax benefits, were approximately \$0.7 million and \$0.6 million, respectively.

The Company and its subsidiaries file income tax returns in U.S. federal and various state jurisdictions. The Company is no longer subject to income tax examinations for years prior to 2012 for federal returns and 2007 for certain state returns.

15. NET EARNINGS PER COMMON SHARE

Basic and diluted net earnings per common share based on the weighted average outstanding shares are summarized as follows:

<i>(In thousands, except per share amounts)</i>	2015	2014	2013
Basic:			
Net income applicable to controlling interest	\$ 309,471	\$ 398,462	\$ 263,791
Less common and preferred dividends	107,990	103,111	(6,094)
Undistributed earnings	201,481	295,351	269,885
Less undistributed earnings applicable to nonvested shares	1,836	2,933	2,832
Undistributed earnings applicable to common shares	199,645	292,418	267,053
Distributed earnings applicable to common shares	44,816	30,983	23,916
Total earnings applicable to common shares	<u>\$ 244,461</u>	<u>\$ 323,401</u>	<u>\$ 290,969</u>
Weighted average common shares outstanding	<u>203,265</u>	<u>192,207</u>	<u>183,844</u>
Net earnings per common share	<u>\$ 1.20</u>	<u>\$ 1.68</u>	<u>\$ 1.58</u>
Diluted:			
Total earnings applicable to common shares	\$ 244,461	\$ 323,401	\$ 290,969
Additional undistributed earnings allocated to incremental shares	—	—	—
Diluted earnings applicable to common shares	<u>\$ 244,461</u>	<u>\$ 323,401</u>	<u>\$ 290,969</u>
Weighted average common shares outstanding	203,265	192,207	183,844
Additional weighted average dilutive shares	433	582	453
Weighted average diluted common shares outstanding	<u>203,698</u>	<u>192,789</u>	<u>184,297</u>
Net earnings per common share	<u>\$ 1.20</u>	<u>\$ 1.68</u>	<u>\$ 1.58</u>

For 2013, preferred dividends were offset by a preferred stock redemption of approximately \$126 million that resulted from the redemption of the Company's Series C preferred stock. See further discussion in Note 13.

16. SHARE-BASED COMPENSATION

We have a stock option and incentive plan which allows us to grant stock options, restricted stock, restricted stock units ("RSUs"), and other awards to employees and nonemployee directors. Total shares authorized under the plan were 9,000,000 at December 31, 2015, of which 7,523,768 were available for future grants.

All share-based payments to employees, including grants of employee stock options, are recognized in the statement of income based on their fair values. The fair value of an equity award is estimated on the grant date without regard to service or performance vesting conditions.

We classify all share-based awards as equity instruments. Compensation expense is included in salaries and employee benefits in the statement of income, with the corresponding increase included in common stock. Substantially all awards of stock options, restricted stock, and RSUs have graded vesting that is recognized on a straight-line basis over the vesting period.

Compensation expense and the related tax benefit for all share-based awards were as follows:

<i>(In thousands)</i>	2015	2014	2013
Compensation expense	\$ 24,974	\$ 23,632	\$ 28,052
Reduction of income tax expense	8,284	7,767	9,123

As of December 31, 2015, compensation expense not yet recognized for nonvested share-based awards was approximately \$26.6 million, which is expected to be recognized over a weighted average period of 2.4 years.

The tax effects recognized from the exercise of stock options and the vesting of restricted stock and RSUs decreased common stock by approximately \$0.8 million in 2015, and increased common stock by approximately \$0.4 million in 2014, and \$0.3 million in 2013. These amounts are included in the net activity under employee plans and related tax benefits in the statement of changes in shareholders' equity.

Stock Options

Stock options granted to employees generally vest at the rate of one third each year and expire seven years after the date of grant. For all stock options granted in 2015, 2014, and 2013, we used the Black-Scholes option pricing model to estimate the fair values of stock options in determining compensation expense. The following summarizes the weighted average of fair value and the significant assumptions used in applying the Black-Scholes model for options granted:

	2015	2014	2013
Weighted average of fair value for options granted	\$ 6.17	\$ 6.10	\$ 6.79
Weighted average assumptions used:			
Expected dividend yield	1.3%	1.3%	1.3%
Expected volatility	25.0%	25.1%	32.5%
Risk-free interest rate	1.57%	1.55%	0.78%
Expected life (in years)	5.0	5.0	4.5

The assumptions for expected dividend yield, expected volatility, and expected life reflect management's judgment and include consideration of historical experience. Expected volatility is based in part on historical volatility. The

risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods corresponding with the expected life of the option.

The following summarizes our stock option activity for the three years ended December 31, 2015:

	Number of shares	Weighted average exercise price
Balance at December 31, 2012	5,962,325	\$ 38.87
Granted	1,047,781	27.41
Exercised	(488,479)	20.11
Expired	(574,157)	70.12
Forfeited	(72,880)	22.25
Balance at December 31, 2013	5,874,590	35.54
Granted	947,758	28.67
Exercised	(489,905)	21.60
Expired	(618,207)	73.28
Forfeited	(83,734)	25.72
Balance at December 31, 2014	5,630,502	31.60
Granted	740,300	29.01
Exercised	(1,165,287)	25.11
Expired	(1,322,067)	48.44
Forfeited	(79,353)	28.09
Balance at December 31, 2015	3,804,095	27.30
Outstanding stock options exercisable as of:		
December 31, 2015	2,187,259	\$ 26.35
December 31, 2014	3,804,873	33.86
December 31, 2013	4,101,928	40.40

We issue new authorized shares for the exercise of stock options. The total intrinsic value of stock options exercised was approximately \$6.7 million in 2015, \$3.9 million in 2014, and \$4.0 million in 2013. Cash received from the exercise of stock options was \$22.7 million in 2015, \$10.6 million in 2014, and \$9.8 million in 2013.

Additional selected information on stock options at December 31, 2015 follows:

Exercise price range	Outstanding stock options			Exercisable stock options	
	Number of shares	Weighted average exercise price	Weighted average remaining contractual life (years)	Number of shares	Weighted average exercise price
\$ 0.32 to \$19.99	552,618	\$ 17.20	2.6 ¹	552,618	\$ 17.20
\$20.00 to \$24.99	709,462	23.84	1.9	700,060	23.83
\$25.00 to \$29.99	2,344,883	28.35	5.3	772,369	27.88
\$30.00 to \$44.99	52,379	30.10	4.3	17,459	30.10
\$45.00 to \$59.99	70,200	47.10	2.2	70,200	47.10
\$60.00 to \$79.99	2,553	72.08	1.1	2,553	72.08
\$80.00 to \$81.99	36,000	80.65	0.3	36,000	80.65
\$82.00 to \$83.38	36,000	83.38	1.4	36,000	83.38
	<u>3,804,095</u>	27.30	4.1 ¹	<u>2,187,259</u>	26.35

¹ The weighted average remaining contractual life excludes 21,252 stock options without a fixed expiration date that were assumed with the Amegy acquisition. They expire between the date of termination and one year from the date of termination, depending upon certain circumstances.

The aggregate intrinsic value of outstanding stock options at December 31, 2015 and 2014 was \$8.0 million and \$14.4 million, respectively, while the aggregate intrinsic value of exercisable options was \$8.0 million and \$11.3 million at the same respective dates. For exercisable options, the weighted average remaining contractual life was 3.1 years and 1.8 years at December 31, 2015 and 2014, respectively, excluding the stock options previously noted without a fixed expiration date. At December 31, 2015, 1,579,501 stock options with a weighted average exercise price of \$28.59, a weighted average remaining life of 5.6 years, and an aggregate intrinsic value of \$27.3 thousand, were expected to vest.

Restricted Stock and Restricted Stock Units

Restricted stock is common stock with certain restrictions that relate to trading and the possibility of forfeiture. Generally, restricted stock vests over four years. Holders of restricted stock have full voting rights and receive dividend equivalents during the vesting period. In addition, holders of restricted stock can make an election to be subject to income tax on the grant date rather than the vesting date.

RSUs represent rights to one share of common stock for each unit and generally vest over four years. Holders of RSUs receive dividend equivalents during the vesting period, but do not have voting rights.

Compensation expense is determined based on the number of restricted shares or RSUs granted and the market price of our common stock at the issue date.

Nonemployee directors were granted 31,080 RSUs in 2015; 16,670 shares of restricted stock and 6,656 RSUs in 2014; and 17,444 shares of restricted stock and 4,984 RSUs in 2013. The 2015 RSUs vested immediately upon grant, and the 2014 and 2013 awards vested over six months.

The following summarizes our restricted stock activity for the three years ended December 31, 2015:

	Number of shares	Weighted average issue price
Nonvested restricted shares at December 31, 2012	851,236	\$ 22.07
Issued	56,774	24.55
Vested	(452,743)	21.80
Forfeited	(44,317)	24.31
Nonvested restricted shares at December 31, 2013	410,950	22.46
Issued	16,670	28.87
Vested	(256,890)	23.23
Forfeited	(9,510)	23.68
Nonvested restricted shares at December 31, 2014	161,220	21.82
Issued	22,441	29.02
Vested	(123,161)	22.32
Forfeited	(1,130)	23.54
Nonvested restricted shares at December 31, 2015	59,370	23.49

The following summarizes our RSU activity for the three years ended December 31, 2015:

	Number of restricted stock units	Weighted average grant price
Restricted stock units at December 31, 2012	822,753	\$ 19.04
Granted	949,418	25.99
Vested	(160,580)	20.17
Forfeited	(89,553)	20.13
Restricted stock units at December 31, 2013	1,522,038	23.19
Granted	727,300	28.81
Vested	(416,755)	22.26
Forfeited	(63,163)	25.48
Restricted stock units at December 31, 2014	1,769,420	25.64
Granted	790,929	29.06
Vested	(673,385)	24.78
Forfeited	(88,421)	27.17
Restricted stock units at December 31, 2015	1,798,543	27.39

The total fair value at grant date of restricted stock and RSUs vested during the year was \$19.4 million in 2015, \$15.2 million in 2014, and \$13.1 million in 2013. At December 31, 2015, 59,370 shares of restricted stock and 1,192,702 RSUs were expected to vest with an aggregate intrinsic value of \$1.6 million and \$32.6 million, respectively.

17. COMMITMENTS, GUARANTEES, CONTINGENT LIABILITIES, AND RELATED PARTIES

Commitments and Guarantees

We use certain financial instruments, including derivative instruments, in the normal course of business to meet the financing needs of our customers, to reduce our own exposure to fluctuations in interest rates, and to make a market in U.S. Government, agency, corporate, and municipal securities. These financial instruments involve, to varying degrees, elements of credit, liquidity, and interest rate risk in excess of the amounts recognized in the balance sheet. Derivative instruments are discussed in Notes 7 and 20.

Contractual amounts of the off-balance sheet financial instruments used to meet the financing needs of our customers are as follows:

(In thousands)	December 31,	
	2015	2014
Net unfunded commitments to extend credit ¹	\$ 17,169,785	\$ 16,658,757
Standby letters of credit:		
Financial	661,554	745,895
Performance	216,843	183,482
Commercial letters of credit	18,447	32,144
Total unfunded lending commitments	\$ 18,066,629	\$ 17,620,278

¹ Net of participations.

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 us upon extension of

credit, is based on our initial credit evaluation of the counterparty. Types of collateral vary, but may include accounts receivable, inventory, property, plant and equipment, and income-producing properties.

While establishing commitments to extend credit creates credit risk, a significant portion of such commitments is expected to expire without being drawn upon. As of December 31, 2015, \$4.9 billion of commitments expire in 2016. We use the same credit policies and procedures in making commitments to extend credit and conditional obligations as we do for on-balance sheet instruments. These policies and procedures include credit approvals, limits, and monitoring.

We issue standby and commercial letters of credit as conditional commitments 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 remaining commitments of \$684 million expiring in 2016 and \$195 million expiring thereafter through 2027. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. We generally hold marketable securities and cash equivalents as collateral when necessary. At December 31, 2015, the Company recorded \$5.3 million as a liability for these guarantees, which consisted of \$2.2 million attributable to the RULC and \$3.1 million of deferred commitment fees.

Certain mortgage loans sold have limited recourse provisions for periods ranging from three months to one year. The amount of losses resulting from the exercise of these provisions has not been significant.

At December 31, 2015, we had unfunded commitments for PEIs of approximately \$22 million. These obligations have no stated maturity. Approximately \$7 million of the PEIs related to these commitments are prohibited by the VR. See related discussions about these investments in Notes 5 and 20.

The contractual or notional amount of financial instruments indicates a level of activity associated with a particular financial instrument class and is not a reflection of the actual level of risk. As of December 31, 2015 and 2014, the regulatory risk-weighted values assigned to all off-balance sheet financial instruments and derivative instruments described herein were \$6.3 billion and \$5.9 billion, respectively.

At December 31, 2015, we were required to maintain cash balances of \$295.2 million with the Federal Reserve Banks to meet minimum balance requirements in accordance with Federal Reserve Board (“FRB”) regulations.

As of December 31, 2015, the Parent has guaranteed approximately \$165 million of debt of affiliated trusts issuing trust preferred securities, as discussed in Note 12.

Leases

We have commitments for leasing premises and equipment under the terms of noncancelable capital and operating leases expiring from 2016 and 2052. Premises leased under capital leases at December 31, 2015, were \$1.2 million and accumulated amortization was \$0.9 million. Amortization applicable to premises leased under capital leases is included in depreciation expense.

Future aggregate minimum rental payments under existing noncancelable operating leases at December 31, 2015, are as follows:

<i>(in thousands)</i>	
2016	\$ 44,668
2017	43,730
2018	39,158
2019	32,524
2020	27,258
Thereafter	102,313
	<u>\$ 289,651</u>

Future aggregate minimum rental payments have been reduced by noncancelable subleases as follows: \$1.5 million in 2016, \$1.7 million in 2017, \$1.6 million in 2018, \$1.5 million in 2019, \$0.6 million in 2020, and \$2.7 million thereafter. Aggregate rental expense on operating leases amounted to \$62.5 million in 2015, \$59.2 million in 2014, and \$58.4 million in 2013.

Legal Matters

We are subject to litigation in court and arbitral proceedings, as well as proceedings, investigations, examinations and other actions brought or considered by governmental and self-regulatory agencies. Litigation may relate to lending, deposit and other customer relationships, vendor and contractual issues, employee matters, intellectual property matters, personal injuries and torts, regulatory and legal compliance, and other matters. While most matters relate to individual claims, we are also subject to putative class action claims and similar broader claims.

Proceedings, investigations, examinations and other actions brought or considered by governmental and self-regulatory agencies may relate to our banking, investment advisory, trust, securities, and other products and services; our customers' involvement in money laundering, fraud, securities violations and other illicit activities or our policies and practices relating to such customer activities; and our compliance with the broad range of banking, securities and other laws and regulations applicable to us. At any given time, we may be in the process of responding to subpoenas, requests for documents, data and testimony relating to such matters and engaging in discussions to resolve the matters.

As of December 31, 2015, we were subject to the following material litigation and governmental inquiries:

- a class action case, Reyes v. Zions First National Bank, et. al., which was brought in the United States District Court for the Eastern District of Pennsylvania in early 2010. This case relates to our banking relationships with customers that allegedly engaged in wrongful telemarketing practices. The plaintiff is seeking a trebled monetary award under the federal RICO Act. In the third quarter of 2013, the District Court denied the plaintiff's motion for class certification in the Reyes case. The plaintiff appealed the District Court decision to the Third Circuit Court of Appeals. In the third quarter of 2015, the Third Circuit vacated the District Court's decision denying class certification and remanded the matter to the District Court with instructions to reconsider the class certification determination in light of particular standards articulated by the Third Circuit in its opinion. Following the Third Circuit's decision, the parties participated in mediation sessions in the fourth quarter of 2015 and the first quarter of 2016. We do not know whether these discussions will result in a settlement.
- a governmental inquiry into possible money laundering activities of one of our bank customers and our anti-money laundering practices relating to that customer (conducted by the United States Attorney's Office for the Southern District of New York). Our first contact with the United States Attorney's Office relating to this matter occurred in early 2012. We are unclear about the status of this inquiry.
- a governmental inquiry into our payment processing practices relating primarily to certain allegedly fraudulent telemarketers and other customer types (conducted by the Department of Justice). Similar inquiries directed towards banks unrelated to us have resulted in a number of enforcement actions. Our first contact with the

Department of Justice relating to this matter occurred in early 2013. It appears that the Department of Justice's inquiry into our practice is continuing.

- a civil suit, *Liu Aifang, et al. v. Velocity VIII, et al.*, brought against us in the United States District Court for the Central District of California in April 2015. The case relates to our banking relationships with customers who were approved promoters of an EB-5 Visa Immigrant Investment Program that allegedly misappropriated investors' funds. On September 30, 2015, the Court granted in part and denied in part our Motion to Dismiss Plaintiffs' claims. The Plaintiffs' remaining claims assert negligence and that the bank aided and abetted the promoter customers' conversion of the investors' funds deposited with us. Discovery is ongoing and trial is scheduled for June 2016.

At least quarterly, we review outstanding and new legal matters, utilizing then available information. In accordance with applicable accounting guidance, if we determine that a loss from a matter is probable and the amount of the loss can be reasonably estimated, we establish an accrual for the loss. In the absence of such a determination, no accrual is made. Once established, accruals are adjusted to reflect developments relating to the matters.

In our review, we also assess whether we can determine the range of reasonably possible losses for significant matters in which we are unable to determine that the likelihood of a loss is remote. Because of the difficulty of predicting the outcome of legal matters, discussed subsequently, we are able to meaningfully estimate such a range only for a limited number of matters. Based on information available as of December 31, 2015, we estimated that the aggregate range of reasonably possible losses for those matters to be from \$0 million to roughly \$60 million in excess of amounts accrued. The matters underlying the estimated range will change from time to time, and actual results may vary significantly from this estimate. Those matters for which a meaningful estimate is not possible are not included within this estimated range and, therefore, this estimated range does not represent our maximum loss exposure.

Based on our current knowledge, we believe that our current estimated liability for litigation and other legal actions and claims, reflected in our accruals and determined in accordance with applicable accounting guidance, is adequate and that liabilities in excess of the amounts currently accrued, if any, arising from litigation and other legal actions and claims for which an estimate as previously described is possible, will not have a material impact on our financial condition, results of operations, or cash flows. However, in light of the significant uncertainties involved in these matters, and the very large or indeterminate damages sought in some of these matters, an adverse outcome in one or more of these matters could be material to our financial condition, results of operations, or cash flows for any given reporting period.

Any estimate or determination relating to the future resolution of litigation, arbitration, governmental or self-regulatory examinations, investigations or actions or similar matters is inherently uncertain and involves significant judgment. This is particularly true in the early stages of a legal matter, when legal issues and facts have not been well articulated, reviewed, analyzed, and vetted through discovery, preparation for trial or hearings, substantive and productive mediation or settlement discussions, or other actions. It is also particularly true with respect to class action and similar claims involving multiple defendants, matters with complex procedural requirements or substantive issues or novel legal theories, and examinations, investigations and other actions conducted or brought by governmental and self-regulatory agencies, in which the normal adjudicative process is not applicable. Accordingly, we usually are unable to determine whether a favorable or unfavorable outcome is remote, reasonably likely, or probable, or to estimate the amount or range of a probable or reasonably likely loss, until relatively late in the course of a legal matter, sometimes not until a number of years have elapsed. Accordingly, our judgments and estimates relating to claims will change from time to time in light of developments and actual outcomes will differ from our estimates. These differences may be material.

Related Party Transactions

We have no material related party transactions requiring disclosure. In the ordinary course of business, the Company and its subsidiary bank extend credit to related parties, including executive officers, directors, principal

shareholders, and their associates and related interests. These related party loans are made in compliance with applicable banking regulations.

18. REGULATORY MATTERS

We are subject to various regulatory capital requirements administered by 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 our financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, we must meet specific capital guidelines that involve quantitative measures of our assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. Required capital levels are also subject to judgmental review by regulators.

The Basel III capital rules, which effectively replaced the Basel I rules, became effective for the Company on January 1, 2015 (subject to phase-in periods for certain of their components). In 2013, the FRB, FDIC, and OCC published final rules (the “Basel III Capital Rules”) establishing a new comprehensive capital framework for U.S. banking organizations. The rules implement the Basel Committee’s December 2010 framework, commonly referred to as Basel III, for strengthening international capital standards as well as certain provisions of the Dodd-Frank Act. The Basel III capital rules substantially revised the risk-based capital requirements applicable to bank holding companies and depository institutions, including the Company, compared to the Basel I U.S. risk-based capital rules.

Under prior Basel I capital standards, the effects of AOCI items included in capital were excluded for purposes of determining regulatory capital and capital ratios. As a “non-advanced approaches banking organization,” we made a one-time permanent election as of January 1, 2015 to continue to exclude these items, as allowed under the Basel III Capital Rules.

Quantitative measures established by regulation to ensure capital adequacy require us to maintain minimum amounts and ratios (set forth in the following schedule) of Total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital (as defined) to average assets (as defined). As of December 31, 2015, all capital ratios of the Company and its subsidiary bank exceeded the “well-capitalized” levels under the regulatory framework for prompt corrective action. Dividends declared by our subsidiary bank in any calendar year may not, without the approval of the appropriate federal regulators, exceed specified criteria.

Appropriate capital levels and distributions of capital to shareholders for the Company and other “systemically important financial institutions” (“SIFIs”) are also subject to annual “stress tests” performed as a part of the Federal Reserve’s CCAR process.

The stress tests seek to comprehensively measure all risks to which the institution is exposed, including credit, liquidity, market, operating and other risks, the losses that could result from those risk exposures under adverse scenarios, and the institution’s resulting capital levels. These stress tests have both a qualitative and a quantitative component. The qualitative component evaluates the robustness of the Company’s risk identification, stress risk modeling, policies, capital planning, governance processes, and other components of a Capital Adequacy Process. The quantitative process subjects the Company’s balance sheet and other risk characteristics to stress testing and independent determination by the Federal Reserve using its own models. Most capital actions, including for example, payment of dividends and repurchasing stock, are subject to non-objection by the Federal Reserve to a capital plan based on both the qualitative and quantitative assessments of the plan.

Because the Company’s subsidiary bank has assets greater than \$10 billion also it is subject to annual stress testing and capital planning processes examined by the Office of the Comptroller of the Currency (“OCC”), known as the Dodd-Frank Act Stress Test (“DFAST”).

The actual capital amounts and ratios for the Company and its subsidiary bank under Basel III are as follows:

(Amounts in thousands)	December 31, 2015		To be well-capitalized	
	Amount	Ratio	Amount	Ratio
Transitional Basis Basel III Regulatory Capital Rules				
Total capital (to risk-weighted assets)				
The Company	\$ 7,535,760	16.12%	\$ 4,674,725	10.00%
ZB, National Association	6,918,312	14.84	4,661,581	10.00
Tier 1 capital (to risk-weighted assets)				
The Company	6,580,326	14.08	3,739,780	8.00
ZB, National Association	6,334,391	13.59	3,729,265	8.00
Common equity tier 1 capital (Basel III)				
The Company	5,711,836	12.22	3,038,571	6.50
ZB, National Association	5,503,491	11.81	3,030,028	6.50
Tier 1 capital (to average assets)				
The Company	6,580,326	11.26	na	na ¹
ZB, National Association	6,334,391	10.97	2,886,732	5.00

¹ There is no Tier 1 leverage ratio component in the definition of a well-capitalized bank holding company.

The actual capital amounts and ratios for the Company and its three largest subsidiary banks prior to the charter consolidation under Basel I are as follows:

(Amounts in thousands)	December 31, 2014		To be well-capitalized	
	Amount	Ratio	Amount	Ratio
Basel I Regulatory Capital Rule				
Total capital (to risk-weighted assets)				
The Company	\$ 7,443,301	16.27%	\$ 4,573,768	10.00%
Zions Bank	2,108,904	15.27	1,381,243	10.00
California Bank & Trust	1,286,095	14.18	906,915	10.00
Amegy Bank	1,741,586	14.09	1,236,244	10.00
Tier 1 capital (to risk-weighted assets)				
The Company	6,620,282	14.47	2,744,261	6.00
Zions Bank	1,942,856	14.07	828,746	6.00
California Bank & Trust	1,179,129	13.00	544,149	6.00
Amegy Bank	1,586,686	12.83	741,747	6.00
Tier 1 capital (to average assets)				
The Company	6,620,282	11.82	na	na ¹
Zions Bank	1,942,856	10.52	923,193	5.00
California Bank & Trust	1,179,129	10.78	547,086	5.00
Amegy Bank	1,586,686	11.79	672,996	5.00

¹ There is no Tier 1 leverage ratio component in the definition of a well-capitalized bank holding company.

Zions is also subject to “capital conservation buffer” regulatory requirements. When fully phased-in on January 1, 2019, the Basel III Capital Rules will require the Company and its subsidiary bank to maintain a 2.5% capital conservation buffer, designed to absorb losses during periods of economic stress, composed entirely of CET1, on top of the minimum risk-weighted asset ratios, effectively resulting in minimum ratios of (i) CET1 to risk-weighted assets of at least 7%, (ii) Tier 1 capital to risk-weighted assets of at least 8.5%, and (iii) Total capital to risk-weighted assets of at least 10.5%. Banking institutions with a ratio of CET1 to risk-weighted assets above the minimum but below the capital conservation buffer will face constraints on dividends, equity repurchases, and compensation. The implementation of the buffer will be phased-in beginning January 1, 2016 at the 0.625% level

and increase by 0.625% on each subsequent January 1, until it reaches 2.5% on January 1, 2019. Zions' triggers and limits under actual conditions and baseline projections are more restrictive than the capital conservation buffer requirements.

19. RETIREMENT PLANS

Defined Benefit Plans

Pension – This qualified noncontributory defined benefit plan has been frozen to new participation. No service-related benefits accrued for existing participants except for those with certain grandfathering provisions. Effective July 1, 2013, the plan was amended to remove the exception for grandfathered participants. The effect of this change was not significant to the plan. All participants in the Plan are currently 100% vested in their benefits. Plan assets consist principally of corporate equity securities, mutual fund investments, real estate, and fixed income investments. Plan benefits are paid as a lump-sum cash value or an annuity at retirement age. Contributions to the plan are based on actuarial recommendation and pension regulations. Currently, it is expected that no minimum regulatory contributions will be required in 2016.

Supplemental Retirement – These unfunded nonqualified plans are for certain current and former employees. Each year, Company contributions to these plans are made in amounts sufficient to meet benefit payments to plan participants.

Postretirement Medical/Life – This unfunded health care and life insurance plan provides postretirement medical benefits to certain full-time employees who meet minimum age and service requirements. The plan also provides specified life insurance benefits to certain employees. 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 organization options. Our contribution towards the retiree medical premium has been permanently frozen at an amount that does not increase in any future year. Retirees pay the difference between the full premium rates and our capped contribution.

Because our contribution rate is capped, there is no effect on the postretirement plan from assumed increases or decreases in health care cost trends. Each year, Company contributions to the plan are made in amounts sufficient to meet the portion of the premiums that are the Company's responsibility.

The following presents the change in benefit obligation, change in fair value of plan assets, and funded status, of the plans and amounts recognized in the balance sheet as of the measurement date of December 31:

(In thousands)	Pension		Supplemental Retirement		Postretirement	
	2015	2014	2015	2014	2015	2014
Change in benefit obligation:						
Benefit obligation at beginning of year	\$ 185,944	\$ 169,092	\$ 10,595	\$ 10,276	\$ 1,067	\$ 1,062
Service cost	—	—	—	—	33	31
Interest cost	7,094	7,468	403	454	40	47
Actuarial (gain) loss	(8,085)	20,859	(226)	738	(121)	19
Benefits paid	(11,745)	(11,475)	(778)	(873)	(65)	(92)
Benefit obligation at end of year	<u>173,208</u>	<u>185,944</u>	<u>9,994</u>	<u>10,595</u>	<u>954</u>	<u>1,067</u>
Change in fair value of plan assets:						
Fair value of plan assets at beginning of year	170,199	171,905	—	—	—	—
Actual return on plan assets	(1,136)	9,769	—	—	—	—
Employer contributions	—	—	778	873	65	92
Benefits paid	(11,745)	(11,475)	(778)	(873)	(65)	(92)
Fair value of plan assets at end of year	<u>157,318</u>	<u>170,199</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Funded status	<u>\$ (15,890)</u>	<u>\$ (15,745)</u>	<u>\$ (9,994)</u>	<u>\$ (10,595)</u>	<u>\$ (954)</u>	<u>\$ (1,067)</u>
Amounts recognized in balance sheet:						
Liability for pension/postretirement benefits	\$ (15,890)	\$ (15,745)	\$ (9,994)	\$ (10,595)	\$ (954)	\$ (1,067)
Accumulated other comprehensive income (loss)	(60,067)	(60,581)	(2,288)	(2,637)	(332)	264
Accumulated other comprehensive income (loss) consists of:						
Net gain (loss)	<u>\$ (60,067)</u>	<u>\$ (60,581)</u>	<u>\$ (2,288)</u>	<u>\$ (2,637)</u>	<u>\$ (332)</u>	<u>\$ 264</u>

For 2015, the pension plan benefit obligation at end of year decreased due to the updated mortality table issued by the Society of Actuaries that reflects increased life expectancy assumptions, and an increase in the year-end discount rate. The liability for pension/postretirement benefits is included in other liabilities in the balance sheet. The accumulated benefit obligation is the same as the benefit obligation shown in the preceding schedule.

The amounts in AOCI (loss) at December 31, 2015 expected to be recognized as an expense component of net periodic benefit cost in 2016 for the plans are estimated as follows:

(In thousands)	Pension	Supplemental Retirement	Postretirement
Net gain (loss)	\$ (6,638)	\$ (117)	\$ 66

The following presents the components of net periodic benefit cost (credit) for the plans:

(In thousands)	Pension			Supplemental Retirement			Postretirement		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Service cost	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 33	\$ 31	\$ 32
Interest cost	7,094	7,468	6,885	403	454	404	40	47	41
Expected return on plan assets	(12,360)	(13,305)	(12,109)	—	—	—	—	—	—
Amortization of net actuarial (gain) loss	5,926	2,895	8,132	123	19	70	(53)	(71)	(75)
Amortization of prior service (credit) cost	—	—	—	—	50	124	—	—	(151)
Settlement loss	—	—	1,814	—	—	—	—	—	—
Net periodic benefit cost (credit)	<u>\$ 660</u>	<u>\$ (2,942)</u>	<u>\$ 4,722</u>	<u>\$ 526</u>	<u>\$ 523</u>	<u>\$ 598</u>	<u>\$ 20</u>	<u>\$ 7</u>	<u>\$ (153)</u>

Weighted average assumptions based on the pension plan are the same where applicable for each of the plans and are as follows:

	2015	2014	2013
Used to determine benefit obligation at year-end:			
Discount rate	4.20%	3.95%	4.60%
Rate of compensation increase ¹	na	na	na
Used to determine net periodic benefit cost for the years ended December 31:			
Discount rate	3.95	4.60	3.75
Expected long-term return on plan assets	7.50	8.00	8.00
Rate of compensation increase ¹	na	na	3.50

¹ As previously discussed, the pension plan became fully frozen effective July 1, 2013 by a plan amendment that eliminated the remaining grandfather provisions. This action eliminated the need to continue using the rate of compensation increase assumption as of December 31, 2013.

The discount rate reflects the yields available on long-term, high-quality fixed income debt instruments with cash flows similar to the obligations of the pension plan, and is reset annually on the measurement date. The expected long-term rate of return on plan assets is based on a review of the target asset allocation of the plan. This rate is intended to approximate the long-term rate of return that we anticipate receiving on the plan's investments, considering the mix of the assets that the plan holds as investments, the expected return on these underlying investments, the diversification of these investments, and the rebalancing strategies employed. An expected long-term rate of return is assumed for each asset class and an underlying inflation rate assumption is determined.

Benefit payments to the plans' participants are estimated as follows for the years succeeding December 31, 2015:

(In thousands)	Pension	Supplemental Retirement	Postretirement
2016	\$ 9,876	\$ 1,870	\$ 80
2017	10,307	845	93
2018	10,373	838	98
2019	10,253	871	98
2020	10,702	819	102
Years 2021 - 2025	53,028	3,459	445

We are also obligated under other supplemental retirement plans for certain current and former employees. Our liability for these plans was \$6.9 million and \$6.3 million at December 31, 2015 and 2014, respectively.

For the pension plan, the investment strategy is predicated on its investment objectives and the risk and return expectations of asset classes appropriate for the plan. Investment objectives have been established by considering the plan's liquidity needs and time horizon and the fiduciary standards under the Employee Retirement Income Security Act of 1974. The asset allocation strategy is developed to meet the plan's long-term needs in a manner designed to control volatility and to reflect risk tolerance. Target investment allocation percentages as of December 31, 2015 are 65% in equity, 30% in fixed income and cash, and 5% in real estate assets.

The following presents the fair values of pension plan investments according to the fair value hierarchy described in Note 20, and the weighted average allocations:

(Amounts in thousands)	December 31, 2015					December 31, 2014				
	Level 1	Level 2	Level 3	Total	%	Level 1	Level 2	Level 3	Total	%
Company common stock	\$ 6,482			\$ 6,482	4	\$ 7,560			\$ 7,560	4
Mutual funds:										
Debt	5,250			5,250	4	6,047			6,047	4
Insurance company pooled separate accounts:										
Equity investments		\$ 88,355		88,355	56		\$ 97,094		97,094	57
Debt investments		31,659		31,659	20		33,167		33,167	19
Real estate		9,909		9,909	6		8,611		8,611	5
Guaranteed deposit account			\$ 9,484	9,484	6			\$ 11,515	11,515	7
Limited partnerships			6,179	6,179	4			6,205	6,205	4
	<u>\$ 11,732</u>	<u>\$ 129,923</u>	<u>\$ 15,663</u>	<u>\$ 157,318</u>	<u>100</u>	<u>\$ 13,607</u>	<u>\$ 138,872</u>	<u>\$ 17,720</u>	<u>\$ 170,199</u>	<u>100</u>

No transfers of assets occurred among Levels 1, 2 or 3 during 2015 or 2014.

The following describes the pension plan investments and the valuation methodologies used to measure their fair value:

Company common stock – Shares of the Company’s common stock are valued at the last reported sales price on the last business day of the plan year in the active market where individual securities are traded.

Mutual funds – These funds are valued at quoted market prices which represent the NAVs of shares held by the plan at year-end.

Insurance company pooled separate accounts – These funds are invested in by more than one investor. They are offered through separate accounts of the trustee’s insurance company and managed by internal and professional advisors. Participation units in these accounts are valued at the NAV as the practical expedient for fair value as determined by the insurance company.

Guaranteed deposit account – This account is a group annuity product issued by the trustee’s insurance company with guaranteed crediting rates established at the beginning of each calendar year. The account balance is stated at fair value as estimated by the trustee. The account is credited with deposits made, plus earnings at guaranteed crediting rates, less withdrawals and administrative expenses. The underlying investments generally include investment-grade public and privately traded debt securities, mortgage loans and, to a lesser extent, real estate and other equity investments. Market value adjustments are applied at the time of redemption if certain withdrawal limits are exceeded.

Additional fair value quantitative information for the guaranteed deposit account is as follows:

Principal valuation techniques	Significant unobservable inputs	Range (weighted average) of significant input values
For the underlying investments – reported fair values when available for market traded investments; when not applicable, discounted cash flows under an income approach using U.S. Treasury rates and spreads based on cash flow timing and quality of assets.	Earnings at guaranteed crediting rate	Gross guaranteed crediting rate must be greater than or equal to contractual minimum crediting rate
	Composite market value factor	At December 31,
		2015 0.995927 - 1.049539 (actual = 1.042254)
		2014 1.018148 - 1.081039 (actual = 1.063133)

The Company's Benefits Committee evaluates the methodology and factors used, including review of the contract, economic conditions, industry and market developments, and overall credit ratings of the underlying investments.

Limited partnerships – These partnerships invest in limited partnerships, limited liability companies, or similar investment vehicles that consist of PEIs in a wide variety of investment types, including venture and growth capital, real estate, energy and natural resources, and other private investments. The plan's investments are valued by the limited partnerships at NAV as the practical expedient for fair value. The estimation process takes into account the plan's proportional interests credited with realized and unrealized earnings from the underlying investments and charged for operating expenses and distributions. Investments are increased by capital calls and are part of an overall capital commitment by the plan of up to approximately \$8.75 million at December 31, 2015.

The following presents additional information as of December 31, 2015 and 2014 for the pooled separate accounts and limited partnerships whose fair values under Levels 2 and 3 are based on NAV per share:

Investment	Unfunded commitments (in thousands, approximately)	Redemption	
		Frequency	Notice period
Pooled separate accounts	na	Daily	< \$1 million, 1 day ≥ \$1 million, 3 days
Limited partnerships	\$ 1,600	Investments in these limited partnerships are illiquid and voluntary withdrawal is prohibited.	

The following reconciles the beginning and ending balances of assets measured at fair value on a recurring basis using Level 3 inputs:

	Level 3 Instruments			
	Year Ended December 31,			
	2015		2014	
	Guaranteed deposit account	Limited partnerships	Guaranteed deposit account	Limited partnerships
<i>(In thousands)</i>				
Balance at beginning of year	\$ 11,515	\$ 6,205	\$ 12,582	\$ 5,292
Net increases (decreases) included in plan statement of change in net assets available for benefits:				
Net operating fees and expenses	(376)	(88)	(267)	(93)
Net appreciation (depreciation) in fair value of investments:				
Realized	—	539	—	211
Unrealized	(628)	157	375	925
Interest and dividends	284	—	359	—
Purchases	10,428	1,110	9,995	1,014
Sales	(11,739)	—	(11,529)	—
Settlements	—	(1,744)	—	(1,144)
Balance at end of year	<u>\$ 9,484</u>	<u>\$ 6,179</u>	<u>\$ 11,515</u>	<u>\$ 6,205</u>

Shares of Company common stock were 233,849 and 262,209 at December 31, 2015 and 2014, respectively. Dividends received by the plan were approximately \$56 thousand in 2015 and \$43 thousand in 2014.

Defined Contribution Plan

The Company offers a 401(k) and employee stock ownership plan under which employees select from several investment alternatives. Employees can contribute up to 80% of their earnings subject to the annual maximum allowed contribution. The Company matches 100% of the first 3% of employee contributions and 50% of the next 2% of employee contributions. Matching contributions to participants, which were shares of the Company's common stock purchased in the open market, amounted to \$25.5 million in 2015, \$24.3 million in 2014, and \$22.7 million in 2013.

The 401(k) plan also has a noncontributory profit sharing feature which is discretionary and may range from 0% to 6% of eligible compensation based upon the Company's return on average common equity for the year. The profit sharing expense was computed at a contribution rate of 1% for 2015 and 2% for 2014 and 2013, and amounted to \$6.1 million for 2015, \$12.0 million for 2014 and \$11.8 million for 2013. The profit sharing contribution to participants consisted of shares of the Company's common stock purchased in the open market.

20. FAIR VALUE

Fair Value Measurement

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. To measure fair value, a hierarchy has been established that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs. This hierarchy uses three levels of inputs to measure the fair value of assets and liabilities as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities in active markets that the Company has the ability to access;

Level 2 – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in less active markets, observable inputs other than quoted prices that are used in the valuation of an asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means; and

Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined by pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The level in the fair value hierarchy within which the fair value measurement is classified is determined based on the lowest level input that is significant to the fair value measure in its entirety. Market activity is presumed to be orderly in the absence of evidence of forced or disorderly sales, although such sales may still be indicative of fair value. Applicable accounting guidance precludes the use of blockage factors or liquidity adjustments due to the quantity of securities held by an entity.

We use fair value to measure certain assets and liabilities on a recurring basis when fair value is the primary measure for accounting. Fair value is used on a nonrecurring basis to measure certain assets when adjusting carrying values, such as the application of lower of cost or fair value accounting, including recognition of impairment on assets. Fair value is also used when providing required disclosures for certain financial instruments.

Fair Value Policies and Procedures

We have various policies, processes and controls in place to ensure that fair values are reasonably developed, reviewed and approved for use. These include a Securities Valuation Committee (“SVC”) comprised of executive management appointed by the Board of Directors. The SVC reviews and approves on a quarterly basis the key components of fair value estimation, including critical valuation assumptions for Level 3 modeling. A Model Risk Management Group conducts model validations, including internal models, and sets policies and procedures for revalidation, including the timing of revalidation.

Third Party Service Providers

We use a third party pricing service to fair value measurements for approximately 92% of our AFS Level 2 securities. Fair value measurements for other AFS Level 2 generally use certain inputs corroborated by market data and include standard form discounted cash flow modeling.

For Level 2 securities, the third party pricing service provides documentation on an ongoing basis that presents market corroborative data, including detail pricing information and market reference data. The documentation includes benchmark yields, reported trades, broker-dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data, including information from the vendor trading platform. We review, test and validate this information as appropriate. Absent observable trade data, we do not adjust prices from our third party sources.

The following describes the hierarchy designations, valuation methodologies, and key inputs to measure fair value on a recurring basis for designated financial instruments:

Available-for-Sale

U.S. Treasury, Agencies and Corporations

U.S. Treasury securities are measured under Level 1 using quoted market prices when available. U.S. agencies and corporations are measured under Level 2 generally using the previously discussed third party pricing service.

Municipal Securities

Municipal securities are measured under Level 2 generally using the third party pricing service or an internal model. Valuation inputs include Baa municipal curves, as well as FHLB and London Interbank Offered Rate

(“LIBOR”) swap curves. Our valuation methodology for non-rated municipal securities changed at year end to utilize more observable inputs, primarily municipal market yield curves, and fewer unobservable inputs as compared to our previous valuation method. The resulting values were determined to be Level 2.

Money Market Mutual Funds and Other

Money market mutual funds and other securities are measured under Level 1 or Level 2. For Level 1, quoted market prices are used which may include NAVs or their equivalents. Level 2 valuations generally use quoted prices for similar securities.

Trading Account

Securities in the trading account are generally measured under Level 2 using third party pricing service providers as described previously.

Bank-Owned Life Insurance

Bank-owned life insurance (“BOLI”) is measured under Level 2 according to cash surrender values (“CSVs”) of the insurance policies that are provided by a third party service. Nearly all policies are general account policies with CSVs based on the Company’s claims on the assets of the insurance companies. The insurance companies’ investments include predominantly fixed income securities consisting of investment-grade corporate bonds and various types of mortgage instruments. Management regularly reviews its BOLI investment performance, including concentrations among insurance providers.

Private Equity Investments

Private equity investments are measured under Level 3. The Equity Investments Committee, consisting of executives familiar with the investments, reviews periodic financial information, including audited financial statements when available. Certain analytics may be employed that include current and projected financial performance, recent financing activities, economic and market conditions, market comparables, market liquidity, sales restrictions, and other factors. The amount of unfunded commitments to invest is disclosed in Note 17. Certain restrictions apply for the redemption of these investments and certain investments are prohibited by the VR. See discussions in Notes 5 and 17.

Agriculture Loan Servicing

This asset results from our servicing of agriculture loans approved and funded by FAMC. We provide this servicing under an agreement with FAMC for loans they own. The asset’s fair value represents our projection of the present value of future cash flows measured under Level 3 using discounted cash flow methodologies.

Interest-Only Strips

Interest-only strips are created as a by-product of the securitization process. When the guaranteed portions of SBA 7 (a) loans are pooled, interest-only strips may be created in the pooling process. The asset’s fair value represents our projection of the present value of future cash flows measured under Level 3 using discounted cash flow methodologies.

Deferred Compensation Plan Assets and Obligations

Invested assets in the deferred compensation plan consist of shares of registered investment companies. These mutual funds are valued under Level 1 at quoted market prices, which represents the NAV of shares held by the plan at the end of the period.

Derivatives

Derivatives are measured according to their classification as either exchange-traded or over-the-counter (“OTC”). Exchange-traded derivatives consist of foreign currency exchange contracts measured under Level 1 because they are traded in active markets. OTC derivatives, including those for customers, consist of interest rate swaps and options. These derivatives are measured under Level 2 using third party services. Observable market inputs include yield curves (the LIBOR swap curve and relevant overnight index swap curves), foreign exchange rates, commodity

prices, option volatilities, counterparty credit risk, and other related data. Credit valuation adjustments are required to reflect nonperformance risk for both the Company and the respective counterparty. These adjustments are determined generally by applying a credit spread to the total expected exposure of the derivative.

Securities Sold, Not Yet Purchased

Securities sold, not yet purchased, included in “Federal funds and other short-term borrowings” on the balance sheet, are measured under Level 1 using quoted market prices. If not available, quoted prices under Level 2 for similar securities are used.

Quantitative Disclosure by Fair Value Hierarchy

Assets and liabilities measured at fair value by class on a recurring basis are summarized as follows:

<i>(In thousands)</i>	December 31, 2015			
	Level 1	Level 2	Level 3	Total
ASSETS				
Investment securities:				
Available-for-sale:				
U.S. Treasury, agencies and corporations	\$ —	\$ 7,100,844	\$ —	\$ 7,100,844
Municipal securities		418,695		418,695
Other debt securities		22,941		22,941
Money market mutual funds and other	61,807	38,829		100,636
	61,807	7,581,309	—	7,643,116
Trading account		48,168		48,168
Other noninterest-bearing investments:				
Bank-owned life insurance		485,978		485,978
Private equity investments			120,027	120,027
Other assets:				
Agriculture loan servicing and interest-only strips			13,514	13,514
Deferred compensation plan assets	84,570			84,570
Derivatives:				
Interest rate related and other		5,966		5,966
Interest rate swaps for customers		51,353		51,353
Foreign currency exchange contracts	20,824			20,824
	20,824	57,319		78,143
	<u>\$ 167,201</u>	<u>\$ 8,172,774</u>	<u>\$ 133,541</u>	<u>\$ 8,473,516</u>
LIABILITIES				
Securities sold, not yet purchased	\$ 30,158	\$ —	\$ —	\$ 30,158
Other liabilities:				
Deferred compensation plan obligations	84,570			84,570
Derivatives:				
Interest rate related and other		835		835
Interest rate swaps for customers		53,843		53,843
Foreign currency exchange contracts	17,761			17,761
	17,761	54,678	—	72,439
Other				—
	<u>\$ 132,489</u>	<u>\$ 54,678</u>	<u>\$ —</u>	<u>\$ 187,167</u>

(In thousands)

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
ASSETS				
Investment securities:				
Available-for-sale:				
U.S. Treasury, agencies and corporations	\$ —	\$ 3,098,208	\$ —	\$ 3,098,208
Municipal securities		185,093	4,164	189,257
Asset-backed securities:				
Trust preferred – banks and insurance		22,701	393,007	415,708
Auction rate			4,761	4,761
Other		666	25	691
Money market mutual funds and other	105,348	30,275		135,623
	105,348	3,336,943	401,957	3,844,248
Trading account		70,601		70,601
Other noninterest-bearing investments:				
Bank-owned life insurance		476,290		476,290
Private equity investments			97,649	97,649
Other assets:				
Agriculture loan servicing and interest-only strips			12,227	12,227
Deferred compensation plan assets	88,878			88,878
Derivatives:				
Interest rate related and other		1,508		1,508
Interest rate swaps for customers		48,287		48,287
Foreign currency exchange contracts	16,625			16,625
	16,625	49,795		66,420
	<u>\$ 210,851</u>	<u>\$ 3,933,629</u>	<u>\$ 511,833</u>	<u>\$ 4,656,313</u>
LIABILITIES				
Securities sold, not yet purchased	\$ 24,230	\$ —	\$ —	\$ 24,230
Other liabilities:				
Deferred compensation plan obligations	88,878			88,878
Derivatives:				
Interest rate related and other		297		297
Interest rate swaps for customers		50,669		50,669
Foreign currency exchange contracts	15,272			15,272
	15,272	50,966	—	66,238
Other			13	13
	<u>\$ 128,380</u>	<u>\$ 50,966</u>	<u>\$ 13</u>	<u>\$ 179,359</u>

Reconciliation of Level 3 Fair Value Measurements

The following reconciles the beginning and ending balances of assets and liabilities that are measured at fair value by class on a recurring basis using Level 3 inputs:

(In thousands)	Level 3 Instruments					
	Year Ended December 31, 2015					
	Municipal securities	Trust preferred – banks and insurance	Other	Private equity investments	Ag loan svcg and int-only strips	Derivatives and other liabilities
Balance at December 31, 2014	\$ 4,164	\$ 393,007	\$ 4,761	\$ 97,649	\$ 12,227	\$ (12)
Total net gains (losses) included in:						
Statement of income:						
Accretion of purchase discount on securities available-for-sale	3	471				
Dividends and other investment loss				(3,657)		
Equity securities gains, net				7,270		
Fixed income securities losses, net	(344)	(136,691)	(606)			
Other noninterest income					1,480	
Other noninterest expense						12
Other comprehensive income (loss)	687	141,547	(74)			
Fair Value of HTM securities reclassified as AFS		57,308				
Purchases				24,898	993	
Sales	(2,651)	(440,055)	(4,081)	(4,107)		
Redemptions and paydowns	(1,859)	(15,587)		(2,026)	(1,186)	
Balance at December 31, 2015	\$ —	\$ —	\$ —	\$ 120,027	\$ 13,514	\$ —

(In thousands)	Level 3 Instruments							
	Year Ended December 31, 2014							
	Municipal securities	Trust preferred – banks and insurance	Trust preferred – REIT ¹	Auction rate	Other asset-backed	Private equity investments	Ag loan svcg and int-only strips	Derivatives and other liabilities
Balance at December 31, 2013	\$ 10,662	\$ 1,238,820	\$ 22,996	\$ 6,599	\$ 25,800	\$ 82,410	\$ 8,852	\$ (4,303)
Total net gains (losses) included in:								
Statement of income:								
Accretion of purchase discount on securities available-for-sale	32	2,151		3				
Dividends and other investment income						3,976		
Fair value and nonhedge derivative loss								(7,894)
Equity securities gains, net						5,869		
Fixed income securities gains (losses), net	126	(3,097)	1,399	50	10,917			
Other noninterest income							857	
Other noninterest expense								228
Other comprehensive income (loss)	(376)	146,303		(19)	(15)			
Purchases						21,768	3,351	
Sales	(5,679)	(818,647)	(24,395)	(922)	(36,670)	(10,448)		
Redemptions and paydowns	(601)	(103,330)		(950)	(7)	(5,926)	(833)	11,956
Transfers to Level 2		(69,193)						
Balance at December 31, 2014	\$ 4,164	\$ 393,007	\$ —	\$ 4,761	\$ 25	\$ 97,649	\$ 12,227	\$ (13)

¹ Real Estate Investment Trust

Except for the transfers included in the previous schedule, no transfers of assets or liabilities occurred among Levels 1, 2 or 3 for 2015 and 2014. Transfers are considered to have occurred as of the end of the reporting period.

The preceding reconciling amounts using Level 3 inputs include the following realized gains/losses in the statement of income:

(In thousands)	Year Ended December 31,	
	2015	2014
Dividends and other investment income (loss)	\$ (2)	\$ 518
Equity securities losses, net	(11,311)	—
Fixed income securities gains (losses), net	(137,641)	9,395

Nonrecurring Fair Value Measurements

Included in the balance sheet amounts are the following amounts of assets that had fair value changes measured on a nonrecurring basis:

(In thousands)	Fair value at December 31, 2015				Gains (losses) from fair value changes Year Ended December 31, 2015
	Level 1	Level 2	Level 3	Total	
ASSETS					
Private equity investments, carried at cost	\$ —	\$ —	\$ 10,707	\$ 10,707	\$ (5,119)
Impaired loans	—	10,991	—	10,991	(12,039)
Other real estate owned	—	2,388	—	2,388	(2,467)
	<u>\$ —</u>	<u>\$ 13,379</u>	<u>\$ 10,707</u>	<u>\$ 24,086</u>	<u>\$ (19,625)</u>

(In thousands)	Fair value at December 31, 2014				Gains (losses) from fair value changes Year Ended December 31, 2014
	Level 1	Level 2	Level 3	Total	
ASSETS					
Private equity investments, carried at cost	\$ —	\$ —	\$ 23,454	\$ 23,454	\$ (2,527)
Impaired loans	—	19,453	—	19,453	(9,776)
Other real estate owned	—	8,034	—	8,034	(6,784)
	<u>\$ —</u>	<u>\$ 27,487</u>	<u>\$ 23,454</u>	<u>\$ 50,941</u>	<u>\$ (19,087)</u>

The previous fair values may not be current as of the dates indicated, but rather as of the date the fair value change occurred, such as a charge for impairment. Accordingly, carrying values may not equal current fair value.

We recognized net gains of \$4.0 million in 2015 and \$8.8 million in 2014 from the sale of OREO properties that had a carrying value at the time of sale of approximately \$19.2 million in 2015 and \$41.4 million in 2014. Previous to their sale in these years, we recognized impairment on these properties of \$0.6 million in 2015 and \$0.7 million in 2014.

Private equity investments carried at cost were measured at fair value for impairment purposes according to the methodology previously discussed for these investments. Amounts of PEIs carried at cost were \$25.3 million and \$39.1 million at December 31, 2015 and 2014, respectively. Amounts of other noninterest-bearing investments carried at cost were \$191.5 million and \$224.4 million at December 31, 2015 and 2014, respectively, which were comprised of Federal Reserve and FHLB stock.

Impaired (or nonperforming) loans that are collateral-dependent were measured at fair value based on the fair value of the collateral. OREO was measured initially at fair value based on property appraisals at the time of transfer and subsequently at the lower of cost or fair value.

Measurement of fair value for collateral-dependent loans and OREO was based on third party appraisals that utilize one or more valuation techniques (income, market and/or cost approaches). Any adjustments to calculated fair value were made based on recently completed and validated third party appraisals, third party appraisal services, automated valuation services, or our informed judgment. Evaluations were made to determine that the appraisal process met the relevant concepts and requirements of applicable accounting guidance.

Automated valuation services may be used primarily for residential properties when values from any of the previous methods were not available within 90 days of the balance sheet date. These services use models based on market, economic, and demographic values. The use of these models has only occurred in a very few instances and the related property valuations have not been significant to consider disclosure under Level 3 rather than Level 2.

Impaired loans that are not collateral-dependent were measured based on the present value of future cash flows discounted at the expected coupon rates over the lives of the loans. Because the loans were not discounted at market interest rates, the valuations do not represent fair value and have been excluded from the nonrecurring fair value balance in the preceding schedules.

Fair Value of Certain Financial Instruments

Following is a summary of the carrying values and estimated fair values of certain financial instruments:

<i>(Amounts in thousands)</i>	December 31, 2015			December 31, 2014		
	Carrying value	Estimated fair value	Level	Carrying value	Estimated fair value	Level
Financial assets:						
HTM investment securities	\$ 545,648	\$ 552,088	2	\$ 647,252	\$ 677,196	3
Loans and leases (including loans held for sale), net of allowance	40,193,374	39,535,365	3	39,591,499	39,426,141	3
Financial liabilities:						
Time deposits	2,130,680	2,129,742	2	2,406,924	2,408,550	2
Foreign deposits	294,391	294,321	2	328,391	328,447	2
Long-term debt (less fair value hedges)	817,348	838,796	2	1,090,778	1,159,287	2

This summary excludes financial assets and liabilities for which carrying value approximates fair value and financial instruments that are recorded at fair value on a recurring basis. Financial instruments for which carrying values approximate fair value include cash and due from banks, money market investments, demand, savings and money market deposits, and federal funds purchased and security repurchase agreements. The estimated fair value of demand, savings and money market deposits is the amount payable on demand at the reporting date. Carrying value is used because the accounts have no stated maturity and the customer has the ability to withdraw funds immediately.

HTM investment securities primarily consist of municipal securities. They were measured at fair value according to the methodology previously discussed.

Loans are measured at fair value according to their status as nonimpaired or impaired. For nonimpaired loans, fair value is estimated by discounting future cash flows using the LIBOR yield curve adjusted by a factor which reflects the credit and interest rate risk inherent in the loan. These future cash flows are then reduced by the estimated “life-of-the-loan” aggregate credit losses in the loan portfolio. These adjustments for lifetime future credit losses are derived from the methods used to estimate the ALLL for our loan portfolio and are adjusted quarterly as necessary

to reflect the most recent loss experience. Impaired loans that are collateral-dependent are already considered to be held at fair value. Impaired loans that are not collateral-dependent have future cash flows reduced by the estimated “life-of-the-loan” credit loss derived from methods used to estimate the ALLL for these loans. See Impaired Loans in Note 6 for details on the impairment measurement method for impaired loans. Loans, other than those held for sale, are not normally purchased and sold by the Company, and there are no active trading markets for most of this portfolio. At December 31, 2015, oil and gas-related loan fair value measurement incorporated an illiquidity risk premium in addition to credit and interest rate risk adjustments.

Time and foreign deposits, and any other short-term borrowings, are measured at fair value by discounting future cash flows using the LIBOR yield curve to the given maturity dates.

Long-term debt is measured at fair value based on actual market trades (i.e., an asset value) when available, or discounting cash flows to maturity using the LIBOR yield curve adjusted for credit spreads.

These fair value disclosures represent our best estimates based on relevant market information and information about the financial instruments. Fair value estimates are based on judgments regarding current economic conditions, future expected loss experience, risk characteristics of the various instruments, and other factors. These estimates are subjective in nature, involve uncertainties and matters of significant judgment, and cannot be determined with precision. Changes in these methodologies and assumptions could significantly affect the estimates.

21. OPERATING SEGMENT INFORMATION

We manage our operations and prepare management reports and other information with a primary focus on geographical area. As discussed in Note 1, following the close of business on December 31, 2015, the Company’s seven subsidiary banks and certain other subsidiaries were merged into a single entity, whose name was changed to ZB, N.A. Effective April 1, 2015, TCBO was merged into TCBW. These consolidations will affect the presentation of segment reporting, although certain geographical information will continue. Certain prior year amounts have been reclassified to conform with the current year presentation. These reclassifications did not affect net income.

As of December 31, 2015, our banking business is conducted through seven locally managed and branded segments in distinct geographical areas. Performance assessment and resource allocation are based upon this geographical structure. Zions Bank operates 99 branches in Utah, 24 branches in Idaho, and one branch in Wyoming. CB&T operates 94 branches in California. Amegy operates 77 branches in Texas. NBAZ operates 67 branches in Arizona. NSB operates 49 branches in Nevada. Vectra operates 36 branches in Colorado and one branch in New Mexico. TCBW operates one branch in the Washington and one branch in Oregon.

The operating segment identified as “Other” includes the Parent, Zions Management Services Company (“ZMSC”) (which was merged into Zions First National Bank on December 31, 2015), certain nonbank financial service subsidiaries, and eliminations of transactions between segments. The Parent’s operations are significant to the Other segment. The Company’s net interest income is substantially affected by the Parent’s interest expense on long-term debt. The Parent’s financial statements in Note 23 provide more information about the Parent’s activities. The condensed statement of income identifies the components of income and expense which affect the operating amounts presented in the Other segment.

ZMSC provided internal technology and operational services to affiliated operating businesses of the Company. ZMSC charges most of its costs to the affiliates on an approximate break-even basis.

The accounting policies of the individual operating segments are the same as those of the Company. Transactions between operating segments are primarily conducted at fair value, resulting in profits that are eliminated for reporting consolidated results of operations. Operating segments pay for centrally provided services based upon estimated or actual usage of those services.

The following is a summary of selected operating segment information:

(In millions)	Zions Bank			Amegy			CB&T		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
CONDENSED INCOME STATEMENT									
Net interest income	\$ 583.0	\$ 581.4	\$ 595.0	\$ 398.0	\$ 386.8	\$ 386.5	\$ 390.8	\$ 412.5	\$ 469.0
Provision for loan losses	(28.3)	(58.5)	(40.5)	91.3	32.2	4.2	(4.4)	(20.1)	(16.7)
Net interest income after provision for loan losses	611.3	639.9	635.5	306.7	354.6	382.3	395.2	432.6	485.7
Net impairment losses on investment securities	—	—	(7.7)	—	—	—	—	—	—
Loss on sale of investment securities to Parent	—	—	—	—	—	—	—	—	—
Other noninterest income	136.3	206.4	199.9	137.9	140.4	137.0	74.1	53.9	79.3
Noninterest expense	514.7	494.3	481.4	379.8	357.3	333.3	295.9	321.3	352.4
Income (loss) before income taxes and minority interest	232.9	352.0	346.3	64.8	137.7	186.0	173.4	165.2	212.6
Income tax expense (benefit)	82.6	130.4	121.7	20.0	44.5	58.6	67.2	63.9	72.5
Net income (loss)	150.3	221.6	224.6	44.8	93.2	127.4	106.2	101.3	140.1
Net income (loss) applicable to noncontrolling interests	0.9	1.2	—	—	—	—	—	—	—
Net income (loss) applicable to controlling interest	\$ 149.4	\$ 220.4	\$ 224.6	\$ 44.8	\$ 93.2	\$ 127.4	\$ 106.2	\$ 101.3	\$ 140.1
YEAR-END BALANCE SHEET DATA									
Total assets	\$19,744	\$19,079	\$18,590	\$14,062	\$13,888	\$13,620	\$12,187	\$11,340	\$10,923
Cash and due from banks	375	385	362	228	219	407	56	85	157
Money market investments	1,118	3,384	3,890	2,072	2,199	2,551	1,814	1,670	1,108
Total securities	5,103	2,331	1,520	465	277	362	714	296	331
Total loans	12,334	12,251	12,259	10,115	10,077	9,217	8,832	8,530	8,574
Total deposits	16,900	16,633	16,257	11,634	11,491	11,199	10,520	9,707	9,328
Shareholders' equity:									
Preferred equity	280	280	280	226	226	226	162	162	162
Common equity	1,693	1,615	1,523	2,030	1,998	1,988	1,424	1,390	1,342
Noncontrolling interests	32	11	—	—	—	—	—	—	—
Total shareholders' equity	2,005	1,906	1,803	2,256	2,224	2,214	1,586	1,552	1,504

(In millions)	NBAZ			NSB			Vectra		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
CONDENSED INCOME STATEMENT									
Net interest income	\$160.6	\$162.0	\$163.0	\$112.9	\$112.9	\$113.6	\$103.7	\$102.1	\$102.7
Provision for loan losses	7.9	(21.5)	(15.0)	(28.3)	(20.9)	(12.0)	4.7	(8.4)	(4.9)
Net interest income after provision for loan losses	152.7	183.5	178.0	141.2	133.8	125.6	99.0	110.5	107.6
Net impairment losses on investment securities	—	—	—	—	—	(3.3)	—	—	(0.1)
Loss on sale of investment securities to Parent	—	—	—	—	—	—	—	—	—
Other noninterest income	38.6	36.0	35.0	35.7	32.2	37.8	21.0	19.9	24.6
Noninterest expense	131.5	145.1	142.7	129.5	132.8	131.8	97.2	98.3	99.5
Income (loss) before income taxes and minority interest	59.8	74.4	70.3	47.4	33.2	28.3	22.8	32.1	32.6
Income tax expense (benefit)	17.8	27.9	26.4	15.9	10.9	9.5	7.1	10.7	11.2
Net income (loss)	42.0	46.5	43.9	31.5	22.3	18.8	15.7	21.4	21.4
Net income (loss) applicable to noncontrolling interests	—	—	—	—	—	—	—	—	—
Net income (loss) applicable to controlling interest	\$ 42.0	\$ 46.5	\$ 43.9	\$ 31.5	\$ 22.3	\$ 18.8	\$ 15.7	\$ 21.4	\$ 21.4
YEAR-END BALANCE SHEET DATA									
Total assets	\$5,024	\$4,771	\$4,579	\$4,441	\$4,096	\$3,980	\$3,310	\$2,999	\$2,571
Cash and due from banks	80	51	77	54	51	79	32	28	51
Money market investments	238	371	221	1,036	655	710	475	407	6
Total securities	601	395	362	920	831	774	274	179	166
Total loans	3,909	3,750	3,724	2,285	2,421	2,297	2,468	2,320	2,278
Total deposits	4,369	4,133	3,931	4,035	3,690	3,590	2,889	2,591	2,178
Shareholders' equity:									
Preferred equity	85	85	120	50	50	50	25	25	70
Common equity	522	481	418	330	332	317	331	315	246
Noncontrolling interests	—	—	—	—	—	—	—	—	—
Total shareholders' equity	607	566	538	380	382	367	356	340	316

(In millions)	TCBW			Other			Consolidated Company		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
CONDENSED INCOME STATEMENT									
Net interest income	\$ 30.2	\$31.5	\$ 30.1	\$ (63.9)	\$ (109.2)	\$ (163.6)	\$1,715.3	\$1,680.0	\$1,696.3
Provision for loan losses	(2.9)	(0.9)	(2.3)	—	—	0.1	40.0	(98.1)	(87.1)
Net interest income after provision for loan losses	33.1	32.4	32.4	(63.9)	(109.2)	(163.7)	1,675.3	1,778.1	1,783.4
Net impairment losses on investment securities	—	—	—	—	—	(154.0)	—	—	(165.1)
Loss on sale of investment securities to Parent	—	—	(2.7)	—	—	2.7	—	—	—
Other noninterest income	4.8	2.5	4.6	(71.3)	17.3	(15.7)	377.1	508.6	502.5
Noninterest expense	16.5	33.4	22.2	35.4	82.8	151.1	1,600.5	1,665.3	1,714.4
Income (loss) before income taxes and minority interest	21.4	1.5	12.1	(170.6)	(174.7)	(481.8)	451.9	621.4	406.4
Income tax expense (benefit)	7.2	0.5	4.2	(75.4)	(65.9)	(161.2)	142.4	222.9	142.9
Net income (loss)	14.2	1.0	7.9	(95.2)	(108.8)	(320.6)	309.5	398.5	263.5
Net income (loss) applicable to noncontrolling interests	—	—	—	(0.9)	(1.2)	(0.3)	—	—	(0.3)
Net income (loss) applicable to controlling interest	\$ 14.2	\$ 1.0	\$ 7.9	\$ (94.3)	\$ (107.6)	\$ (320.3)	\$ 309.5	\$ 398.5	\$ 263.8
YEAR-END BALANCE SHEET DATA									
Total assets	\$1,198	\$ 970	\$1,010	\$ (296)	\$ 66	\$ 758	\$ 59,670	\$ 57,209	\$ 56,031
Cash and due from banks	22	34	31	(49)	(11)	9	798	842	1,173
Money market investments	349	123	182	(374)	(245)	(209)	6,728	8,564	8,459
Total securities	110	83	93	50	170	717	8,237	4,562	4,325
Total loans	704	713	689	3	2	5	40,650	40,064	39,043
Total deposits	986	816	845	(959)	(1,213)	(965)	50,374	47,848	46,363
Shareholders' equity:									
Preferred equity	3	3	3	(2)	173	93	829	1,004	1,004
Common equity	116	103	101	233	132	(474)	6,679	6,366	5,461
Noncontrolling interests	—	—	—	(32)	(11)	—	—	—	—
Total shareholders' equity	119	106	104	199	294	(381)	7,508	7,370	6,465

22. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Financial information by quarter for 2015 and 2014 is as follows:

<i>(In thousands, except per share amounts)</i>	Quarters				Year
	First	Second	Third	Fourth	
2015					
Gross interest income	\$ 448,446	\$ 455,236	\$ 456,230	\$ 473,559	\$ 1,833,471
Net interest income	417,346	423,704	425,377	448,833	1,715,260
Provision for loan losses	(1,494)	566	18,262	22,701	40,035
Noninterest income:					
Investment securities gains (losses), net	3,114	(133,597)	3,577	46	(126,860)
Other noninterest income	118,708	134,018	127,236	124,018	503,980
Noninterest expense	397,461	404,100	396,149	402,776	1,600,486
Income before income taxes	143,201	19,459	141,779	147,420	451,859
Net income	92,025	13,960	100,999	102,487	309,471
Preferred stock dividends	(16,746)	(15,060)	(16,761)	(14,290)	(62,857)
Net earnings (loss) applicable to common shareholders	75,279	(1,100)	84,238	88,197	246,614
Net earnings (loss) per common share:					
Basic	\$ 0.37	\$ (0.01)	\$ 0.41	\$ 0.43	\$ 1.20
Diluted	0.37	(0.01)	0.41	0.43	1.20
2014					
Gross interest income	\$ 467,574	\$ 463,192	\$ 460,276	\$ 461,960	\$ 1,853,002
Net interest income	416,471	416,284	416,819	430,430	1,680,004
Provision for loan losses	(610)	(54,416)	(54,643)	11,587	(98,082)
Noninterest income:					
Net impairment losses on investment securities	(27)	—	—	—	(27)
Investment securities gains (losses), net	31,826	7,539	(13,461)	(2,014)	23,890
Other noninterest income	106,514	117,310	129,532	131,410	484,766
Noninterest expense	398,063	406,027	438,536	422,666	1,665,292
Income before income taxes	157,331	189,522	148,997	125,573	621,423
Net income	101,210	119,550	95,888	81,814	398,462
Preferred stock dividends	(25,020)	(15,060)	(16,761)	(15,053)	(71,894)
Net earnings applicable to common shareholders	76,190	104,490	79,127	66,761	326,568
Net earnings per common share:					
Basic	\$ 0.41	\$ 0.56	\$ 0.40	\$ 0.33	\$ 1.68
Diluted	0.41	0.56	0.40	0.33	1.68

Certain prior year amounts have been reclassified to conform with the current year presentation. These reclassifications did not affect net income. See related discussion in Note 1.

As discussed in Note 5, we recognized a loss during the second quarter of 2015 on the sale of our remaining CDO investment securities.

23. PARENT COMPANY FINANCIAL INFORMATION

CONDENSED BALANCE SHEETS

<i>(In thousands)</i>	December 31,	
	2015	2014
ASSETS		
Cash and due from banks	\$ 18,375	\$ 23,774
Interest-bearing deposits	775,649	1,007,916
Security resell agreements	100,000	—
Investment securities:		
Held-to-maturity, at adjusted cost (approximate fair value \$0 and \$34,691)	—	17,292
Available-for-sale, at fair value	45,168	130,964
Other noninterest-bearing investments	28,178	33,577
Investments in subsidiaries:		
Commercial bank	7,312,654	7,094,597
Other subsidiaries	84,010	94,681
Receivables from subsidiaries:		
Other subsidiaries	60	15,060
Other assets	83,710	106,233
	<u>\$ 8,447,804</u>	<u>\$ 8,524,094</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Other liabilities	\$ 123,849	\$ 85,480
Subordinated debt to affiliated trusts	164,950	168,043
Long-term debt:		
Due to affiliates	—	20
Due to others	651,486	901,021
Total liabilities	<u>940,285</u>	<u>1,154,564</u>
Shareholders' equity:		
Preferred stock	828,490	1,004,011
Common stock	4,766,731	4,723,855
Retained earnings	1,966,910	1,769,705
Accumulated other comprehensive loss	(54,612)	(128,041)
Total shareholders' equity	<u>7,507,519</u>	<u>7,369,530</u>
	<u>\$ 8,447,804</u>	<u>\$ 8,524,094</u>

Prior period amounts have been adjusted to reflect changes in the legal entity structure resulting from our charter consolidation discussed in Note 1.

CONDENSED STATEMENTS OF INCOME

(In thousands)	Year Ended December 31,		
	2015	2014	2013
Interest income:			
Commercial bank	\$ 1,162	\$ 1,489	\$ 862
Other subsidiaries	3	16	—
Other loans and securities	3,014	10,900	17,764
Total interest income	4,179	12,405	18,626
Interest expense:			
Affiliated trusts	4,308	4,265	12,202
Other borrowed funds	63,665	117,700	172,480
Total interest expense	67,973	121,965	184,682
Net interest loss	(63,794)	(109,560)	(166,056)
Provision for loan losses	—	—	(23)
Net interest loss after provision for loan losses	(63,794)	(109,560)	(166,033)
Other income:			
Dividends from consolidated subsidiaries:			
Commercial bank	233,853	236,012	421,406
Other subsidiaries	100	400	200
Equity and fixed income securities gains (losses), net	37,161	300,275	(7,332)
Net impairment losses on investment securities	—	—	(95,637)
Other income (loss)	12,512	6,475	(8,285)
	283,626	543,162	310,352
Expenses:			
Salaries and employee benefits	24,674	17,457	26,014
Debt extinguishment cost	135	44,422	120,192
Other operating expenses	10,473	10,559	1,436
	35,282	72,438	147,642
Income (loss) before income taxes and undistributed income (loss) of consolidated subsidiaries	184,550	361,164	(3,323)
Income tax expense (benefit)	(27,140)	55,865	(135,472)
Income before equity in undistributed income of consolidated subsidiaries	211,690	305,299	132,149
Equity in undistributed income (loss) of consolidated subsidiaries:			
Commercial bank	108,350	97,673	129,562
Other subsidiaries	(10,569)	(4,510)	2,080
Net income	309,471	398,462	263,791
Preferred stock dividends	(62,857)	(71,894)	(95,512)
Preferred stock redemption	—	—	125,700
Net earnings applicable to common shareholders	\$ 246,614	\$ 326,568	\$ 293,979

Prior period amounts have been adjusted to reflect changes in the legal entity structure resulting from our charter consolidation discussed in Note 1.

CONDENSED STATEMENTS OF CASH FLOWS

(In thousands)	Year Ended December 31,		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 309,471	\$ 398,462	\$ 263,791
Adjustments to reconcile net income to net cash provided by operating activities:			
Undistributed net income of consolidated subsidiaries	(97,781)	(93,163)	(131,642)
Net impairment losses on investment securities	—	—	95,637
Debt extinguishment cost	135	44,422	120,192
Other, net	78,580	149,280	69,394
Net cash provided by operating activities	290,405	499,001	417,372
CASH FLOWS FROM INVESTING ACTIVITIES			
Net decrease (increase) in money market investments	132,267	(1,007,844)	650,736
Collection of advances to subsidiaries	56,000	15,000	10,000
Advances to subsidiaries	(41,000)	(30,060)	(10,000)
Proceeds from sales and maturities of investment securities	124,419	372,357	27,916
Purchases of investment securities	(46,851)	—	(4,858)
Decrease of investment in subsidiaries	15,000	6,310	175,000
Other, net	4,010	24,319	10,642
Net cash provided by (used in) investing activities	243,845	(619,918)	859,436
CASH FLOWS FROM FINANCING ACTIVITIES			
Net change in short-term funds borrowed	—	—	(3,368)
Proceeds from issuance of long-term debt	—	—	646,408
Repayments of long-term debt	(271,120)	(1,147,641)	(835,031)
Debt extinguishment cost paid	(135)	(35,435)	(45,812)
Proceeds from issuance of preferred stock	—	—	784,318
Proceeds from issuance of common stock	22,392	526,438	9,825
Cash paid for preferred stock redemptions	(175,669)	—	(799,468)
Dividends paid on preferred stock	(62,857)	(64,868)	(95,512)
Dividends paid on common stock	(45,198)	(31,262)	(24,148)
Other, net	(7,062)	(5,619)	(16,137)
Net cash used in financing activities	(539,649)	(758,387)	(378,925)
Net increase (decrease) in cash and due from banks	(5,399)	(879,304)	897,883
Cash and due from banks at beginning of year	23,774	903,078	5,195
Cash and due from banks at end of year	\$ 18,375	\$ 23,774	\$ 903,078

The Parent paid interest of \$51.4 million in 2015, \$100.6 million in 2014, and \$130.9 million in 2013.

Prior period amounts have been adjusted to reflect changes in the legal entity structure resulting from our charter consolidation discussed in Note 1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as of December 31, 2015. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of December 31, 2015. There were no changes in the Company's internal control over financial reporting during the fourth quarter of 2015 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. See "Report on Management's Assessment of Internal Control over Financial Reporting" included in Item 8 on page 84 for management's report on the adequacy of internal control over financial reporting. Also see "Report on Internal Control over Financial Reporting" issued by Ernst & Young LLP included in Item 8 on page 85.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Incorporated by reference from the Company's Proxy Statement to be subsequently filed.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated by reference from the Company's Proxy Statement to be subsequently filed.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

EQUITY COMPENSATION PLAN INFORMATION

The following schedule provides information as of December 31, 2015 with respect to the shares of the Company's common stock that may be issued under existing equity compensation plans.

Plan category ¹	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plan approved by security holders			
Zions Bancorporation 2015 Omnibus Incentive Plan	720,199	\$ 29.01	7,523,768

¹ Column (a) excludes 59,370 shares of unvested restricted stock, 1,798,543 restricted stock units (each unit representing the right to one share of common stock), and 3,062,644 shares of common stock issuable upon the exercise of stock options, with a weighted average exercise price of \$27.06, granted under the prior plan. The schedule also excludes 21,252 shares of common stock issuable upon the exercise of stock options, with a weighted average exercise price of \$5.02, granted under plans assumed in mergers that are outstanding.

Other information required by Item 12 is incorporated by reference from the Company's Proxy Statement to be subsequently filed.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Incorporated by reference from the Company's Proxy Statement to be subsequently filed.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Incorporated by reference from the Company's Proxy Statement to be subsequently filed.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

- (a) (1) Financial statements – The following consolidated financial statements of Zions Bancorporation and subsidiaries are filed as part of this Form 10-K under Item 8, Financial Statements and Supplementary Data:

Consolidated balance sheets – December 31, 2015 and 2014

Consolidated statements of income – Years ended December 31, 2015, 2014 and 2013

Consolidated statements of comprehensive income – Years ended December 31, 2015, 2014 and 2013

Consolidated statements of changes in shareholders' equity – Years ended December 31, 2015, 2014 and 2013

Consolidated statements of cash flows – Years ended December 31, 2015, 2014 and 2013

Notes to consolidated financial statements – December 31, 2015

- (2) Financial statement schedules – All financial statement schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions, the required information is contained elsewhere in the Form 10-K, or the schedules are inapplicable and have therefore been omitted.

- (3) List of Exhibits:

Exhibit Number	Description	
3.1	Restated Articles of Incorporation of Zions Bancorporation dated July 8, 2014, incorporated by reference to Exhibit 3.1 of Form 8-K/A filed on July 18, 2014.	*
3.2	Restated Bylaws of Zions Bancorporation dated February 27, 2015, incorporated by reference to Exhibit 3.2 of Form 10-Q for the quarter ended March 31, 2015.	*
4.1	Senior Debt Indenture dated September 10, 2002 between Zions Bancorporation and The Bank of New York Mellon Trust Company, N.A. as successor to J.P. Morgan Trust Company, N.A., as trustee, with respect to senior debt securities of Zions Bancorporation, incorporated by reference to Exhibit 4.1 of Form 10-K for the year ended December 31, 2011.	*

Exhibit Number	Description	
4.2	Subordinated Debt Indenture dated September 10, 2002 between Zions Bancorporation and The Bank of New York Mellon Trust Company, N.A. as successor to J.P. Morgan Trust Company, N.A., as trustee, with respect to subordinated debt securities of Zions Bancorporation, incorporated by reference to Exhibit 4.2 of Form 10-K for the year ended December 31, 2011.	*
4.3	Junior Subordinated Indenture dated August 21, 2002 between Zions Bancorporation and The Bank of New York Mellon Trust Company, N.A. as successor to J.P. Morgan Trust Company, N.A., as trustee, with respect to junior subordinated debentures of Zions Bancorporation, incorporated by reference to Exhibit 4.3 of Form 10-K for the year ended December 31, 2011.	*
4.4	Warrant to purchase up to 5,789,909 shares of Common Stock, issued on November 14, 2008, incorporated by reference to Exhibit 4.4 of Form 10-K for the year ended December 31, 2013.	*
4.5	Warrant Agreement, between Zions Bancorporation and Zions First National Bank (now known as ZB, N.A.), and Warrant Certificate, incorporated by reference to Exhibit 4.1 of Form 10-Q for the quarter ended September 30, 2010.	*
10.1	Zions Bancorporation 2012-2014 Value Sharing Plan, incorporated by reference to Exhibit 10.3 of Form 10-K for the year ended December 31, 2012.	*
10.2	Zions Bancorporation 2013-2015 Value Sharing Plan, incorporated by reference to Exhibit 10.4 of Form 10-Q for the quarter ended September 30, 2013.	*
10.3	Zions Bancorporation 2014-2016 Value Sharing Plan, incorporated by reference to Exhibit 10.1 of Form 10-Q for the quarter ended September 30, 2014.	*
10.4	Zions Bancorporation 2015-2017 Value Sharing Plan, incorporated by reference to Exhibit 10.1 of Form 10-Q for the quarter ended March 31, 2015.	*
10.5	2012 Management Incentive Compensation Plan, incorporated by reference to Exhibit 10.1 of Form 10-Q for the quarter ended June 30, 2012.	*
10.6	Zions Bancorporation Third Restated and Revised Deferred Compensation Plan, incorporated by reference to Exhibit 10.1 of Form 10-Q for the quarter ended September 30, 2013.	*
10.7	Zions Bancorporation Fourth Restated Deferred Compensation Plan for Directors, incorporated by reference to Exhibit 10.2 of Form 10-Q for the quarter ended September 30, 2013.	*
10.8	Amendment to the Zions Bancorporation Fourth Restated Deferred Compensation Plan for Directors (filed herewith).	
10.9	Amended and Restated Amegy Bancorporation, Inc. Non-Employee Directors Deferred Fee Plan, incorporated by reference to Exhibit 10.3 of Form 10-Q for the quarter ended September 30, 2013.	*
10.10	Zions Bancorporation First Restated Excess Benefit Plan, incorporated by reference to Exhibit 10.8 of Form 10-K for the year ended December 31, 2014.	*
10.11	Trust Agreement establishing the Zions Bancorporation Deferred Compensation Plan Trust by and between Zions Bancorporation and Cigna Bank & Trust Company, FSB effective October 1, 2002, incorporated by reference to Exhibit 10.9 of Form 10-K for the year ended December 31, 2012.	*

Exhibit Number	Description	
10.12	Amendment to the Trust Agreement establishing the Zions Bancorporation Deferred Compensation Plan Trust by and between Zions Bancorporation and Cigna Bank & Trust Company, FSB substituting Prudential Bank & Trust, FSB as the trustee, incorporated by reference to Exhibit 10.12 of Form 10-K for the year ended December 31, 2010.	*
10.13	Amendment to Trust Agreement Establishing the Zions Bancorporation Deferred Compensation Plans Trust, effective September 1, 2006, incorporated by reference to Exhibit 10.11 of Form 10-K for the year ended December 31, 2012.	*
10.14	Fifth Amendment to Trust Agreement between Fidelity Management Trust Company and Zions Bancorporation for the Deferred Compensation Plans, incorporated by reference to Exhibit 10.5 of Form 10-Q for the quarter September 30, 2013.	*
10.15	Sixth Amendment to Trust Agreement between Fidelity Management Trust Company and Zions Bancorporation for the Deferred Compensation Plans, dated August 17, 2015, incorporated by reference to Exhibit 10.1 of Form 10-Q for the quarter September 30, 2015.	*
10.16	Zions Bancorporation Deferred Compensation Plans Master Trust between Zions Bancorporation and Fidelity Management Trust Company, effective September 1, 2006, incorporated by reference to Exhibit 10.12 of Form 10-K for the year ended December 31, 2012.	*
10.17	Revised schedule C to Zions Bancorporation Deferred Compensation Plans Master Trust between Zions Bancorporation and Fidelity Management Trust Company, effective September 13, 2006, incorporated by reference to Exhibit 10.13 of Form 10-K for the year ended December 31, 2012.	*
10.18	Third Amendment to the Zions Bancorporation Deferred Compensation Plans Master Trust agreement between Zions Bancorporation and Fidelity Management Trust Company, dated June 13, 2012, incorporated by reference to Exhibit 10.6 of Form 10-Q for the quarter ended June 30, 2012.	*
10.19	Zions Bancorporation Restated Pension Plan effective January 1, 2002, including amendments adopted through December 31, 2010, incorporated by reference to Exhibit 10.16 of Form 10-K for the year ended December 31, 2010.	*
10.20	First amendment to the Zions Bancorporation Pension Plan, dated June 28, 2013, incorporated by reference to Exhibit 10.1 of Form 10-Q for the quarter ended June 30, 2013.	*
10.21	Zions Bancorporation Executive Management Pension Plan, incorporated by reference to Exhibit 10.18 of Form 10-K for the year ended December 31, 2014.	*
10.22	Zions Bancorporation Payshelter 401(k) and Employee Stock Ownership Plan, Restated and Amended effective January 1, 2002, including amendments adopted through December 31, 2010, incorporated by reference to Exhibit 10.18 of Form 10-K for the year ended December 31, 2010.	*
10.23	First Amendment to the Zions Bancorporation Payshelter 401(k) and Employee Stock Ownership Plan, dated November 14, 2012, incorporated by reference to Exhibit 10.18 of Form 10-K for the year ended December 31, 2012.	*
10.24	Zions Bancorporation Payshelter 401(k) and Employee Stock Ownership Plan Trust Agreement between Zions Bancorporation and Fidelity Management Trust Company, dated July 3, 2006, incorporated by reference to Exhibit 10.19 of Form 10-K for the year ended December 31, 2012.	*

Exhibit Number	Description	
10.25	First Amendment to the Zions Bancorporation Payshelter 401(k) and Employee Stock Ownership Plan Trust Agreement between Zions Bancorporation and Fidelity Management Trust Company, dated April 5, 2010 (filed herewith).	
10.26	Second Amendment to the Zions Bancorporation Payshelter 401(k) and Employee Stock Ownership Plan Trust Agreement between Zions Bancorporation and Fidelity Management Trust Company, dated April 5, 2010 (filed herewith).	
10.27	Third Amendment to the Zions Bancorporation Payshelter 401(k) and Employee Stock Ownership Plan Trust Agreement between Zions Bancorporation and Fidelity Management Trust Company, dated April 30, 2010 (filed herewith).	
10.28	Fourth Amendment to the Zions Bancorporation Payshelter 401(k) and Employee Stock Ownership Plan Trust Agreement between Zions Bancorporation and Fidelity Management Trust Company, dated October 1, 2014, incorporated by reference to Exhibit 10.25 of Form 10-K for the year ended December 31, 2014.	*
10.29	Fifth Amendment to the Zions Bancorporation Payshelter 401(k) and Employee Stock Ownership Plan Trust Agreement between Zions Bancorporation and Fidelity Management Trust Company, dated October 1, 2014, incorporated by reference to Exhibit 10.26 of Form 10-K for the year ended December 31, 2014.	*
10.30	Sixth Amendment to the Zions Bancorporation Payshelter 401(k) and Employee Stock Ownership Plan Trust Agreement between Zions Bancorporation and Fidelity Management Trust Company, dated August 17, 2015, incorporated by reference to Exhibit 10.2 of Form 10-Q for the quarter ended September 30, 2015.	*
10.31	Zions Bancorporation 2015 Omnibus Incentive Plan, incorporated by reference to Exhibit 4.1 of Form S-8 filed on July 1, 2015.	*
10.32	Form of Standard Restricted Stock Award Agreement, Zions Bancorporation 2015 Omnibus Incentive Plan, incorporated by reference to Exhibit 4.3 of Form S-8 filed on July 1, 2015.	*
10.33	Form of Standard Restricted Stock Unit Award Agreement, Zions Bancorporation 2015 Omnibus Incentive Plan, incorporated by reference to Exhibit 4.4 of Form S-8 filed on July 1, 2015.	*
10.34	Form of Standard Stock Option Award Agreement, Zions Bancorporation 2015 Omnibus Incentive Plan, incorporated by reference to Exhibit 4.6 of Form S-8 filed on July 1, 2015.	*
10.35	Form of Standard Directors Stock Award Agreement, Zions Bancorporation 2015 Omnibus Incentive Plan, incorporated by reference to Exhibit 4.7 of Form S-8 filed on July 1, 2015.	*
10.36	Form of Restricted Stock Award Agreement subject to holding requirement, Zions Bancorporation 2015 Omnibus Incentive Plan, incorporated by reference to Exhibit 4.2 of Form S-8 filed on July 1, 2015.	*
10.37	Form of Restricted Stock Unit Agreement subject to holding requirement, Zions Bancorporation 2015 Omnibus Incentive Plan, incorporated by reference to Exhibit 4.5 of Form S-8 filed on July 1, 2015.	*
10.38	Amegy Bancorporation 2004 (formerly Southwest Bancorporation of Texas, Inc.) Omnibus Incentive Plan (filed herewith).	

Exhibit Number	Description	
10.39	Form of Change in Control Agreement between the Company and Certain Executive Officers, incorporated by reference to Exhibit 10.37 of Form 10-K for the year ended December 31, 2012.	*
10.40	Addendum to Change in Control Agreement, incorporated by reference to Exhibit 10.38 of Form 10-K for the year ended December 31, 2014.	*
10.41	Form of Change in Control Agreement between the Company and Dallas E. Haun, dated May 23, 2008, incorporated by reference to Exhibit 10.39 of Form 10-K for the year ended December 31, 2014.	*
12	Ratios of Earnings to Fixed Charges and Earnings to Fixed Charges and Preferred Dividends (filed herewith).	
21	List of Subsidiaries of Zions Bancorporation (filed herewith).	
23	Consent of Independent Registered Public Accounting Firm (filed herewith).	
31.1	Certification by Chief Executive Officer required by Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934 (filed herewith).	
31.2	Certification by Chief Financial Officer required by Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934 (filed herewith).	
32	Certification by Chief Executive Officer and Chief Financial Officer required by Sections 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 (15 U.S.C. 78m) and 18 U.S.C. Section 1350 (furnished herewith).	
101	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Balance Sheets as of December 31, 2015 and December 31, 2014, (ii) the Consolidated Statements of Income for the years ended December 31, 2015, December 31, 2014, and December 31, 2013, (iii) the Consolidated Statements of Comprehensive Income for the years ended December 31, 2015, December 31, 2014, and December 31, 2013, (iv) the Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2015, December 31, 2014, and December 31, 2013, (v) the Consolidated Statements of Cash Flows for the years ended December 31, 2015, December 31, 2014, and December 31, 2013 and (vi) the Notes to Consolidated Financial Statements (filed herewith).	

** Incorporated by reference*

Certain instruments defining the rights of holders of long-term debt securities of the Registrant and its subsidiaries are omitted pursuant to Item 601(b)(4)(iii) of Regulation S-K. The Registrant hereby undertakes to furnish to the SEC, upon request, copies of any such instruments.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

February 29, 2016

ZIONS BANCORPORATION

By /s/ Harris H. Simmons

**HARRIS H. SIMMONS, Chairman
and Chief Executive Officer**

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

February 29, 2016

/s/ Harris H. Simmons

**HARRIS H. SIMMONS, Director, Chairman
and Chief Executive Officer
(Principal Executive Officer)**

/s/ Paul E. Burdiss

**PAUL E. BURDISS, Executive Vice President
and Chief Financial Officer
(Principal Financial Officer)**

/s/ Alexander J. Hume

**ALEXANDER J. HUME, Controller
(Principal Accounting Officer)**

/s/ Jerry C. Atkin

JERRY C. ATKIN, Director

/s/ John C. Erickson

JOHN C. ERICKSON, Director

/s/ Patricia Frobes

PATRICIA FROBES, Director

/s/ Suren K. Gupta

SUREN K. GUPTA, Director

/s/ J. David Heaney

J. DAVID HEANEY, Director

/s/ Vivian S. Lee

VIVIAN S. LEE, Director

/s/ Edward F. Murphy

EDWARD F. MURPHY, Director

/s/ Roger B. Porter

ROGER B. PORTER, Director

/s/ Stephen D. Quinn

STEPHEN D. QUINN, Director

/s/ L. E. Simmons

L. E. SIMMONS, Director

/s/ Steven C. Wheelwright

STEVEN C. WHEELWRIGHT, Director

/s/ Shelley Thomas Williams

SHELLEY THOMAS WILLIAMS, Director

WARRANT AGREEMENT

Dated May 25, 2010

between

ZIONS BANCORPORATION

and

ZIONS FIRST NATIONAL BANK

as Warrant Agent

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WARRANT AGREEMENT

This Warrant Agreement, dated May 25, 2010 (this “**Warrant Agreement**”), is between ZIONS BANCORPORATION, a corporation organized under the laws of the State of Utah (the “**Company**”), and ZIONS FIRST NATIONAL BANK, a national banking association organized under the laws of the United States with its principal place of business in the State of Utah (the “**Warrant Agent**”).

WITNESSETH THAT:

WHEREAS, the Company proposes to issue Warrants (as defined herein) to purchase the Number of Shares (as defined herein) of Common Stock of the Company upon the terms and conditions set forth herein and in the Warrant Certificates (as defined herein) evidencing the Warrants; and

WHEREAS, the Company desires that the Warrant Agent act on behalf of the Company, and the Warrant Agent is willing to act, in connection with the issuance, exchange, transfer, substitution and exercise of Warrants.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the Company and the Warrant Agent agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.01. Certain Definitions. As used in this Warrant Agreement, the following terms shall have their respective meanings set forth below:

“\$” and “**Dollars**” refers to such coin or currency of the United States as at any time of payment is legal tender for the payment of public and private debts.

“**Accounting Event**” means a reasonable determination by the Board of Directors that, under accounting rules, interpretations thereof or guidance thereunder (either formal or informal) issued by any accounting regulatory body, including the Securities and Exchange Commission, Financial Accounting Standards Board or Emerging Issues Task Force, the Company is required to account for the Warrants as either derivatives under the Financial Accounting Standards Board’s Accounting Standards Codification (“**FASB ASC**”) Section 815 “Derivatives and Hedging” (or any successor guidance) or as a liability under FASB ASC Section 480 “Distinguishing Liabilities from Equity” (or any successor guidance) or a derivative or liability under similar guidance by any other designated standard setter that issues or publishes accounting standards applicable to the Company; provided that, as a result of such determination, such accounting treatment for the Warrants shall take effect as of a date that is either prior to the date of such determination or within three months thereafter; and provided, further, that it shall not be an Accounting Event if any such determination arises from actions taken by the Company or any of its subsidiaries that amended or changed the terms of the Warrants.

“Accounting Event Effective Date” with respect to an Accounting Event means the date on which the Board of Directors makes the relevant determination with respect thereto.

“Accounting Exercise Date” has the meaning set forth in Section 5.01.

“Adjustment Event” has the meaning set forth in Section 6.16.

“Agent Members” has the meaning set forth in Section 2.05(b).

“Applicable Price” means, for any Designated Event, (i) if the consideration paid to holders of Common Stock in connection with such Designated Event consists exclusively of Cash, the amount of such Cash per share of Common Stock, and (ii) in all other cases, the average of the last reported sale prices of Common Stock for the 10 consecutive Trading Days immediately preceding the Effective Date of such Designated Event.

“Authentication Order” means a written order for authentication and delivery of Warrants, signed in the name of the Company by any two officers, at least one of whom must be its Chairman, its Chief Executive Officer, its Chief Financial Officer, its Treasurer, an Assistant Treasurer, or its Controller, and delivered to the Warrant Agent.

“Board of Directors” means the board of directors of the Company or any committee of such board of directors duly authorized to exercise the power of such board of directors with respect to the matters provided for in this Warrant Agreement as to which the board of directors is authorized or required to act.

“Business Day” means any day other than (i) a Saturday or Sunday or (ii) a day on which state or federally chartered banking institutions in New York City are not required to be open.

“Calculation Period” with respect to any Warrant means the 10 consecutive Trading Day period beginning on and including the Exercise Date for such Warrant, except that if a Warrant is exercised at any time after the 10th Scheduled Trading Day prior to the Expiration Date and until the Close of Business on the Expiration Date or upon a Cash Designated Event, then (i) the Warrant will be deemed to have been exercised the 10th Trading Day immediately preceding the Expiration Date or the Effective Date of such Cash Designated Event, as the case may be, and (ii) the Calculation Period for such Warrant will commence on the 10th Trading Day immediately preceding the Expiration Date or the Effective Date of such Cash Designated Event, as the case may be.

“Capital Stock” means any and all shares, interests, participations or other equivalents (however designated) of capital stock of the Company.

“Cash” means such coin or currency of the United States as at any time of payment is legal tender for the payment of public and private debts.

“Cash Designated Event” has the meaning set forth in Section 4.04.

“Certificated Warrant” means a Warrant represented by a Warrant Certificate, in definitive, fully registered form that is not a Global Warrant.

“Close of Business” means 5:00 p.m., New York City time.

“Closing Sale Price” with respect to the Common Stock or any other security means, as of any date, the last reported per share sales price of a share of Common Stock or such other security on such date (or, if no last reported sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices on such date) as reported on the Nasdaq, or, if the Common Stock or such other security is not listed on the Nasdaq, as reported by the principal United States national or regional securities exchange or quotation system on which the Common Stock or such other security is then listed or quoted; provided, however, that, in the absence of such quotations, the Board of Directors will make a good faith determination of the Closing Sale Price.

If, during a period applicable for calculating the Closing Sale Price, an issuance, distribution, subdivision, combination or other transaction or event occurs that requires an adjustment to the Exercise Price or Number of Shares pursuant to Article 6, the Closing Sale Price shall be calculated for such period in a manner determined by the Company in good faith to appropriately reflect the impact of such issuance, distribution, subdivision or combination on the price of the Common Stock during such period.

“Common Stock” means the common stock, no par value per share, of the Company authorized at the date of this Warrant Agreement or as such stock may be constituted from time to time. Subject to the provisions of Section 6.07 and Section 6.08, shares for which Warrants are exercisable shall include only shares of the class designated as Common Stock of the Company as of the date of this Warrant Agreement or shares of any class or classes resulting from any reclassification or reclassifications or change or changes thereof and that have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, and if at any time there shall be more than one such resulting class, the shares of each such class for which such Warrants are then exercisable shall be substantially in the proportion that the total number of shares of such class resulting from all such reclassifications or changes bears to the total number of shares of all such classes resulting from such reclassifications or changes.

“Company” has the meaning set forth in the preamble to this Warrant Agreement.

“Daily Settlement Amount” means, for each exercised Warrant, on each of the 10 consecutive Trading Days during the related Calculation Period, one-tenth (1/10th) of a number of shares (the **“Daily Net Share Settlement Value”**) equal to the product of (i) the Number of Shares and (ii) (A) the Daily VWAP of the Common Stock on such day, minus the applicable Exercise Price, divided by (B) such Daily VWAP. The Daily Net Share Settlement Value will be calculated to the nearest 1/10,000th of a share.

“Daily VWAP” of the Common Stock (or any security that is part of the Reference Property, if applicable), in respect of any Trading Day, means the per share volume-weighted

average price of the Common Stock (or such other security) as displayed under the heading “Bloomberg VWAP” on Bloomberg Page ZION Equity AQR (or its equivalent successor if such page is not available, or the Bloomberg Page for any security that is part of the Reference Property, if applicable) in respect of the period from the scheduled open of trading until the scheduled close of trading of the primary trading session on such Trading Day, without regard to after-hours trading or any trading outside the regular trading session, or, if such volume-weighted average price is unavailable (or the Reference Property is not a security), the market value of one share of Common Stock (or other Reference Property) on such Trading Day as determined by the Board of Directors in good faith in a commercially reasonable manner, using a volume-weighted average price method (unless the Reference Property is not a security); provided that, in making a volume-weighted average price determination, the Board of Directors may rely conclusively on the determination of daily volume-weighted average price for such Trading Day made by an independent nationally recognized securities dealer selected by the Board of Directors).

“**Depository**” means The Depository Trust Company, its nominees, and their respective successors.

“**Designated Event**” means any of the following:

(i) any “person” or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act) has become the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of shares of the Company’s Voting Stock representing 50% or more of the total voting power of all outstanding classes of the Company’s Voting Stock;

(ii) the Company consolidates with, enters into a binding share exchange with, or merges with or into, another person or the Company sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets, or any person consolidates with, or merges with or into, the Company, in any such event, other than any transaction:

(A) pursuant to which the persons that “beneficially owned,” directly or indirectly, the shares of the Company’s Voting Stock immediately prior to such transaction “beneficially own,” directly or indirectly, shares of the Company’s Voting Stock representing at least a majority of the total voting power of all outstanding classes of Voting Stock of the surviving or transferee person, or of the parent entity of such surviving or transferee person, and such holders’ proportional voting power immediately after such transaction vis-à-vis each other with respect to the securities they receive in such transaction shall be in substantially the same proportions as their respective voting power vis-à-vis each other immediately prior to such transaction; or

(B) which is effected solely to change jurisdiction of incorporation of the Company and results in a reclassification, conversion or exchange of outstanding shares of the Common Stock solely into shares of common stock of the surviving entity; or

(iii) the holders of the Company’s Capital Stock approve any plan or proposal for the liquidation or dissolution of the Company.

“Determination Date” has the meaning set forth in Section 6.16.

“Dividend Threshold Amount” means \$0.01 per share of Common Stock per quarter in the case of regular Cash dividends, adjusted in a manner proportional to adjustments made to the Exercise Price other than pursuant to Section 6.01(d) and to account for any change in the frequency of payment of the regular Cash dividend of the Company, and \$0.00 in all other cases.

“Effective Date” has the meaning set forth in Section 4.01(a).

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Ex-Date” means, with respect to any dividend or distribution, the first date on which the shares of Common Stock trade, regular way, on the relevant exchange or in the relevant market from which the sale price was obtained, without the right to receive such dividend or distribution.

“Exercise Date” has the meaning set forth in Section 3.02(b).

“Exercise Price” means initially \$36.63 per share of Common Stock for which a Warrant is exercisable, subject to adjustment pursuant to Article 6.

“Expiration Date” means, for any Warrant, May 22, 2020, regardless of whether such date is a Trading Day.

“Global Warrant” means a Warrant in the form of a permanent global Warrant Certificate, in definitive, fully registered form.

“Global Warrant Legend” has the meaning set forth in Section 2.05(a).

“Market Disruption Event” means (i) a failure by the primary United States exchange or market on which shares of Common Stock are listed or admitted to trading to open for trading during its regular trading session or (ii) the occurrence or existence prior to 1:00 p.m., New York City time, on any Scheduled Trading Day for shares of Common Stock for more than one half-hour period in the aggregate during regular trading hours of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant stock exchange or otherwise) in shares of Common Stock or in any options, contracts or futures contracts relating to the Common Stock.

“Measurement Period” has the meaning set forth in Section 6.01(e).

“Nasdaq” means the Nasdaq Global Select Market.

“Net Share Amount” has the meaning set forth in Section 3.04.

“Net Share Settlement” means the settlement method pursuant to which an exercising Warrantholder shall be entitled to receive from the Company, for each Warrant exercised, a

number of shares of Common Stock equal to the Net Share Amount without any payment therefor.

“Number of Shares” means the number of shares of Common Stock for which a Warrant is exercisable, which is subject to adjustment pursuant to Article 6. Initially, the Number of Shares shall be one.

“Number of Warrants” means, for a Warrant Certificate, the “Number of Warrants” specified on the face of such Warrant Certificate or, in the case of a Global Warrant, on Schedule A to such Warrant Certificate.

“Offer Expiration Date” has the meaning set forth in Section 6.01(e).

“Offer Expiration Time” has the meaning set forth in Section 6.01(e).

“Officer’s Certificate” means a certificate signed by any two officers of the Company, at least one of whom must be its Chairman, its Chief Executive Officer, its Chief Financial Officer, its Treasurer, an Assistant Treasurer, or its Controller.

“Open of Business” means 9:00 a.m., New York City time.

“Opinion of Counsel” means an opinion in writing signed by legal counsel, who may be an employee of or counsel to the Company and who shall otherwise be reasonably satisfactory to the Warrant Agent.

“Person” means an individual, partnership, firm, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.

“Preferred Stock” means the preferred stock of the Company authorized at the date of this Warrant Agreement or as such stock may be constituted from time to time.

“Record Date” means, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any Cash, securities or other property or in which Common Stock (or other applicable security) is exchanged for or converted into any combination of Cash, securities or other property, the date fixed for determination of holders of Common Stock entitled to receive such Cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

“Reference Property” has the meaning set forth in Section 6.07(a).

“Reorganization Event” has the meaning set forth in Section 6.07(a).

“Scheduled Trading Day” means any day that is scheduled to be a Trading Day.

“Settlement Date” means, in respect of a Warrant that is exercised hereunder, the third Trading Day immediately following end of the applicable Calculation Period, subject to the last sentence of Section 3.04.

“Spin-Off” has the meaning set forth in Section 6.01(c).

“Trading Day” for a listed or traded security means a day on which (i) there is no Market Disruption Event, (ii) trading in the Common Stock (or any security that is part of the Reference Property, if applicable) generally occurs on the Nasdaq or, if the Common Stock (or such other Reference Property) is not then listed on the Nasdaq, on the principal other United States national or regional securities exchange on which the Common Stock (or such other Reference Property) is then listed or, if the Common Stock (or such other Reference Property) is not then listed on a United States national or regional securities exchange, on the principal other market on which the Common Stock (or such other Reference Property) is then traded, and (iii) the scheduled closing time for regular trading on the relevant market or exchange is 4:00 p.m., New York City time, or the then-standard closing time for regular trading on such relevant exchange or market. If the Common Stock (or such other reference property) is not so listed or traded, “Trading Day” means a Business Day.

“Trigger Event” has the meaning set forth in Section 6.03(a).

“Unit of Reference Property” has the meaning set forth in Section 6.07(a).

“Unit Value” has the meaning set forth in Section 6.07(c).

“Valuation Period” has the meaning set forth in Section 6.01(c).

“Voting Stock” means Capital Stock entitled to vote generally in elections of directors, or having the power, directly or indirectly, to elect a majority of the members of the Board of Directors.

“Warrant” means a warrant of the Company to purchase the Number of Shares and issued pursuant to this Warrant Agreement with the terms, conditions and rights set forth in this Warrant Agreement and in the Warrant Certificates evidencing the Warrants.

“Warrant Agent” means Zions First National Bank, in its capacity as warrant agent hereunder, or any successor warrant agent pursuant hereto.

“Warrant Agreement” means this Warrant Agreement, dated as of May 25, 2010, as it may be amended pursuant to the terms hereof.

“Warrant Certificate” means any certificate representing Warrants satisfying the requirements set forth in Section 2.03.

“Warrant Register” has the meaning set forth in Section 2.04(a).

“**Warrantholder**” means each Person in whose name Warrants are registered in the Warrant Register.

ARTICLE 2

ISSUANCE, EXECUTION AND TRANSFER OF WARRANTS

Section 2.01. Issuance of Warrants. (a) Warrants shall be issued in registered form only. The Company shall have executed and delivered to the Warrant Agent, for authentication and delivery, all Warrant Certificates, together with an Authentication Order with respect thereto, evidencing an initial aggregate Number of Warrants equal to 21,077,227 (such Number of Warrants subject to adjustment from time to time as described herein). The Warrant Agent shall have, upon receipt of such Warrant Certificate(s) and Authentication Order, authenticated and delivered such Warrant Certificate(s) in accordance with Section 2.02 and registered such Warrants in the name of the Warrantholder(s), initially the Depositary, in accordance with Section 2.05. All such Warrants shall be dated as of the date hereof.

(b) On any one or more dates after the execution and delivery of this Warrant Agreement, additional Warrant Certificates evidencing Warrants may be issued in accordance with this Section 2.01. Any such additional Warrants may be offered at a different public offering price than the Warrants dated as of the date hereof. Any additional Warrants issued after the execution and delivery of this Warrant Agreement will become part of the same series as the Warrants issued on the date hereof; provided that no such additional Warrants may be issued unless they will be fungible with the Warrants dated as of the date hereof for United States federal income tax and securities law purposes.

(c) All Warrants issued under this Warrant Agreement shall in all respects be equally and ratably entitled to the benefits hereof, without preference, priority, or distinction on account of the actual time of the issuance and authentication or any other terms thereof.

Section 2.02. Execution and Authentication of Warrants. (a) Warrants shall be executed on behalf of the Company by any of the Chairman, its Chief Executive Officer, its Chief Financial Officer, its Treasurer, an Assistant Treasurer, or its Controller and attested by its Secretary or any one of its Assistant Secretaries. The signature of any of these officers on any Warrant may be manual or facsimile. Typographical and other minor errors or defects in any such signature shall not affect the validity or enforceability of any Warrant that has been duly authenticated and delivered by the Warrant Agent.

(b) Warrants bearing the manual or facsimile signatures of individuals, each of whom was, at the time he or she signed such Warrant or his or her facsimile signature was affixed to such Warrant, as the case may be, a proper officer of the Company, shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Warrants or did not hold such offices at the date of such Warrants.

(c) No Warrant shall be entitled to any benefit under this Warrant Agreement or be valid or obligatory for any purpose unless there appears on such Warrant a certificate of

authentication substantially in the form provided for herein executed by the Warrant Agent by manual or facsimile signature, and such certificate upon any Warrant shall be conclusive evidence, and the only evidence, that such Warrant has been duly authenticated and delivered hereunder.

Section 2.03. Form of Warrant Certificates. Each Warrant Certificate shall be in substantially the form set forth in Exhibit A hereto and shall have such insertions as are appropriate or required or permitted by this Warrant Agreement and may have such letters, numbers or other marks of identification and such legends and endorsements, stamped, printed, lithographed or engraved thereon, (a) as the Company may deem appropriate and as are not inconsistent with the provisions of this Warrant Agreement, (b) such as may be required to comply with this Warrant Agreement, any law or any rule of any securities exchange on which Warrants may be listed, and (c) such as may be necessary to conform to customary usage.

Section 2.04. Transfer, Exchange and Substitution. (a) The Company shall cause to be kept at the office of the Warrant Agent, and the Warrant Agent shall maintain, a register (the “Warrant Register”) in which the Company shall provide for the registration of Warrants and transfers, exchanges or substitutions of Warrants as herein provided. All Warrants issued upon any registration of transfer or exchange of or substitution for Warrants shall be valid obligations of the Company, evidencing the same obligations, and entitled to the same benefits under this Warrant Agreement, as Warrants surrendered for such registration of transfer, exchange or substitution.

(b) A Warrantholder may transfer a Warrant only upon surrender of such Warrant for registration of transfer. No such transfer shall be effected until, and the transferee shall succeed to the rights of a Warrantholder only upon, final acceptance and registration of the transfer in the Warrant Register by the Warrant Agent. Prior to the registration of any transfer of a Warrant by a Warrantholder as provided herein, the Company, the Warrant Agent, and any agent of the Company or the Warrant Agent may treat the Person in whose name Warrants are registered as the owner thereof for all purposes and as the Person entitled to exercise the rights represented thereby, any notice to the contrary notwithstanding.

(c) Warrants may be presented or surrendered for registration of transfer, or for exchange or substitution at the offices of the Warrant Agent. Every Warrant presented or surrendered for registration of transfer or for exchange or substitution shall (if so required by the Company or the Warrant Agent) be duly endorsed, or be accompanied by a duly executed instrument of transfer in form satisfactory to the Company and the Warrant Agent, by the holder thereof or such Warrantholder’s attorney, duly authorized in writing.

(d) When Warrants are presented to the Warrant Agent with a request to register the transfer of, or to exchange or substitute, such Warrants, the Warrant Agent shall register the transfer or make the exchange or substitution as requested if its requirements for such transactions and any applicable requirements hereunder are satisfied, which requirements may include, as applicable, the signature guarantee of a guarantor institution approved by The Securities Transfer Association. To permit registrations of transfers, exchanges and substitutions, the Company shall execute Warrant Certificates at the Warrant Agent’s request and the Warrant

Agent shall countersign and deliver such Warrant Certificates. No service charge shall be made for any registration of transfer or exchange of or substitution for Warrants, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer of Warrants.

(e) If less than all Warrants represented by a Certificated Warrant are transferred, exchanged or substituted in accordance with this Warrant Agreement, the Warrant Certificate shall be surrendered to the Warrant Agent and a new Warrant Certificate for a Number of Warrants equal to the Warrants represented by such Warrant Certificate that were not transferred, exchanged or substituted, registered in such name or names as may be directed in writing by the surrendering Warrantholder, shall be executed by the Company and delivered to the Warrant Agent and the Warrant Agent shall countersign such new Warrant Certificate and shall deliver such new Warrant Certificate to the Person or Persons entitled to receive the same.

Section 2.05. Global Warrants. (a) The Warrants shall initially be issued in the form of one or more Global Warrants. Any Global Warrant shall bear the legend substantially in the form set forth in Exhibit B hereto (the “Global Warrant Legend”).

(b) So long as a Global Warrant is registered in the name of the Depositary, members of, or participants in, the Depositary (“Agent Members”) shall have no rights under this Warrant Agreement with respect to the Global Warrant held on their behalf by the Depositary or the Warrant Agent as its custodian, and the Depositary may be treated by the Company, the Warrant Agent and any agent of the Company or the Warrant Agent as the absolute owner of such Global Warrant for all purposes. Accordingly, any such owner’s beneficial interest in such Global Warrant will be shown only on, and the transfer of such interest shall be effected only through, records maintained by the Depositary or its Agent Members, and neither the Company nor the Warrant Agent shall have any responsibility with respect to such records maintained by the Depositary or its Agent Members. Notwithstanding the foregoing, nothing herein shall (i) prevent the Company, the Warrant Agent or any agent of the Company or the Warrant Agent from giving effect to any written certification, proxy or other authorization furnished by the Depositary or (ii) impair, as between the Depositary and its Agent Members, the operation of customary practices governing the exercise of the rights of a Warrantholder.

(c) Any holder of a Global Warrant registered in the name of the Depositary shall, by acceptance of such Global Warrant, agree that transfers of beneficial interests in such Global Warrant may be effected only through a book-entry system maintained by the holder of such Global Warrant (or its agent), and that ownership of a beneficial interest in Warrants represented thereby shall be required to be reflected in book-entry form.

(d) Transfers of a Global Warrant registered in the name of the Depositary shall be limited to transfers in whole, and not in part, to the Company, the Depositary, and their respective successors and nominees. Interests of beneficial owners in a Global Warrant registered in the name of the Depositary shall be transferred in accordance with the rules and procedures of the Depositary.

(e) A Global Warrant registered in the name of the Depositary shall be exchanged for Certificated Warrants only if (i) the Depositary (A) has notified the Company that it is unwilling or unable to continue as or ceases to be a clearing agency registered under Section 17A of the Exchange Act and (B) a successor to the Depositary registered as a clearing agency under Section 17A of the Exchange Act is not able to be appointed by the Company within 90 days or (ii) the Depositary is at any time unwilling or unable to continue as Depositary and a successor to the Depositary is not able to be appointed by the Company within 90 days. In any such event, a Global Warrant registered in the name of the Depositary shall be surrendered to the Warrant Agent for cancellation, and the Company shall execute, and the Warrant Agent shall countersign and deliver, to each beneficial owner identified by the Depositary, in exchange for such beneficial owner's beneficial interest in such Global Warrant, Certificated Warrants representing, in the aggregate, the Number of Warrants theretofore represented by such Global Warrant with respect to such beneficial owner's beneficial interest. Any Certificated Warrant delivered in exchange for an interest in a Global Warrant pursuant to this Section 2.05(e) shall not bear the Global Warrant Legend. Interests in the Global Warrant may not be exchanged for Certificated Warrants other than as provided in this Section 2.05(e).

(f) The holder of a Global Warrant registered in the name of the Depositary may grant proxies and otherwise authorize any Person, including Agent Members and Persons that may hold interests through Agent Members, to take any action which a Warrantholder is entitled to take under this Warrant Agreement or the Warrant.

Section 2.06. Surrender of Warrant Certificates; Cancellation. Any Warrant Certificate surrendered for registration of transfer, exchange, substitution or exercise of Warrants represented thereby shall, if surrendered to the Company, be delivered to the Warrant Agent, and all Warrant Certificates surrendered or so delivered to the Warrant Agent shall be promptly cancelled by the Warrant Agent and shall not be reissued by the Company and, except as provided in Section 2.04(e) in case of an exchange, transfer or substitution, or Section 3.05(a)(iii) in case of the exercise of less than all Warrants represented thereby, or Section 7.02 in case of mutilation, no Warrant Certificate shall be issued hereunder in lieu thereof. The Warrant Agent shall deliver to the Company from time to time or otherwise dispose of such cancelled Warrant Certificates as the Company may direct.

ARTICLE 3

EXERCISE AND SETTLEMENT OF WARRANTS

Section 3.01. Exercise of Warrants. At any time prior to the Close of Business on the Expiration Date, a Warrantholder shall be entitled to exercise, in accordance with this Article 3, the full Number of Warrants represented by any Warrant Certificate then registered in such Warrantholder's name or any portion thereof (which shall not include any fractional Warrants). Subject to automatic exercise of Warrants pursuant to Section 3.03, any Warrants not exercised prior to such time shall expire unexercised.

Section 3.02. Procedure for Exercise. (a) To exercise a Warrant prior to the Close of Business on the Expiration Date (i) in the case of a Certificated Warrant, the Warrantholder must surrender the Warrant Certificate evidencing such Warrant at the principal office of the Warrant

Agent, with the exercise notice set forth on the reverse of the Warrant Certificate duly completed and executed, together with any applicable transfer taxes as set forth in Section 8.02(b), or (ii) in the case of a Global Warrant, any Person with a beneficial interest in such Global Warrant must comply with the procedures established by the Depositary for the exercise of Warrants.

(b) The date on which a Warrantholder complies with the requirements for exercise set forth in this Section 3.02 in respect of a Warrant is the “Exercise Date” for such Warrant; provided that, if such date is not a Trading Day or the Warrantholder satisfies such requirements after the Close of Business on a Trading Day, then the Exercise Date shall be (i) the immediately succeeding Trading Day, or (ii) if such date is the Expiration Date (including as a result of the automatic exercise of such Warrant pursuant to Section 3.03), the immediately preceding Trading Day.

(c) No Cash will be payable by a Warrantholder in respect of the Exercise Price for a Warrant upon exercise; rather, as described in Section 3.04, the number of shares of Common Stock issuable in respect of an exercise of a Warrant will be determined based on a Net Share Settlement calculation.

Section 3.03. Automatic Exercise of Warrants. An unexercised Warrant will be automatically exercised for the benefit of the Warrantholder (i) on the Expiration Date if a Warrant is not exercised by the Warrantholder prior to the Close of Business on the Expiration Date, or (ii) on the relevant Effective Date upon an occurrence of a Cash Designated Event, in each case of (i) and (ii) if any shares of Common Stock or Cash in lieu of any fractional shares are deliverable to the Warrantholder as a result of the Net Share Settlement calculation, or in the case of (ii) if additional shares are deliverable as a result of a Designated Event, as of the Expiration Date or such Effective Date, as applicable. As used in this Warrant Agreement, exercise of a Warrant means an exercise by the Warrantholder on or prior to the Close of Business on the Expiration Date or upon an automatic exercise as described in this Section 3.03, as applicable.

Section 3.04. Settlement of Warrants. Net Share Settlement shall apply to each Warrant upon exercise of such Warrant. For each Warrant exercised hereunder, on the Settlement Date for such Warrant, the Company shall cause to be delivered to the Warrantholder a number of shares of Common Stock (which in no event will be less than zero) (the “Net Share Amount”) equal to the sum of the Daily Settlement Amounts for each of the 10 consecutive Trading Days during the related Calculation Period, together with Cash in respect of any fractional shares of Common Stock as provided in Section 3.07. Notwithstanding the foregoing, if any information required in order to calculate the Net Share Amount deliverable upon exercise of a Warrant will not be available as of the applicable Settlement Date, the Company shall deliver any additional shares of Common Stock resulting from that adjustment on the third Trading Day after the earliest Trading Day on which such calculation can be made.

Section 3.05. Delivery of Common Stock. (a) In connection with the delivery of shares of Common Stock to a Warrantholder in respect of an exercised Warrant, the Warrant Agent shall:

(i) at the Warrantholder's option (A) deliver shares of Common Stock by electronic transfer (with the assistance of the Company and the transfer agent of the Common Stock, if necessary) to such Warrantholder's account, or any other account as such Warrantholder may designate, at the Depositary or at an Agent Member, or (B) requisition from the transfer agent of the Common Stock and deliver to or upon the order of such Warrantholder a certificate or certificates for the number of full shares of Common Stock to which such Warrantholder is entitled, registered in such name or names as may be directed by such Warrantholder;

(ii) deliver Cash to such Warrantholder in respect of any fractional shares of Common Stock, as provided in Section 3.07; and

(iii) if the Number of Warrants represented by a Warrant Certificate shall not have been exercised in full, (A) in the case of a Certificated Warrant, deliver a new Warrant Certificate or (B) in the case of a Global Warrant, make the appropriate adjustments in Schedule A of such Global Warrant, in each case, countersigned by the Warrant Agent, for the balance of the number of Warrants represented by the surrendered Warrant Certificate.

(b) Each Person in whose name any shares of Common Stock are delivered shall for all purposes be deemed to have become the holder of record of such shares as of the Settlement Date. However, if any such date is a date when the stock transfer books of the Company are closed, such Person shall be deemed to have become the holder of such shares on the next succeeding date on which the stock transfer books are open.

Section 3.06. Payments to the Company. (a) Promptly after the Warrant Agent shall have taken the action required under Section 3.05 (or at such later time as may be mutually agreeable to the Company and the Warrant Agent), the Warrant Agent shall account to the Company with respect to any Warrants exercised. The Company shall reimburse the Warrant Agent for any amounts paid by the Warrant Agent in respect of a fractional share of Common Stock upon such exercise in accordance with Section 3.07 hereof.

(b) The Company shall not be entitled to any interest on any funds received or held by the Warrant Agent pursuant to the terms of this Warrant Agreement.

Section 3.07. No Fractional Shares to Be Issued. (a) Notwithstanding anything to the contrary in this Warrant Agreement, the Company shall not be required to issue any fraction of a share of Common Stock upon exercise of any Warrants.

(b) The Company will at all times aggregate the number of shares of Common Stock deliverable for the Warrants exercised by the same ultimate beneficial owner of Warrants on the same day. If any fraction of a share of Common Stock would, except for the provisions of this Section 3.07, be deliverable on the exercise of any Warrant or Warrants, the Company shall pay the Warrantholder Cash in lieu of such fractional shares based on the average of the Daily VWAPs for the Common Stock over the relevant Calculation Period.

(c) Each Warrantholder, by its acceptance of a Warrant Certificate, expressly waives its right to receive any fraction of a share of Common Stock or a stock certificate representing a fraction of a share of Common Stock.

Section 3.08. Acquisition of Warrants by Company. The Company shall have the right, except as limited by law, to purchase or otherwise to acquire Warrants at such times, in such manner and for such consideration as it may deem appropriate and shall have agreed with the holder of such Warrants.

Section 3.09. Direction of Warrant Agent. (a) The Company shall be responsible for performing all calculations required in connection with the exercise and settlement of the Warrants and the payment or delivery, as the case may be, to the Warrant Agent, as agent for the Warrantholders, of Cash and/or Common Stock as provided in this Warrant Agreement. In connection therewith, the Company shall provide prompt written notice to the Warrant Agent of the amount of Cash and the number of shares of Common Stock payable or deliverable, as the case may be, upon exercise and settlement of the Warrants, including, without limitation, the Net Share Amount.

(b) Any Cash to be paid, or Common Stock to be delivered, to the Warrantholders hereunder shall be delivered to the Warrant Agent no later than the Business Day immediately preceding the date such consideration is required to be delivered to the Warrantholders.

(c) The Warrant Agent shall have no liability for any failure or delay in performing its duties hereunder caused by any failure or delay of the Company in providing such calculations or items to the Warrant Agent. The Warrant Agent shall have no duty to verify or confirm any calculation called for hereunder. The Warrant Agent shall not be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock or Units of Reference Property that may at any time be issued or delivered upon the exercise of any Warrant, and it makes no representation with respect thereto. The Warrant Agent shall not be responsible for any failure of the Company to make any Cash payment or to issue, transfer or deliver any shares of Common Stock or stock certificates or Units of Reference Property, or to comply with any of the covenants of the Company contained in this Article 3.

ARTICLE 4

EXERCISE OF WARRANTS IN CONNECTION WITH A DESIGNATED EVENT

Section 4.01. Increase in Number of Shares Deliverable Upon Designated Event. (d) If a Designated Event occurs prior to the Expiration Date and a Warrantholder elects to exercise its Warrants in connection with such Designated Event, the Company will increase the number of shares of Common Stock to which the Warrantholder is entitled with respect to such exercised Warrants as provided in this Article 4. An exercise of a Warrant shall be deemed for the purposes of this Article 4 to be “in connection with” a Designated Event if the Exercise Date for such Warrant falls during the period commencing on the effective date of the relevant Designated Event (the “**Effective Date**”) and ending on the 40th Scheduled Trading Day following the Effective Date for such Designated Event.

(e) Notwithstanding Section 4.01(a), the number of shares of Common Stock shall not be increased in the case of any Designated Event if at least 90% of the consideration, excluding Cash payments for fractional shares of Common Stock and Cash payments made pursuant to dissenters' appraisal rights, in a transaction otherwise constituting a Designated Event consists of shares of common stock, depositary receipts or other certificates representing common equity interests traded on the New York Stock Exchange, the Nasdaq or the Nasdaq Global Market (or any of their respective successors), or will be so traded immediately following such transaction, and as a result of such transaction such Warrants become exercisable solely for such consideration.

Section 4.02. Notice of Designated Event. The Company shall notify the Warrantheolders of the Effective Date of any Designated Event and issue a press release through Dow Jones & Company, Inc. or Bloomberg Business News or other similarly broad public medium that is customary for such press releases (and make the press release available on the Company's website) announcing such Effective Date no later than five Business Days after such Effective Date. The Company will also use commercially reasonable efforts to give notice to Warrantheolders of the anticipated Effective Date for a Designated Event (and issue a press release announcing same) not less than five Scheduled Trading Days prior to the anticipated Effective Date to the extent reasonably practicable in the circumstances. The failure to deliver such notice or issue such press release shall not affect the validity of such transaction.

Section 4.03. Additional Shares. (g) The Number of Shares of Common Stock to which a Warrantheolder is entitled upon exercise of a Warrant in connection with any Designated Event shall be determined by reference to the table below in Section 4.03(c) and shall be based on the Effective Date of, and the Applicable Price for, such Designated Event.

(h) The Applicable Prices set forth in the first row of the table below (i.e., the column headers) shall each be adjusted at the same time and in the manner as the Exercise Price is adjusted as set forth in Article 6.

(i) The following table sets forth the number of additional shares of Common Stock to be delivered per Warrant for the given Applicable Prices and Effective Dates:

Effective Date	Applicable Prices														
	\$5	\$10	\$15	\$20	\$25	\$30	\$35	\$40	\$45	\$50	\$60	\$75	\$100	\$150	\$200
5/22/2010	0.0479	0.1427	0.2294	0.3025	0.3634	0.4147	0.4581	0.4111	0.3416	0.2884	0.2131	0.1440	0.0825	0.0297	0.0069
5/22/2011	0.0363	0.1208	0.2042	0.2769	0.3389	0.3917	0.4369	0.3917	0.3238	0.2721	0.1995	0.1337	0.0759	0.0272	0.0064
5/22/2012	0.0259	0.0989	0.1776	0.2494	0.3122	0.3665	0.4136	0.3702	0.3042	0.2542	0.1845	0.1223	0.0686	0.0244	0.0059
5/22/2013	0.0169	0.0773	0.1499	0.2199	0.2831	0.3389	0.3878	0.3464	0.2824	0.2343	0.1680	0.1099	0.0608	0.0214	0.0052
5/22/2014	0.0098	0.0565	0.1212	0.1882	0.2512	0.3083	0.3591	0.3200	0.2581	0.2122	0.1498	0.0962	0.0523	0.0182	0.0045
5/22/2015	0.0046	0.0373	0.0920	0.1543	0.2162	0.2742	0.3270	0.2902	0.2309	0.1874	0.1295	0.0812	0.0432	0.0149	0.0037
5/22/2016	0.0016	0.0208	0.0630	0.1182	0.1775	0.2357	0.2904	0.2563	0.1999	0.1594	0.1068	0.0650	0.0337	0.0116	0.0030
5/22/2017	0.0003	0.0085	0.0358	0.0803	0.1344	0.1917	0.2480	0.2169	0.1641	0.1272	0.0815	0.0474	0.0240	0.0085	0.0023
5/22/2018	0.0000	0.0017	0.0133	0.0420	0.0862	0.1398	0.1970	0.1694	0.1214	0.0896	0.0531	0.0292	0.0148	0.0056	0.0016
5/22/2019	0.0000	0.0000	0.0011	0.0094	0.0334	0.0753	0.1305	0.1076	0.0675	0.0443	0.0226	0.0121	0.0069	0.0029	0.0009
11/22/2019	0.0000	0.0000	0.0000	0.0009	0.0089	0.0353	0.0845	0.0652	0.0333	0.0186	0.0088	0.0055	0.0034	0.0015	0.0005
5/22/2020	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

(j) If the exact Applicable Price and/or Effective Date are not set forth in the table above, then:

(i) if the actual Applicable Price is between two Applicable Prices in the table or the Effective Date is between two Effective Dates in the table, the number of additional shares of Common Stock to be delivered per Warrant shall be determined by a straight-line interpolation between the number of additional shares of Common Stock set forth for the higher and lower Applicable Prices and/or the earlier and later Effective Dates in the table, based on a 365-day year, as applicable;

(ii) if the actual Applicable Price is in excess of \$200.00 per share, subject to adjustment as set forth in Section 4.03(b), no additional shares of Common Stock shall be delivered upon exercise of any Warrant in connection with the relevant Designated Event; and

(iii) if the Applicable Price is less than \$5.00 per share, subject to adjustment as set forth in Section 4.03(b), no additional shares of Common Stock shall be delivered upon exercise of any Warrant in connection with the relevant Designated Event.

(k) Notwithstanding the foregoing, in no event will the number of shares of Common Stock deliverable to the Warrantholder as a result of the Net Share Settlement calculation or as a result of a Designated Event or Accounting Event, individually or in aggregate, exceed the Number of Shares.

Section 4.04. Cash Designated Event Settlement. Except as otherwise provided in this Article 4, the Company will settle exercise of Warrants exercised in connection with a Designated Event in accordance with Section 3.04; provided, however, that with respect to a Designated Event in connection with which all holders of Common Stock receive only Cash consideration for their shares of Common Stock (such Designated Event, a “**Cash Designated Event**”) the Company will settle the Warrants, which shall be automatically exercised upon such

event, by delivering, on the third Business Day after the Exercise Date, for each Warrant, an amount of Cash equal to (i) the sum of (A) the number of shares of Common Stock deliverable to the Warrantholder as a result of the Net Share Settlement calculation as of the Effective Date for the Cash Designated Event as described in Section 3.04 herein plus (B) the number of additional shares described in this Section 4 multiplied by (ii) the per-share amount of Cash consideration paid in such Designated Event.

ARTICLE 5

EXERCISE OF WARRANTS IN CONNECTION WITH AN ACCOUNTING EVENT

Section 5.01. Increase in Number of Shares Deliverable Upon Accounting Event. If an Accounting Event occurs prior to the Expiration Date, the Company will have the right to cause all (but not less than all) outstanding Warrants to be exercised on the 27th Trading Day following the Accounting Event Effective Date of such Accounting Event (such Trading Day, the “**Accounting Exercise Date**”) and, in connection with such exercise, the Company will increase the number of shares of Common Stock to which the Warrantholder is entitled with respect to such exercised Warrants as provided in this Article 5. If the Company determines to cause the Warrants to be so exercised, the Company will notify Warrantholders of the Accounting Event Effective Date and the anticipated Accounting Exercise Date, and will issue a press release as to such matters, no later than the Business Day following the date of the Accounting Event Effective Date.

Section 5.02. Manner of Exercise. If the Company has caused the outstanding Warrants to be exercised in connection with an Accounting Event, all unexercised Warrants will be exercised for the benefit of the Warrantholders on the relevant Accounting Exercise Date if any shares of the Common Stock or Cash in lieu of any fractional shares is deliverable to the Warrantholders as a result of the Net Share Settlement calculation, or if additional shares are deliverable as a result of such Accounting Event as of such Accounting Exercise Date. The Calculation Period for any Warrant so exercised will commence on the 10th Trading Day immediately preceding the Accounting Exercise Date and end on the Trading Day immediately preceding the Accounting Exercise Date. The Company will otherwise settle exercise of Warrants exercised in connection with an Accounting Event in accordance with Section 3.04.

Section 5.03. Calculation of Number of Additional Shares. The number of additional shares of Common Stock to which a Warrantholder will be entitled on exercise of the Warrants in connection with any Accounting Event will be determined by reference to the table set forth in Section 4.03(c) as if the Accounting Event was a Designated Event that was not a Cash Designated Event and the Accounting Event Effective Date was the Effective Date of such Designated Event, and the Applicable Price shall be determined in accordance with clause (ii) of that definition.

ARTICLE 6

ADJUSTMENTS

Section 6.01. Adjustments to Exercise Price. The Exercise Price for the Warrants shall be subject to adjustment (without duplication) upon the occurrence of any of the following

events. If any dividend, distribution or issuance described below is declared but not so paid or made, the Exercise Price shall again be adjusted to the Exercise Price that would have been in effect if such dividend, distribution or issuance had not been declared.

(l) If the Company issues solely shares of Common Stock as a dividend or distribution on all or substantially all of its shares of Common Stock, or if the Company subdivides or combines its Common Stock, the Exercise Price shall be adjusted based on the following formula:

$$EP_1 = EP_0 \times \frac{OS_0}{OS_1}$$

where:

- EP₀ = the Exercise Price in effect immediately prior to the Close of Business on the Ex-Date for such dividend or distribution, or immediately prior to the Open of Business on the effective date of such subdivision or combination, as the case may be;
- EP₁ = the Exercise Price in effect immediately after the Close of Business on the Ex-Date for such dividend or distribution, or immediately after the Open of Business on the effective date of such subdivision or combination, as the case may be;
- OS₀ = the number of shares of Common Stock outstanding immediately prior to the Close of Business on the Ex-Date for such dividend or distribution, or immediately prior to the Open of Business on the effective date of such subdivision or combination, as the case may be; and
- OS₁ = the number of shares of Common Stock that would be outstanding immediately after giving effect to such dividend or distribution or immediately after the effective date of such subdivision or combination, as the case may be.

(m) If the Company distributes any rights, options or warrants on all or substantially all of the shares of Common Stock entitling the holders of shares of Common Stock for a period of not more than 60 calendar days from the Ex-Date for such distribution to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock), at a price per share (or a conversion price per share) less than the average of the Closing Sale Prices of Common Stock for the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of announcement of such distribution, the Exercise Price shall be decreased based on the following formula:

$$EP_1 = EP_0 \times \frac{OS_0 + Y}{OS_0 + X}$$

where:

- EP₀ = the Exercise Price in effect immediately prior to the Close of Business on the Ex-Date for such distribution;
- EP₁ = the Exercise Price in effect immediately after the Close of Business on the Ex-Date for such distribution;
- OS₀ = the number of shares of Common Stock outstanding immediately prior to the Close of Business on the Ex-Date for such distribution;
- X = the total number of shares of Common Stock issuable pursuant to such options, rights or warrants; and
- Y = the number of shares of Common Stock equal to the quotient of (A) the aggregate price payable to exercise such rights, options or warrants divided by (B) the average of the Closing Sale Prices of Common Stock over the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of announcement of such distribution.

To the extent that such rights, options or warrants are not exercised prior to their expiration or shares of the Common Stock are otherwise not delivered pursuant to such rights, options or warrants, upon the expiration, termination or maturity of such rights, options or warrants (except in a case where other consideration has been given in lieu of delivery of such Common Stock, in which case adjustment shall be as otherwise provided by the applicable clause of this Section 6.01), the exercise price will be readjusted to the exercise price that would then be in effect had the adjustments made upon the issuance of such rights, options or warrants been made on the basis of the delivery of only the number of shares of Common Stock actually delivered.

For purposes of this Section 6.01(b), in determining whether any rights, options or warrants entitle the holders to subscribe for or purchase Common Stock at less than the average of the Closing Sale Prices of Common Stock for each Trading Day in the applicable 10 consecutive Trading Day period, there shall be taken into account any consideration the Company receives for such rights, options or warrants and any amount payable on exercise thereof, with the value of such consideration, if other than Cash, to be determined in good faith by the Board of Directors.

(n) If the Company distributes shares of its Capital Stock, evidences of the Company's indebtedness or other assets or property of the Company on all or substantially all holders of shares of Common Stock (excluding (i) dividends or distributions (including subdivisions of Common Stock) referred to in Section 6.01(a) above; (ii) rights, options or warrants referred to in Section 6.01(b) above; (iii) dividends or distributions paid exclusively in Cash referred to in Section 6.01(d) or (e) below; (iv) Spin-Offs referred to further below in this Section 6.01(c); and (v) distributions of rights on all or substantially all holders of shares of Common Stock pursuant to the adoption of a shareholder rights plan), then the Exercise Price shall be decreased based on the following formula:

$$EP_1 = EP_0 \times \frac{SP_0 - FMV}{SP_0}$$

where:

- EP₀ = the Exercise Price in effect immediately prior to the Close of Business on the Ex-Date for such distribution;
- EP₁ = the Exercise Price in effect immediately after the Close of Business on the Ex-Date for such distribution;
- SP₀ = the average of the Closing Sale Prices of Common Stock over the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the Ex-Date for such distribution; and
- FMV = the fair market value (as determined in good faith by the Board of Directors) of the shares of Capital Stock, evidences of indebtedness, assets or property distributed with respect to each outstanding share of Common Stock as of the Close of Business on the Ex-Date for such distribution.

If the then-fair market value of the portion of the shares of Capital Stock, evidences of indebtedness or other assets or property so distributed applicable to one share of Common Stock is equal to or greater than the average of the Closing Sale Prices of Common Stock over the 10 consecutive Trading Day period ending on the Trading Day immediately preceding the Ex-Date for such distribution, in lieu of the foregoing adjustment, adequate provisions shall be made so that each Warrantholder shall have the right to receive on exercise in respect of each Warrant held by such Warrantholder, in addition to the number of shares of Common Stock such Warrantholder is entitled to receive, the amount and kind of securities or assets such Warrantholder would have received had such Warrantholder already owned a number of shares of Common Stock deliverable upon exercise of its Warrant immediately prior to the Ex-Date for the distribution of the securities or assets.

With respect to an adjustment pursuant to this Section 6.01(c) where there has been a payment of a dividend or other distribution on Common Stock of shares of Capital Stock of any class or series, or similar equity interest, of or relating to a subsidiary or other business unit (a “Spin-Off”), the Exercise Price will be decreased based on the following formula:

$$EP_1 = EP_0 \times \frac{MP_0}{FMV + MP_0}$$

where:

- EP₀ = the Exercise Price in effect immediately prior to the Close of Business on the Ex-Date for the Spin-Off;
- EP₁ = the Exercise Price in effect immediately after the Close of Business on the Ex-Date for the Spin-Off;
- FMV = the average of the Closing Sale Prices of the Capital Stock or similar equity interests distributed to holders of Common Stock applicable to one share of Common Stock over the first 10 consecutive Trading Day period commencing on, and including, the Ex-Date for the Spin-Off (the “**Valuation Period**”); and
- MP₀ = the average of the Closing Sale Prices of the Common Stock over the Valuation Period.

The adjustment to the Exercise Price under the preceding paragraph of this Section 6.01 (c) shall be made immediately after the Open of Business on the day after the last day of the Valuation Period, but will be given effect as of the Open of Business on the Ex-Date for the Spin-Off. If the Ex-Date for the Spin-Off is less than 10 Trading Days prior to, and including, the end of the Calculation Period in respect of any exercise of Warrants, references within this Section 6.01(c) to 10 Trading Days shall be deemed replaced, for purposes of calculating the average of the Closing Sale Prices of the Common Stock in respect of that exercise, with such lesser number of Trading Days as have elapsed from, and including, the Ex-Date for the Spin-Off to, and including, the last Trading Day of such Calculation Period. For purposes of determining the Exercise Price, in respect of any exercise during the 10 Trading Days commencing on the Ex-Date for any Spin-Off, references within the portion of this Section 6.01(c) related to “Spin-Offs” to 10 Trading Days shall be deemed replaced with such lesser number of Trading Days as have elapsed from, and including, the Ex-Date for such Spin-Off to, but excluding, the relevant Exercise Date.

(o) If the Company makes or pays any Cash dividend or distribution to all, or substantially all, holders of outstanding Common Stock (other than (i) distributions described in Section 6.01(e) below, (ii) any dividend or distribution in connection with liquidation, dissolution or winding up of the Company and (iii) any regular quarterly Cash dividend on Common Stock to the extent that the aggregate amount of such Cash dividend per share of Common Stock does not exceed the Dividend Threshold Amount), the Exercise Price will be decreased based on the following formula:

$$EP_1 = EP_0 \times \frac{SP_0 - C}{SP_0}$$

where:

- EP₀ = the Exercise Price in effect immediately prior to the Close of Business on the Ex-Date for such dividend or distribution;
- EP₁ = the Exercise Price in effect immediately after the Close of Business on the Ex-Date for such dividend or distribution;
- SP₀ = the average of the Closing Sale Prices of Common Stock over the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the Ex-Date for such distribution; and
- C = the amount in Cash per share that the Company distributes to holders of Common Stock for such dividend or distribution minus the Dividend Threshold Amount.

(p) If the Company or any of subsidiaries of the Company makes a payment in respect of a tender offer or exchange offer (other than offers not treated as a tender offer or exchange offer subject to Rule 13e-4 under the Exchange Act) for Common Stock and, if the Cash and value of any other consideration included in the payment per share of Common Stock exceeds the average of the Closing Sale Prices of Common Stock over the 10 consecutive Trading Day period commencing on, and including, the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer (such date, the “Offer Expiration Date,” and such period, the “Measurement Period”), the Exercise Price will be decreased based on the following formula:

$$EP_1 = EP_0 \times \frac{OS_0 \times SP_1}{AC + (OS_1 \times SP_1)}$$

where:

- EP₀ = the Exercise Price in effect immediately prior to the Open of Business on the Trading Day next succeeding the Offer Expiration Date;
- EP₁ = the Exercise Price in effect immediately after the Open of Business on the Trading Day next succeeding the Offer Expiration Date;
- AC = the aggregate value of all Cash and any other consideration (as determined in good faith by the Board of Directors) paid or payable for shares purchased in such tender or exchange offer;
- OS₀ = the number of shares of Common Stock outstanding immediately prior to the time (the “Offer Expiration Time”) such tender offer or exchange offer expires (prior to giving effect to such tender offer or exchange offer);
- OS₁ = the number of shares of Common Stock outstanding immediately after the Offer Expiration Time (after giving effect to such tender offer or exchange offer); and
- SP₁ = the average of the Closing Sale Prices of Common Stock over the Measurement Period.

The adjustment to the Exercise Price under the preceding paragraph of this Section 6.01 (e) shall be made immediately after the Open of Business on the day after the last day of the Measurement Period, but will be given effect at the Open of Business on the Trading Day next succeeding the Offer Expiration Date. If the Trading Day next succeeding the Offer Expiration Date is less than 10 Trading Days prior to, and including, the end of the Calculation Period in respect of any exercise of Warrants, references within this Section 6.01(e) to 10 Trading Days shall be deemed replaced, for purposes of calculating the average of the Closing Sale Prices of the Common Stock in respect of that exercise, with such lesser number of Trading Days as have elapsed from, and including, the Trading Day next succeeding the Expiration Date to, and including, the last Trading Day of such Calculation Period. For purposes of determining the Exercise Price, in respect of any exercise of Warrants during the 10 Trading Days commencing on the Trading Day next succeeding the offer Expiration Date, references within this Section 6.01(e) to 10 Trading Days shall be deemed replaced with such lesser number of Trading Days as have elapsed from, and including, the Trading Day next succeeding the Offer Expiration Date to, but excluding, the relevant Exercise Date.

In the event that the Company or one of its subsidiaries is obligated to purchase shares of Common Stock pursuant to any such tender offer or exchange offer, but the Company or such subsidiary is permanently prevented by applicable law from effecting any such purchases, or all such purchases are rescinded, then the Exercise Price will again be adjusted to be the Exercise Price which would then be in effect if such tender offer or exchange offer had not been made. Except as set forth in the preceding sentence, if the application of this Section 6.01(e) to any tender offer or exchange offer would result in an increase in the Exercise Price, no adjustment will be made for such tender offer or exchange offer under this Section 6.01(e).

(q) For the purposes of Sections 6.01(a), (b) and (c), any dividend or distribution to which Section 6.01(c) is applicable that also includes shares of Common Stock, or rights or warrants to subscribe for or purchase shares of Common Stock (or both), shall be deemed instead to be (i) a dividend or distribution of the indebtedness, assets or shares of Capital Stock other than such shares of Common Stock or rights or warrants (and any Exercise Price adjustment required by Section 6.01(c) with respect to such dividend or distribution shall be made in respect of such dividend or distribution (without regard to the parenthetical in Section 6.01(c) that begins with the word “excluding”)) (ii) immediately followed by a dividend or distribution of such shares of Common Stock or such rights or warrants (and any further Exercise Price adjustment required by Section 6.01(a) or (b), as the case may be, with respect to such dividend or distribution shall then be made), except any shares of Common Stock included in such dividend or distribution shall not be deemed “outstanding at the Close of Business on the Ex-Date.”

(r) If any distribution or transaction described in Sections 6.01(a) to (e) has not yet resulted in an adjustment to the Exercise Price on the Exercise Date, and the shares that Warrantholders will receive on settlement are not entitled to participate in the relevant distribution or transaction (because they were not held on a related Record Date or otherwise), then the Company shall adjust the number of shares that the Company will deliver to the Warrantholders in respect of the relevant Trading Day to reflect the relevant distribution or

transaction. Conversely, if an adjustment to the Exercise Price becomes effective on any Ex-Date, and a Warrantholder that has exercised its Warrants on or after such Ex-Date and on or prior to the related Record Date would nevertheless be treated as the record holder of shares of Common Stock as of the related Settlement Date based on an adjusted Exercise Price for such Ex-Date, then, notwithstanding the foregoing Exercise Price adjustment provisions, the Exercise Price adjustment relating to such Ex-Date will not be made in calculating the number of shares of Common Stock deliverable to such exercising Warrantholder (though it shall nevertheless be taken into account in calculating the relevant Daily Settlement Amount). Instead, such Warrantholder will be treated as if such Warrantholder were the record owner of the shares of Common Stock on an un-adjusted basis and participate in the related dividend, distribution or other event giving rise to such adjustment.

Section 6.02. Adjustments to Number of Shares. Concurrently with any adjustment to the Exercise Price under Section 6.01, the Number of Shares will be adjusted such that the Number of Shares in effect immediately following the effectiveness of such adjustment will be equal to the Number of Shares in effect immediately prior to such adjustment, multiplied by a fraction, (i) the numerator of which is the Exercise Price in effect immediately prior to such adjustment and (ii) the denominator of which is the Exercise Price in effect immediately following such adjustment.

Section 6.03. Certain Distributions of Rights and Warrants. (c) Rights or warrants distributed by the Company to all holders of Common Stock entitling the holders thereof to subscribe for or purchase shares of the Company's Capital Stock (either initially or under certain circumstances), which rights or warrants, until the occurrence of a specified event or events (a "Trigger Event"):

- (i) are deemed to be transferred with such shares of Common Stock;
- (ii) are not exercisable; and
- (iii) are also issued in respect of future issuances of Common Stock,

shall be deemed not to have been distributed for purposes of Article 6 (and no adjustment to the Exercise Price or the Number of Shares under this Article 6 will be made) until the occurrence of the earliest Trigger Event, whereupon such rights and warrants shall be deemed to have been distributed and an appropriate adjustment (if any is required) to the Exercise Price and the Number of Shares shall be made under this Article 6 (subject in all respects to Section 6.04).

(d) If any such right or warrant is subject to events, upon the occurrence of which such rights or warrants become exercisable to purchase different securities, evidences of indebtedness or other assets, then the date of the occurrence of any and each such event shall be deemed to be the date of distribution and Record Date with respect to new rights or warrants with such rights (subject in all respects to Section 6.04).

(e) In addition, except as set forth in Section 6.04, in the event of any distribution (or deemed distribution) of rights or warrants, or any Trigger Event or other event (of

the type described in Section 6.03(a)) with respect thereto that was counted for purposes of calculating a distribution amount for which an adjustment to the Exercise Price and the Number of Shares under Article 6 was made (including any adjustment contemplated in Section 6.04), in the case of any such rights or warrants that shall all have been redeemed or repurchased without exercise by the holders thereof, the Exercise Price and the Number of Shares shall be readjusted upon such final redemption or repurchase to give effect to such distribution or Trigger Event, as the case may be, as though it were a Cash distribution, equal to the per share redemption or repurchase price received by a holder or holders of Common Stock with respect to such rights or warrants (assuming such holder had retained such rights or warrants), made to all holders of Common Stock as of the date of such redemption or repurchase.

Section 6.04. Shareholder Rights Plans. To the extent that the Company has a shareholder rights plan in effect upon exercise of the Warrants (i.e., a poison pill), Warrantholders shall receive, in addition to any Common Stock received in connection with such exercise, the rights under the shareholder rights plan, unless prior to any exercise, the rights have separated from the Common Stock, in which case the Exercise Price and the Number of Shares shall be adjusted at the time of separation as if the Company distributed to all holders of Common Stock, shares of Capital Stock, evidences of indebtedness or other assets or property as described in Section 6.01(c), subject to readjustment in the event of the expiration, termination or redemption of such rights.

Section 6.05. Discretionary Adjustments. The Company may from time to time, to the extent permitted by law and subject to applicable rules of the Nasdaq, decrease the Exercise Price and/or increase the Number of Shares by any amount for any period of at least 20 Business Days, so long as the decrease is irrevocable during the period and the Board of Directors determines in good faith that such decrease would be in the best interest of the Company. In that case, the Company shall give the Warrantholders at least 15 days' prior notice of such increase or decrease, and such notice shall state the decreased Exercise Price and/or increased Number of Shares and the period during which the decrease and/or increase will be in effect. The Company may make such decreases in the Exercise Price and/or increases in the Number of Shares, in addition to those set forth in this Article 6, as the Board of Directors deems advisable, including to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock in connection with any dividend or distribution of Capital Stock or rights to acquire Capital Stock or from any event treated as such for income tax purposes.

Section 6.06. Restrictions on Adjustments. (d) Except in accordance with Section 6.01, the Exercise Price and the Number of Shares will not be adjusted for the issuance of Common Stock or any securities convertible into or exchangeable for Common Stock or carrying the right to purchase any of the foregoing.

(e) Notwithstanding the adjustment provisions in this Warrant Agreement, neither the Exercise Price nor the Number of Shares will be adjusted:

(iv) upon the issuance of any shares of Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on

the Company's securities and the investment of additional optional amounts in shares of Common Stock under any plan;

(v) upon the issuance of any shares of Common Stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of, or assumed by, the Company or any of its subsidiaries;

(vi) upon the issuance of any shares of Common Stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security not described in the preceding clause (ii) and outstanding as of the date the Warrants were first issued; or

(vii) for a change in the par value of the Common Stock.

(f) If in the future the Common Stock of the Company or any reference property has a designated par value, in no event will the Company adjust the Exercise Price or make a corresponding adjustment to the Number of Shares to the extent that the adjustment would reduce the Exercise Price below the par value per share of Common Stock.

(g) No adjustment shall be made to the Exercise Price or the Number of Shares for any of the transactions described in Section 6.01 if the Company makes provisions for Warrantholders to participate in any such transaction without exercising their Warrants on a basis and with notice that the Board of Directors determines in good faith to be fair and appropriate.

(h) Adjustments to the Number of Shares will be calculated to the nearest 1/10,000th of a share. No adjustment shall be made to the Exercise Price, nor will any corresponding adjustment be made to the Number of Shares, unless the adjustment would result in a change of at least 1% of the Exercise Price; provided that any adjustments that are less than 1% of the Exercise Price shall be carried forward and such carried forward adjustments, regardless of whether the aggregate adjustment is less than 1% of the Exercise Price, shall be made (i) upon exercise of any Warrant; (ii) annually, on each May 22 of each year; and (iii) on each of the 10 Scheduled Trading Days immediately prior to the Expiration Date, unless such adjustment has already been made.

(i) The Company shall not take any action that would result in an adjustment without complying with NASDAQ Market Rule 5635 (which requires stockholder approval of certain issuances of stock), or any similar rule of any other stock exchange on which the Common Stock may be listed, if applicable.

Section 6.07. Recapitalizations, Reclassifications and Other Changes. (a) If any of the following events occur:

(i) any recapitalization;

(ii) any reclassification or change of the outstanding shares of Common Stock (other than changes resulting from a subdivision or combination to which Section 6.01(a) applies);

(iii) any consolidation, merger or combination involving the Company;

(iv) any sale, assignment, conveyance, transfer, lease or other disposition to a third party of all or substantially all of the Company's property and assets; or

(v) (v) any binding share exchange,

(each such event a "Reorganization Event"), in each case as a result of which the Common Stock would be converted into, or exchanged for, stock, other securities, other property or assets (including Cash or any combination thereof) (the "Reference Property"), then, following the effective time of the transaction, the right to receive shares of Common Stock upon exercise of a Warrant shall be changed to a right to receive, upon exercise of such Warrant with respect to each share of Common Stock for which such Warrant is exercisable, the kind and amount of shares of stock, other securities or other property or assets (including Cash or any combination thereof) that a holder of one share of Common Stock would have owned or been entitled to receive in connection with such Reorganization Event (such kind and amount of Reference Property per share of Common Stock, a "Unit of Reference Property"). In the event holders of Common Stock have the opportunity to elect the form of consideration to be received in a Reorganization Event, the type and amount of consideration into which the Warrants shall be exercisable from and after the effective time of such Reorganization Event shall be deemed to be the weighted average of the types and amounts of consideration received by the holders of Common Stock in such Reorganization Event. The Company shall notify the Warrantholders of such weighted average as soon as practicable after such determination is made. The Company hereby agrees not to become a party to any Reorganization Event unless its terms are consistent with this Section 6.07.

(b) At any time from, and including, the effective time of a Reorganization Event:

(i) the Net Share Amount per Warrant shall be a number of Units of Reference Property calculated as set forth in Section 3.04, except that the Daily Settlement Amounts on any Trading Day used to determine such Net Share Amount shall be the Unit Value for such Trading Day;

(ii) the Company shall pay Cash in lieu of delivering any fraction of a Unit of Reference Property in accordance with Section 3.07 based on the Unit Value as of the Exercise Date; and

(iii) the Daily Settlement Amounts shall be calculated with respect to a Unit of Reference Property.

(c) The value of a Unit of Reference Property (the “Unit Value”) shall be determined as follows:

(i) any shares of common stock of the successor or purchasing corporation or any other corporation that are traded on a national or regional stock exchange included in such Unit of Reference Property shall be valued as if such shares were “Common Stock” using procedures set forth in the definition of “Closing Sale Price” in Section 1.01;

(ii) any other property (other than Cash) included in such Unit of Reference Property shall be valued in good faith by the Board of Directors or by a New York Stock Exchange member firm selected by the Board of Directors; and

(iii) any Cash included in such Unit of Reference Property shall be valued at the amount thereof.

(d) On or prior to the effective time of any Reorganization Event, the Company or the successor or purchasing Person, as the case may be, shall execute an amendment to this Warrant Agreement providing that the Warrants shall be exercisable for Units of Reference Property in accordance with the terms of this Section 6.07. If the Reference Property in connection with any Reorganization Event includes shares of stock or other securities and assets of a Person other than the successor or purchasing Person, as the case may be, in such Reorganization Event, then the Company shall use commercially reasonable efforts to cause such amendment to this Warrant Agreement to be executed by such other Person and such amendment shall contain such additional provisions to protect the interests of the Warrantholders as the Board of Directors shall reasonably consider necessary by reason of the foregoing. Any such amendment to this Warrant Agreement shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 6. In the event the Company shall execute an amendment to this Warrant Agreement pursuant to this Section 6.07, the Company shall promptly file with the Warrant Agent an Officer’s Certificate briefly stating the reasons therefor, the kind or amount of Cash, securities or property or asset that will comprise a Unit of Reference Property after the relevant Reorganization Event, any adjustment to be made with respect thereto and that all conditions precedent have been complied with. The Company shall cause notice of the execution of amendment to be mailed to each Warrantholder, at its address appearing on the Warrant Register, within 20 Business Days after execution thereof. Failure to deliver such notice shall not affect the legality or validity of such amendment.

(e) The above provisions of this Section 6.07 shall similarly apply to successive Reorganization Events.

(f) If this Section 6.07 applies to any event or occurrence, no other provision of this Article 6 shall apply to such event or occurrence.

(g) This Section 6.07 does not limit the rights of Warrantholders or the Company’s rights in the event of a Designated Event, including Warrantholders’ right to receive

an increase in the number of shares of Common Stock deliverable with respect to such Warrants in connection with a Designated Event under Article 4.

Section 6.08. Consolidation, Merger and Sale of Assets. (a) The Company may, without the consent of the Warrantholders, consolidate with, merge into or sell, lease or otherwise transfer in one transaction or a series of related transactions the consolidated assets of the Company and its subsidiaries substantially as an entirety to any corporation organized under the laws of the United States or any of its political subdivisions so long as:

(iv) the successor expressly assumes all the Company's obligations under this Warrant Agreement and the Warrants; and

(v) an Officer's Certificate and an Opinion of Counsel, each stating that the consolidation, merger, sale, lease or other transfer complies with the provisions of this Warrant Agreement, have been delivered to the Warrant Agent.

(b) In case of any such consolidation, merger, sale, lease or other transfer and upon any such assumption by the successor corporation, limited liability company, partnership or trust, such successor entity shall succeed to and be substituted for the Company with the same effect as if it had been named herein as the Company. Such successor entity thereupon may cause to be signed, and may issue any or all of the Warrants issuable pursuant to this Warrant Agreement which theretofore shall not have been signed by the Company; and, upon the order of such successor entity, instead of the Company, and subject to all the terms, conditions and limitations in this Warrant Agreement prescribed, the Warrant Agent shall authenticate and deliver, as applicable, any Warrants that previously shall have been signed and delivered by the officers of the Company to the Warrant Agent for authentication, and any Warrants which such successor entity thereafter shall cause to be signed and delivered to the Warrant Agent for such purpose.

Section 6.09. Common Stock Outstanding. For the purposes of this Article 6, the number of shares of Common Stock at any time outstanding shall not include shares held, directly or indirectly, by the Company, but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock.

Section 6.10. Covenant to Reserve Shares for Issuance on Exercise. (a) The Board of Directors has authorized and reserved for issuance the number of shares of Common Stock initially issuable upon the exercise of all outstanding Warrants for shares of Common Stock. The Board of Directors will continue to reserve for the issuance of any additional shares of Common Stock that become issuable upon the exercise of all outstanding Warrants as a result of an adjustment made pursuant to Section 6.02 of this Agreement until the Expiration Date of the Warrants. The Company covenants that all shares of Common Stock that shall be so issuable shall be duly and validly issued, fully paid and non-assessable.

(b) The Company agrees to authorize and direct its current and future transfer agents for the Common Stock to reserve for issuance the number of shares of Common Stock specified in this Section 6.10. The Company shall instruct the transfer agent to deliver to the

Warrant Agent, upon written request from the Warrant Agent in the form separately agreed between the Warrant Agent and the transfer agent, stock certificates (or beneficial interests therein) required to honor outstanding Warrants upon exercise thereof in accordance with the terms of this Warrant Agreement. Promptly after the date of expiration of Warrants, the Warrant Agent shall certify to the Company the aggregate Number of Warrants then outstanding and related aggregate Number of Shares, and thereafter no shares of Common Stock shall be required to be reserved in respect of such Warrants.

(c) If permitted or required by the rules of any national securities exchange or over the counter market or other domestic market on which the Common Stock is listed at any time, if any, the Company shall apply to have listed or quoted all shares of Common Stock issued upon exercise of the Warrants on any such exchange or market.

Section 6.11. Company's Determinations Final. The Company shall be responsible for making all calculations called for under this Warrant Agreement. These calculations include, but are not limited to, the Exercise Date, the Daily VWAP, the Closing Sale Price, the Exercise Price, the Number of Shares (yielding the number of shares of Common Stock or Units of Reference Property, if any, for which a Warrant is exercisable). The Company shall make the foregoing calculations in good faith and, absent manifest error, the Company's calculations shall be final and binding on Warrantholders. The Company shall provide a schedule of the Company's calculations to the Warrant Agent, and the Warrant Agent is entitled to rely upon the accuracy of the Company's calculations without independent verification.

Section 6.12. Notice of Adjustments. Whenever the Exercise Price and the Number of Shares is adjusted, the Company shall promptly mail to Warrantholders a notice of the adjustment. The Company shall file with the Warrant Agent such notice and an Officer's Certificate briefly stating the facts requiring the adjustment and the manner of computing it. Such certificate shall be conclusive evidence that the adjustment is correct, and the Warrant Agent shall not be deemed to have any knowledge of any adjustments unless and until it has received such certificate. The Warrant Agent shall not be under any duty or responsibility with respect to any such certificate except to exhibit the same to any Warrantholder desiring inspection thereof.

Section 6.13. Warrant Agent Not Responsible for Adjustments. The Warrant Agent shall at no time be under any duty or responsibility to any Warrantholder to determine whether any facts exist that may require an adjustment of the Exercise Price and the Number of Shares, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed, herein or in any supplemental agreement provided to be employed, in making the same.

Section 6.14. Statements on Warrants. The form of Warrant Certificate need not be changed because of any adjustment made pursuant to this Article 6, and Warrant Certificates issued after such adjustment may state the same information (other than the adjusted Exercise Price and the relevant adjusted Number of Shares) as are stated in the Warrant Certificates initially issued pursuant to this Warrant Agreement. However, the Company may at any time in its sole discretion (which shall be conclusive) make any change in the form of Warrant

Certificate that it may deem appropriate and that does not materially adversely affect the interest of the Warrantholders; and any Warrant Certificates thereafter issued or countersigned, whether in exchange or substitution for an outstanding Warrant Certificate or otherwise, may be in the form as so changed.

Section 6.15. Public Announcement of Adjustments. Upon any adjustment of the Exercise Price or the Number of Shares, the Company shall promptly notify the Warrantholders and the Warrant Agent of the details of any such adjustment and issue a press release through Dow Jones & Company, Inc. or Bloomberg Business News or other similarly broad public medium that is customary for such press releases (and make the press release available on the Company's website).

Section 6.16. Deferral of Adjustments. In any case in which Section 6.01 provides that an adjustment shall become effective immediately after (a) a Record Date for an event, (b) the effective date (in the case of a subdivision or combination of the Common Stock) or (c) the Offer Expiration Date for any tender or exchange offer pursuant to Section 6.01(e) (each a "Determination Date"), the Company may elect to defer, until the later of the date the adjustment to the Exercise Price and Number of Shares can be definitively determined and the occurrence of the applicable Adjustment Event (as hereinafter defined), (i) issuing to the Warrantholder of any Warrant exercised after such Determination Date and before the occurrence of such Adjustment Event, the additional shares of Common Stock or other securities or assets issuable upon such exercise by reason of the adjustment required by such Adjustment Event over and above the Common Stock issuable upon such exercise before giving effect to such adjustment and (ii) paying to such Warrantholder any amount in Cash in lieu of any fractional share of Common Stock pursuant to Section 3.07. For the purposes of this Section 6.16, the term "Adjustment Event" shall mean (A) in any case referred to in clause (a) or clause (b) hereof, the occurrence of such event, (B) in any case referred to in clause (c) hereof, the date a sale or exchange of Common Stock pursuant to such tender or exchange offer is consummated and becomes irrevocable.

Section 6.17. Limitations on Adjustment for Issuance of Common Stock or Preferred Stock. Except as specifically set forth herein, the Exercise Price will not be subject to adjustment in the case of the issuance of any shares of Common Stock or Preferred Stock, or securities exchangeable for or convertible into shares of Common Stock or Preferred Stock.

ARTICLE 7

OTHER PROVISIONS RELATING TO RIGHTS OF WARRANTHOLDERS

Section 7.01. No Rights as Stockholders. Warrantholders shall not be entitled, by virtue of holding Warrants, to vote, to consent, to receive dividends, to receive notice as stockholders with respect to any meeting of stockholders for the election of the Company's directors or any other matter, or to exercise any rights whatsoever as the Company's stockholders unless, until and only to the extent such holders become holders of record of shares of Common Stock delivered upon settlement of the Warrants.

Section 7.02. Mutilated or Missing Warrant Certificates. If any Warrant at any time is mutilated, defaced, lost, destroyed or stolen, then on the terms set forth in this Warrant Agreement, such Warrant may be replaced at the cost of the applicant (including legal fees of the Company) at the office of the Warrant Agent. The applicant for a new Warrant shall, in the case of any mutilated or defaced Warrant Agent, surrender such Warrant to the Warrant Agent and, in the case of any lost, destroyed or stolen Warrant, furnish evidence satisfactory to the Company of such loss, destruction or theft, and, in each case, furnish evidence satisfactory to the Company of the ownership and authenticity of the Warrant together with such indemnity as the Company may require. Any such new Warrant Certificate shall constitute an original contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated or destroyed Warrant Certificate shall be at any time enforceable by anyone. An applicant for such a substitute Warrant Certificate shall also comply with such other reasonable regulations and pay such other reasonable charges as the Company or the Warrant Agent may prescribe. All Warrant Certificates shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the substitution for lost, stolen, mutilated or destroyed Warrant Certificates, and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the substitution for and replacement of negotiable instruments or other securities without their surrender.

Section 7.03. Modification, Waiver and Meetings. (d) This Warrant Agreement may be modified or amended by the Company and the Warrant Agent in writing, without the consent of any Warrantholder, for the purposes of, among other things:

- (vi) adding covenants for the benefit of the Warrantholders;
- (vii) adding a guarantor of the Company's performance obligations or other security for the benefit of the Warrantholders;
- (viii) surrendering any right or power conferred upon the Company;
- (ix) providing for the settlement upon exercise of Warrants if any reclassification or change of Common Stock or any consolidation, merger, sale, lease or other transfer of the consolidated assets of the Company and its subsidiaries substantially as an entirety occurs;
- (x) providing for the assumption of the Company's obligations in the case of a merger, consolidation, conveyance, sale, lease or other transfer;
- (xi) adjusting the Exercise Price or the Number of Shares in the manner described in this Warrant Agreement;
- (xii) curing any ambiguity or correcting or supplementing any defective provision contained in this Warrant Agreement; provided that such modification or amendment does not adversely affect the interests of the Warrantholders in any material respect; and

(xiii) adding or modifying any other provisions that the Company may deem necessary or desirable and which will not adversely affect the interests of the Warrantholders in any material respect.

(e) Modifications and amendments to this Warrant Agreement or to the terms and conditions of Warrants may also be made by the Company and the Warrant Agent in writing, and noncompliance with any provision of the Warrant Agreement or Warrants may be waived, either:

(vi) with the written consent of the Warrantholders of Warrants representing a majority of the aggregate Number of Warrants at the time outstanding; or

(vii) by the adoption of a resolution at a meeting of Warrantholders called with proper notice at which a quorum is present by at least a number of Warrantholders of Warrants representing a majority of the Number of Warrants represented at such meeting.

(f) However, no such modification, amendment or waiver may, without the written consent or the affirmative vote of each Warrantholder affected:

(iv) change the Expiration Date;

(v) increase the Exercise Price or decrease the Number of Shares (except as explicitly set forth in Article 6);

(vi) impair the right to institute suit for the enforcement of any payment or delivery with respect to the exercise and settlement of any Warrant;

(vii) except as otherwise expressly permitted by provisions of this Warrant Agreement concerning specified reclassifications or corporate reorganizations, impair or adversely affect the exercise rights of Warrantholders, including any change to the calculation or payment of the Net Share Amount;

(viii) reduce the percentage of Warrants outstanding necessary to modify or amend this Warrant Agreement or to waive any past default; or

(ix) reduce the percentage in Warrants outstanding required for any other waiver under this Warrant Agreement.

(g) The quorum at any meeting called to adopt a resolution will be Persons holding or representing Warrants representing a majority of the aggregate Number of Warrants at the time outstanding.

ARTICLE 8

CONCERNING THE WARRANT AGENT AND OTHER MATTERS

Section 8.01. Payments Generally. All payments hereunder shall be made in Dollars.

Section 8.02. Payment of Certain Taxes. (h) The Company shall pay any and all documentary, stamp or similar issue or transfer taxes that may be payable upon the initial issuance of the Warrants hereunder.

(i) The Company shall pay any and all documentary, stamp or similar issue or transfer taxes that may be payable upon the issuance of Common Stock upon the exercise of Warrants hereunder and the issuance of stock certificates in respect thereof in the respective names of, or in such names as may be directed by, the exercising Warrantholders; provided, however, that, the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such stock certificate, any Warrant Certificate or other securities in a name other than that of the registered holder of the Warrant Certificate surrendered upon exercise of the Warrant, and the Company shall not be required to issue or deliver such certificates or other securities unless and until the Person or Persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

Section 8.03. Certain Tax Filings. The Warrant Agent shall prepare and file with the appropriate governmental agency all appropriate tax information forms in respect of any payments made by the Warrant Agent hereunder (including, without limitation, Internal Revenue Service Form 1099-B) during each calendar year, or any portion thereof, during which the Warrant Agent performs services hereunder.

Section 8.04. Change of Warrant Agent. (j) The Warrant Agent may resign its duties and be discharged from all further duties and liabilities hereunder after giving 60 days' notice in writing to the Company, except that such shorter notice may be given as the Company shall, in writing, accept as sufficient. If the office of the Warrant Agent becomes vacant by resignation or incapacity to act or otherwise, the Company shall appoint in writing a successor warrant agent in place of the Warrant Agent. If the Company shall fail to make such appointment within a period of 60 days after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated warrant agent or by any holder of Warrants (who shall, with such notice, submit his Warrant Certificate for inspection by the Company), then the holder of any Warrants may apply to any court of competent jurisdiction for the appointment of a successor warrant agent.

(k) The Warrant Agent may be removed by the Company at any time upon 30 days' written notice to the Warrant; provided, however, that the Company shall not be required to remove the Warrant Agent until a successor warrant agent meeting the qualifications hereof shall have been appointed. In no event shall the Warrant Agent be required to continue to perform hereunder for more than 30 days following the notice indicated in this Section 8.04(b).

(l) Any successor warrant agent, whether appointed by the Company or by such a court, shall be a corporation or banking association organized, in good standing and doing business under the laws of the United States of America or any state thereof or the District of Columbia, and authorized under such laws to exercise corporate trust powers and subject to supervision or examination by Federal or state authority and having a combined capital and surplus of not less than \$50,000,000. The combined capital and surplus of any such successor warrant agent shall be deemed to be the combined capital and surplus as set forth in the most

recent report of its condition published prior to its appointment; provided that such reports are published at least annually pursuant to law or to the requirements of a Federal or state supervising or examining authority. After appointment, any successor warrant agent shall be vested with all the authority, powers, rights, immunities, duties and obligations of its predecessor warrant agent with like effect as if originally named as warrant agent hereunder, without any further act or deed; but if for any reason it becomes necessary or appropriate, the predecessor warrant agent shall execute and deliver, at the expense of the Company, an instrument transferring to such successor warrant agent all the authority, powers and rights of such predecessor warrant agent hereunder; and upon request of any successor warrant agent, the Company shall make, execute, acknowledge and deliver any and all instruments in writing to more fully and effectually vest in and conform to such successor warrant agent all such authority, powers, rights, immunities, duties and obligations. Upon assumption by a successor warrant agent of the duties and responsibilities hereunder, the predecessor warrant agent shall deliver and transfer, at the expense of the Company, to the successor warrant agent any property at the time held by it hereunder. As soon as practicable after such appointment, the Company shall give notice thereof to the predecessor warrant agent, the Warrantholders and each transfer agent for the shares of its Common Stock. Failure to give such notice, or any defect therein, shall not affect the validity of the appointment of the successor warrant agent.

(m) Any entity into which the Warrant Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Warrant Agent shall be a party, shall be the successor Warrant Agent under this Warrant Agreement without any further act. In case at the time such successor to the Warrant Agent shall succeed to the agency created by this Warrant Agreement, any of the Warrant Certificates shall have been countersigned but not delivered, any such successor to the Warrant Agent may adopt the countersignature of the original Warrant Agent and deliver such Warrant Certificates so countersigned, and in case at that time any of the Warrant Certificates shall not have been countersigned, any successor to the Warrant Agent may countersign such Warrant Certificates either in the name of the predecessor Warrant Agent or in the name of the successor Warrant Agent; and in all such cases Warrant Certificates shall have the full force provided in the Warrant Certificates and in this Warrant Agreement.

(n) In case at any time the name of the Warrant Agent shall be changed and at such time any of the Warrant Certificates shall have been countersigned but not delivered, the Warrant Agent may adopt the countersignatures under its prior name and deliver such Warrant Certificates so countersigned; and in case at that time any of the Warrant Certificates shall not have been countersigned, the Warrant Agent may countersign such Warrant Certificates either in its prior name or in its changed name; and in all such cases such Warrant Certificates shall have the full force provided in the Warrant Certificates and in this Warrant Agreement.

Section 8.05. Compensation; Further Assurances. The Company agrees that it will (a) pay the Warrant Agent reasonable compensation for its services as Warrant Agent hereunder and, except as otherwise expressly provided, will pay or reimburse the Warrant Agent upon demand for all reasonable expenses, disbursements and advances incurred or made by the Warrant Agent in accordance with any of the provisions of this Warrant Agreement (including the reasonable

compensation, expenses and disbursements of its agents and counsel) except any such expense, disbursement or advance as may arise from its or any of their negligence or bad faith, and (b) perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Warrant Agent for the carrying out or performing of the provisions of this Warrant Agreement.

Section 8.06. Reliance on Counsel. The Warrant Agent may consult with legal counsel (who may be legal counsel for the Company), and the written opinion of such counsel or any advice of legal counsel subsequently confirmed by a written opinion of such counsel shall be full and complete authorization and protection to the Warrant Agent as to any action taken or omitted by it in good faith and in accordance with such written opinion or advice.

Section 8.07. Proof of Actions Taken. Whenever in the performance of its duties under this Warrant Agreement the Warrant Agent shall deem it necessary or desirable that any matter be proved or established by the Company prior to taking or suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Warrant Agent, be deemed to be conclusively proved and established by an Officer's Certificate delivered to the Warrant Agent; and such Officer's Certificate shall, in the absence of bad faith on the part of the Warrant Agent, be full warrant to the Warrant Agent for any action taken, suffered or omitted in good faith by it under the provisions of this Warrant Agreement in reliance upon such certificate; but in its discretion the Warrant Agent may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

Section 8.08. Correctness of Statements. The Warrant Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Warrant Agreement or in the Warrant Certificates (except its countersignature thereof) or be required to verify the same, and all such statements and recitals are and shall be deemed to have been made by the Company only.

Section 8.09. Validity of Agreement. The Warrant Agent shall not be under any responsibility in respect of the validity of this Warrant Agreement or the execution and delivery hereof or in respect of the validity or execution of any Warrant Certificates (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Warrant Agreement or in any Warrant Certificate; nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any shares of Common Stock to be issued pursuant to this Warrant Agreement or any Warrants or as to whether any shares of Common Stock will, when issued, be validly issued and fully paid and nonassessable.

Section 8.10. Use of Agents. The Warrant Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents and the Warrant Agent shall not be responsible for the misconduct or negligence of any agent or attorney, provided due care had been exercised in the appointment and continued employment thereof.

Section 8.11. Indemnification of Warrant Agent. The Warrant Agent shall incur no liability or responsibility to the Company or to any holder of Warrants for any action taken in reliance on any notice, resolution, waiver, consent, order, certificate, or other paper, document or instrument believed by it to be genuine and to have been signed, sent or presented by the proper party or parties. The Company agrees to indemnify the Warrant Agent and save it harmless against any and all losses, expenses and liabilities, including judgments, costs and reasonable counsel fees, for anything done or omitted in good faith by the Warrant Agent in the execution of this Warrant Agreement or otherwise arising in connection with this Warrant Agreement, except as a result of the Warrant Agent's negligence or willful misconduct or bad faith.

Section 8.12. Legal Proceedings. The Warrant Agent shall be under no obligation to institute any action, suit or legal proceeding or to take any other action likely to involve expense unless the Company or one or more Warrantholders shall furnish the Warrant Agent with reasonable security and indemnity for any costs and expenses which may be incurred, but this provision shall not affect the power of the Warrant Agent to take such action as the Warrant Agent may consider proper, whether with or without any such security or indemnity.

Section 8.13. Other Transactions in Securities of the Company. The Warrant Agent in its individual or any other capacity may become the owner of Warrants or other securities of the Company, or become peculiarly interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not Warrant Agent under this Warrant Agreement. Nothing herein shall preclude the Warrant Agent from acting in any other capacity for the Company or for any other legal entity.

Section 8.14. Actions as Agent. The Warrant Agent shall act hereunder solely as agent and not in a ministerial or fiduciary capacity, and its duties shall be determined solely by the provisions hereof. The duties and obligations of the Warrant Agent shall be determined solely by the express provisions of the Warrant Agreement, and the Warrant Agent shall not be liable except for the performance of such duties and obligations as are specifically set forth in the Warrant Agreement. No implied covenants or obligations shall be read into the Warrant Agreement against the Warrant Agent. No provision of the Warrant Agreement shall require the Warrant Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Section 8.15. Appointment and Acceptance of Agency. The Company hereby appoints the Warrant Agent to act as agent for the Company in accordance with the instructions set forth in this Warrant Agreement, and the Warrant Agent hereby accepts the agency established by this Warrant Agreement and agrees to perform the same upon the terms and conditions herein set forth.

Section 8.16. Liability of Warrant Agent. The Warrant Agent shall not be liable, whether in contract, in tort or otherwise, for anything that it may do or refrain from doing in good faith in connection with this Warrant Agreement, except for its own negligence or willful misconduct or

bad faith. To the extent the Warrant Agent is so liable notwithstanding the preceding sentence, the aggregate amount of any such liability shall not exceed \$100,000, except to the extent such liability arises as a result of the Warrant Agent's gross negligence, willful misconduct or bad faith.

Section 8.17. Successors and Assigns. All the covenants and provisions of this Warrant Agreement by or for the benefit of the Company or the Warrant Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

Section 8.18. Notices. Any notice or demand authorized by this Warrant Agreement to be given or made by the Warrant Agent or by any Warrantholder to or on the Company shall be sufficiently given or made if sent by mail first-class, postage prepaid, addressed (until another address is filed in writing by the Company with the Warrant Agent), as follows:

Zions Bancorporation
One South Main Street, 15th Floor
Salt Lake City, Utah 84133
Attention: Chief Financial Officer

With a copy to:

Sullivan & Cromwell LLP
1888 Century Park East, Suite 2100
Los Angeles, California 90067
Attention: Patrick S. Brown

Any notice or demand authorized by this Warrant Agreement to be given or made by any Warrantholder or by the Company to or on the Warrant Agent shall be sufficiently given or made if sent by mail first-class, postage prepaid, addressed (until another address is filed in writing by the Warrant Agent with the Company), as follows:

Zions First National Bank
One South Main Street, 12th Floor
Salt Lake City, Utah 84133
Attention: Shelene Brown

Any notice of demand authorized by this Warrant Agreement to be given or made to any Warrantholder shall be sufficiently given or made if sent by first-class mail, postage prepaid to the last address of such Warrantholder as it shall appear on the Warrant Register. Any notice to the owners of a beneficial interest in a Global Warrant shall be distributed through the Depositary in accordance with the procedures of the Depositary, and such notice shall be deemed to be effective at the time of dispatch to the Depositary.

Section 8.19. Applicable Law. The validity, interpretation and performance of this Warrant Agreement and of the Warrant Certificates shall be governed by the law of the State of New York without giving effect to the principles of conflicts of laws thereof.

Section 8.20. Benefit of this Warrant Agreement. Nothing in this Warrant Agreement expressed and nothing that may be implied from any of the provisions hereof is intended, or shall be construed, to confer upon, or give to, any Person other than the parties hereto and the Warrantholders any right, remedy or claim under or by reason of this Warrant Agreement or of any covenant, condition, stipulation, promise or agreement hereof, and all covenants, conditions, stipulations, promises and agreements contained in this Warrant Agreement shall be for the sole and exclusive benefit of the parties hereto and their successors and of the Warrantholders.

Section 8.21. Registered Warrantholders. Prior to due presentment for registration of transfer, the Company and the Warrant Agent may deem and treat the Person in whose name any Warrants are registered in the Warrant Register as the absolute owner thereof for all purposes whatever (notwithstanding any notation of ownership or other writing thereon made by anyone other than the Company or the Warrant Agent) and neither the Company nor the Warrant Agent shall be affected by any notice to the contrary or be bound to recognize any equitable or other claim to or interest in any Warrants on the part of any other Person and shall not be liable for any registration of transfer of Warrants that are registered or to be registered in the name of a fiduciary or the nominee of a fiduciary unless made with actual knowledge that a fiduciary or nominee is committing a breach of trust in requesting such registration of transfer or with such knowledge of such facts that its participation therein amounts to bad faith.

Section 8.22. Inspection of this Warrant Agreement. A copy of this Warrant Agreement shall be available at all reasonable times for inspection by any Warrantholder or owner of a beneficial interest in a Global Warrant at the principal office of the Warrant Agent. The Warrant Agent may require any such holder to submit his Warrant Certificate for inspection by it before allowing such holder to inspect a copy of this Warrant Agreement.

Section 8.23. Headings. The Article and Section headings herein are for convenience only and are not a part of this Warrant Agreement and shall not affect the interpretation thereof.

Section 8.24. Counterparts. This Warrant Agreement may be executed in any number of counterparts on separate counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, this Warrant Agreement has been duly executed by the parties hereto as of the day and year first above written.

ZIONS BANCORPORATION

By: /s/ Doyle L. Arnold

Name: Doyle L. Arnold

Title: Vice Chairman and Chief Financial
Officer

ZIONS FIRST NATIONAL BANK,
as Warrant Agent

By: /s/ Shelene Brown

Name: Shelene Brown

Title: Assistant Vice President

EXHIBIT A

FORM OF WARRANT CERTIFICATE

[FACE]

No. _____

CUSIP No. 989701 115

[UNLESS THIS GLOBAL WARRANT IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“**DTC**”), TO ZIONS BANCORPORATION (THE “**ISSUER**”), THE CUSTODIAN OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL WARRANT SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR’S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL WARRANT SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE WARRANT AGREEMENT REFERRED TO ON THE REVERSE HEREOF.]**

** Bracketed language only appears on Global Warrants held in the name of DTC (or nominee thereof).

ZIONS BANCORPORATION

[Designation of Warrants]

NUMBER OF WARRANTS: [] Warrants, each of which is exercisable initially for [] share of Common Stock, subject to adjustment as described in the Warrant Agreement dated May 25, 2010 (the “**Warrant Agreement**”), between Zions Bancorporation (the “**Company**”) and Zions First National Bank, as Warrant Agent.

EXERCISE PRICE: Initially, \$[] per share of Common Stock for which a Warrant is exercisable, subject to adjustment as described in the Warrant Agreement.

FORM OF PAYMENT OF EXERCISE PRICE: Net Share Settlement.

FORM OF SETTLEMENT: Upon exercise of any Warrants represented hereby, the Warrantholder shall be entitled to receive, without any payment therefor, a number of shares of Common Stock equal to the Net Share Amount, together with Cash in lieu of any fractional shares, in each case, as described in the Warrant Agreement.

DATES OF EXERCISE: At any time, and from time to time, prior to the Close of Business on the Expiration Date, the Warrantholder shall be entitled to exercise all Warrants then represented hereby and outstanding or any portion thereof (which shall not include any fractional Warrants).

PROCEDURE FOR EXERCISE: Warrants may be exercised by (a) in the case of a Certificated Warrant, surrendering the Warrant Certificate evidencing such Warrant at the principal office of the Warrant Agent (or successor warrant agent), with the exercise notice set forth on the reverse of the Warrant Certificate duly completed and executed, together with any applicable transfer taxes, or (b) in the case of a Global Warrant, complying with the procedures established by the Depositary for the exercise of Warrants.

AUTOMATIC EXERCISE: Any unexercised Warrant shall be automatically exercised for the benefit of the Warrantholder (a) on the Expiration Date if a Warrant is not exercised by the Warrantholder prior to the Close of Business on the Expiration Date, or (b) on the relevant Effective Date upon an occurrence of a Cash Designated Event, in each case of (a) and (b) if any shares of Common Stock or Cash in lieu of any fractional shares are deliverable to the Warrantholder as a result of the Net Share Settlement calculation, or in the case of (b) if additional shares of Common Stock are deliverable as a result of a Designated Event, as of the Expiration Date or such Effective Date, as applicable.

ADJUSTMENTS: The Exercise Price and the Number of Shares will be subject to adjustment upon the occurrence of certain events as described in the Warrant Agreement.

DESIGNATED EVENT: If a Designated Event occurs prior to the Expiration Date and a Warrantholder elects to exercise Warrants in connection with such Designated Event, the number of shares to which the Warrantholder is entitled will be increased with respect to such exercised Warrants, as described in the Warrant Agreement.

ACCOUNTING EVENT: If an Accounting Event occurs prior to the Expiration Date, the Company will have the right to cause all (but not less than all) outstanding Warrants to be exercised on the 27th Trading Day following the Accounting Event Effective Date of such Accounting Event and, in connection with such exercise, the Company will increase the number of shares to which the Warrantholder is entitled with respect to such exercised Warrants, as described in the Warrant Agreement.

EXPIRATION DATE: May 22, 2020.

This Warrant Certificate certifies that _____, or its registered assigns, is the Warrantholder of the Number of Warrants (the “**Warrants**”) specified above[, as modified in Schedule A hereto,]** (such number subject to adjustment from time to time as described in the Warrant Agreement).

In connection with the exercise of any Warrants, (a) the Company shall determine the Net Share Amount for each Warrant, and (b) the Company shall, or shall cause the Warrant Agent to, deliver to the exercising Warrantholder, on the applicable Settlement Date, for each Warrant exercised, a number of shares of Common Stock equal to the relevant Net Share Amount together with Cash in lieu of any fractional shares as described in the Warrant Agreement and, in the case of a Designated Event or Accounting Event, such number of additional shares of Common Stock to which the Warrantholder is entitled as a result of an exercise of such Warrant in connection therewith.

Prior to the relevant Exercise Date as described more fully in the Warrant Agreement, Warrants will not entitle the Warrantholder to any of the rights of the holders of shares of Common Stock.

Reference is hereby made to the further provisions of this Warrant Certificate set forth on the reverse hereof, and such further provisions shall for all purposes have the same effect as though fully set forth in this place.

This Warrant Certificate shall not be valid unless countersigned by the Warrant Agent.

In the event of any inconsistency between the Warrant Agreement and this Warrant Certificate, the Warrant Agreement shall govern.

[Signature page follows]

** Bracketed language only appears on Global Warrants.

IN WITNESS WHEREOF, Zions Bancorporation has caused this instrument to be duly executed.

Dated: _____

ZIONS BANCORPORATION

By: _____

Name:

Title:

Attest

By: _____

Assistant Secretary

Countersigned as of the date above written:

ZIONS FIRST NATIONAL BANK, as Warrant Agent

By: _____

Authorized Officer

[FORM OF REVERSE OF WARRANT CERTIFICATE]

ZIONS BANCORPORATION

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of Warrants issued by the Company pursuant to a Warrant Agreement, dated May 25, 2010 (the “Warrant Agreement”), between Zions Bancorporation and Zions First National Bank (the “Warrant Agent”), and are subject to the terms and provisions contained in the Warrant Agreement, to all of which terms and provisions each Warrantholder consents by acceptance of this Warrant Certificate or a beneficial interest therein. Without limiting the foregoing, all capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Warrant Agreement. A copy of the Warrant Agreement is on file at the Warrant Agent’s Office.

The Warrant Agreement and the terms of the Warrants are subject to amendment as provided in the Warrant Agreement.

This Warrant Certificate shall be governed by, and interpreted in accordance with, the laws of the State of New York without regard to the conflicts of laws principles thereof.

Exercise Notice

Zions First National Bank
One South Main Street, 12th Floor
Salt Lake City, Utah 84133
Attention: Shelene Brown

The undersigned (the “**Registered Warrantholder**”) hereby irrevocably exercises _____ Warrants (the “**Exercised Warrants**”) and delivers to you herewith a Warrant Certificate or Warrant Certificates, registered in the Registered Warrantholder’s name, representing a Number of Warrants at least equal to the number of Exercised Warrants.

The Registered Warrantholder hereby directs the Warrant Agent to:

(a) deliver the Net Share Amount for each of the Exercised Warrants as follows:

_____ ; and

(b) if the number of Exercised Warrants is less than the Number of Warrants represented by the enclosed Warrant Certificates, to deliver a Warrant Certificate representing the unexercised Warrants to:

Dated:

(Registered Warrantholder)

By:
Authorized Signature
Address:
Telephone:

SCHEDULE A

SCHEDULE OF INCREASES OR DECREASES IN WARRANTS

The initial Number of Warrants represented by this Global Warrant is _____.
In accordance with the Warrant Agreement dated May 25, 2010, between Zions Bancorporation and Zions First National Bank, as Warrant Agent, the following increases or decreases in the Number of Warrants represented by this certificate have been made:

Date	Amount of increase in Number of Warrants evidenced by this Global Warrant	Amount of decrease in Number of Warrants evidenced by this Global Warrant	Number of Warrants evidenced by this Global Warrant following such decrease or increase	Signature of authorized signatory
-------------	--	--	--	--

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned assigns and transfers the Warrant(s) represented by this Certificate to:

Name, Address and Zip Code of Assignee

and irrevocably appoints

Name of Agent

as its agent to transfer this Warrant Certificate on the books of the Warrant Agent.

[Signature page follows]

Date: _____

Name of Transferee

By: _____

Name:

Title:

(Sign exactly as your name appears on the other side of this Certificate)

NOTICE: The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to S.E.C. Rule 17Ad-15.

FORM OF GLOBAL WARRANT LEGEND

UNLESS THIS GLOBAL WARRANT IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO ZIONS BANCORPORATION (THE “ISSUER”), THE CUSTODIAN OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL WARRANT SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR’S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL WARRANT SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE WARRANT AGREEMENT REFERRED TO ON THE REVERSE HEREOF.

**AMENDMENT TO THE
ZIONS BANCORPORATION
FOURTH RESTATED DEFERRED COMPENSATION PLAN FOR DIRECTORS**

WHEREAS, Zions Bancorporation (the “Company”) adopted the Zions Bancorporation Fourth Restated Deferred Compensation Plan for Directors, effective as of January 1, 2005 (the “Plan”);

WHEREAS, Section 8.2 of the Plan provides that the Committee (as defined in the Plan) may amend the Plan in whole or in part at any time, except in certain respects not material hereto; and

WHEREAS, the Committee desires to amend the Plan to provide that advisory board members of the Company and any of its affiliates shall be eligible to participate in the Plan.

NOW THEREFORE, the Plan is hereby amended as follows, effective as of January 1, 2016:

1. The first sentence of Section 1.2 is amended in its entirety to read as follows:

“Zions Bancorporation has established this Plan to provide members of the Board of Directors of Zions Bancorporation and the members of other Boards the opportunity to elect to defer the receipt of Compensation paid to them by the Company or any Company affiliate in accordance with the terms of the Plan until such time as they are entitled to receive such Compensation under the provisions of this Plan.”

2. Section 2.2 is amended in its entirety to read as follows:

“**Board** means the Board of Directors of the Company, the board of directors of a participating affiliate or subsidiary of the Company, or an advisory board of directors constituted from time to time by the Board of Directors of the Company or the Board of Directors of a participating affiliate or subsidiary of the Company; provided, however, that for purposes of Section 8.2 of the Plan, “Board” shall refer to the Board of Directors of the Company.”

3. Section 2.6 is amended in its entirety to read as follows:

“**Compensation** means the remuneration paid to a Director for the services provided by the Director to the Company in the capacity as a member of the Board or as a consultant to the Company or any of its affiliates, including remuneration for services on any sub-committee or division of the Board, but excluding (i) any amount paid solely to reimburse the Director for expenses

incurred, and (ii) any amounts credited as earnings under this Plan. Deferral elections under this Plan shall be computed on the amount of the Director's Compensation."

4. Section 2.9 is amended in its entirety to read as follows:

"Director means a member of a Board."

5. Section 2.17 is amended in its entirety to read as follows:

"Plan means the Zions Bancorporation Fourth Restated Deferred Compensation Plan for Directors, as set forth in this document, and as further amended from time to time."

IN WITNESS WHEREOF, the Committee has caused this amendment to be adopted and authorized its execution by a duly appointed officer of Zions Bancorporation, to be effective as of January 1, 2016.

/s/ Rena A. Miller

By: Rena A. Miller

Title: Assistant Secretary

**FIRST AMENDMENT TO TRUST AGREEMENT BETWEEN
FIDELITY MANAGEMENT TRUST COMPANY AND
ZIONS BANCORPORATION**

THIS FIRST AMENDMENT, dated as of the fifth day of April, 2010, and effective on that date unless otherwise stated herein, by and between Fidelity Management Trust Company (the "Trustee") and Zions Bancorporation (the "Sponsor");

WITNESSETH:

WHEREAS, the Trustee and the Sponsor heretofore entered into a Master Trust Agreement dated September 1, 2006, with regard to the Zions Bancorporation Restated Deferred Compensation Plan, Zions Bancorporation Restated Deferred Compensation Plan for Directors, and the Restated Amegy Bancorporation, Inc. Non-Employees Directors Deferred Fee Plan (collectively and individually, the "Plan"); and

WHEREAS, the Sponsor has informed the Trustee, with respect to the Zions Bancorporation Restated Deferred Compensation Plan, that *effective after the close of business on April 5, 2010*, the assets of the Zions Common (Unitized) Stock Fund and the Zions Preferred (Unitized) Stock Fund are frozen to all transactions; and

WHEREAS, the Sponsor now desires, and hereby directs the Trustee, with respect to the Zions Bancorporation Restated Deferred Compensation Plan, in accordance with Section 8(c) of the Trust Agreement, to use the short-term liquid investments in the Zions Common (Unitized) Stock Fund to purchase shares of Zions Common Stock *on April 6 and 7, 2010*, and to reallocate all participant balances held in the Zions Common (Unitized) Stock Fund *on April 12, 2010* into the Zions Common Stock Fund (Real Time Trading option). The parties hereto agree that the Trustee shall have no discretionary authority with respect to this transfer directed by the Sponsor. Any variation from the procedure described herein may be instituted only at the express written directions of the Sponsor; and

WHEREAS, the Sponsor now desires, and hereby directs the Trustee, with respect to the Zions Bancorporation Restated Deferred Compensation Plan, in accordance with Section 8(c) of the Trust Agreement, to use the short-term liquid investments in the Zions Preferred (Unitized) Stock Fund to purchase shares of Zions Preferred Stock *on April 6 and 7, 2010*, and to reallocate all participant balances held in the Zions Preferred (Unitized) Stock Fund *on April 12, 2010* into the Zions Preferred Stock B Fund (Real Time Trading option). The parties hereto agree that the Trustee shall have no discretionary authority with respect to this transfer directed by the Sponsor. Any variation from the procedure described herein may be instituted only at the express written directions of the Sponsor; and

WHEREAS, the Sponsor now desires, and hereby directs the Trustee, with respect to the Zions Bancorporation Restated Deferred Compensation Plan, in accordance with Section 8(c) of the Trust Agreement, *effective after the close of business on April 12, 2010*, to redirect all participant contributions directed to the Zions Common (Unitized) Stock Fund to be invested in the Zions Common Stock Fund (Real Time Trading option). The parties hereto agree that the Trustee shall have no discretionary authority with respect to this redirection directed by the Sponsor. Any variation from the procedure described herein may be instituted only at the express written direction of the Sponsor; and

WHEREAS, the Sponsor now desires, and hereby directs the Trustee, with respect to the Zions Bancorporation Restated Deferred Compensation Plan, in accordance with Section 8(c) of the Trust Agreement, *effective after the close of business on April 12, 2010*, to redirect all participant contributions directed to the Zions Preferred (Unitized) Stock Fund to be invested in the Zions Preferred Stock B Fund (Real Time Trading option). The parties hereto agree that the Trustee shall have no discretionary authority with respect to this redirection directed by the Sponsor. Any variation from the procedure described herein may be instituted only at the express written direction of the Sponsor; and

WHEREAS, the Trustee and the Sponsor now desire to amend said Trust Agreement as provided for in Section 13 thereof;

NOW THEREFORE, in consideration of the above premises, the Trustee and the Sponsor hereby amend the Trust Agreement by:

- (1) *Effective as of the close of business on April 5, 2010*, amending the "investment options" section of Schedule "C", Investment Options, for the Zions Bancorporation Restated Deferred Compensation Plan, to delete the reference to "Zions Common Stock Fund" and replace it with "Zions Common (Unitized) Stock Fund (frozen to all transactions)."
- (2) *Effective as of the close of business on April 5, 2010*, amending the "investment options" section of Schedule "C", Investment Options, for the Zions Bancorporation Restated Deferred Compensation Plan, to delete the reference to "Zions Preferred Stock Fund" and replace it with "Zions Preferred (Unitized) Stock Fund (frozen to all transactions)."

- (3) *Effective April 12, 2010*, amending Section 1, Definitions, to delete subsections (c) ?A available Liquidity?, (e) ?Closing Price?, and (f) ?Specified Hierarchy?, in their entirety , and re-lettering all subsequent subsections accordingly.
- (4) *Effective April 12, 2010*, amending Section 1, Definitions, to delete subsection (hh) ?Zions Common Stock?, and (ii) ?Zions Preferred Stock?, in their entirety , and replace them with new subsections (hh), (ii), (jj), and (kk), as follows:

(1) ?Zions Common Stock?

?Zions Common Stock? shall mean common stock of the Sponsor , or such other publicly traded stock of the Sponsor, or such other publicly-traded stock of the Sponsor's af filiates as meets the requirements of section 407(d)(5) of ERISA with respect to the Plan.

(ii) ?Zions Pr eferred Stock A?

?Zions Preferred Stock A? shall mean preferred stock A of the Sponsor, or such other publicly traded stock of the Sponsor, or such other publicly-traded stock of the Sponsor's af filiates as meets the requirements of section 407(d)(5) of ERISA with respect to the Plan.

(a) ?Zions Pr eferred Stock B?

?Zions Preferred Stock B? shall mean preferred stock B of the Sponsor , or such other publicly traded stock of the Sponsor, or such other publicly-traded stock of the Sponsor's af filiates as meets the requirements of section 407(d)(5) of ERISA with respect to the Plan.

(a) ?Zions Pr eferred Stock C?

?Zions Preferred Stock C? shall mean preferred stock C of the Sponsor , or such other publicly traded stock of the Sponsor, or such other publicly-traded stock of the Sponsor's af filiates as meets the requirements of section 407(d)(5) of ERISA with respect to the Plan.

- (5) *Effective April 12, 2010*, amending Section 1, Definitions, delete subsection (jj) ?Zions Common Stock Fund?, and (ll) ?Zions Preferred Stock Fund?, in their entirety , and replace them with new subsections (ll), (mm), (nn), and (oo), as follows:

(5) ?Zions Common Stock Fund?

?Zions Common Stock Fund? shall mean the investment option consisting of Zions Common Stock.

(mm) ?Zions Pr eferred Stock A Fund?

?Zions Preferred Stock A Fund? shall mean the investment option consisting of Zions Preferred Stock A.

(a) ?Zions Pr eferred Stock B Fund?

?Zions Preferred Stock B Fund? shall mean the investment option consisting of Zions Preferred Stock B.

(a) ?Zions Pr eferred Stock C Fund?

?Zions Preferred Stock C Fund? shall mean the investment option consisting of Zions Preferred Stock C.

- (6) *Effective April 12, 2010*, amending Section 5, Investment of Trust, to remove subsections 5(f) Zions Common Stock in the Zions Bancorporation Restated Deferred Compensation Plan, and 5(g) Zions Preferred Stock in the Zions Bancorporation Restated Deferred Compensation Plan, in their entirety, and replacing them with a new subsection 5(f) Zions Common Stock and Zions Preferred Stock in the Zions Bancorporation Restated Deferred Compensation Plan, as follows:

(6) Zions Common Stock and Zions Preferred Stock in the Zions Bancorporation Restated Deferred Compensation Plan.

Trust investments in Zions Common Stock shall be made via the Zions Common Stock Fund. Trust investment in Zions Preferred Stock A shall be made via the Zions Preferred Stock A Fund. Trust investment in Zions Preferred Stock B shall be made via the Zions Preferred Stock B Fund. Trust investment in Zions Preferred Stock C shall be made via the Zions Preferred Stock C Fund. References in this section to Zions Preferred Stock shall mean, individually and collectively, Zions Preferred Stock A, Zions Preferred Stock B and Zions Preferred Stock C.

(i) Acquisition Limit.

Pursuant to the Plan, the Trust may be invested in Zions Common Stock or Zions Preferred Stock to the extent necessary to comply with investment directions under this Agreement. The Sponsor shall be responsible for providing specific direction on any acquisition limits required by the Plan or applicable law.

(ii) Duty.

The Sponsor shall continually monitor the suitability of acquiring and holding Zions Common Stock or Zions Preferred Stock. The Trustee shall not be liable for any loss, or expense, which arises from the directions of the Sponsor with respect to the acquisition and holding of Zions Common Stock or Zions Preferred Stock unless it is clear on their face that the

actions to be taken under those directions would be prohibited by any applicable law or would be contrary to the terms of this Agreement

(iii) Purchases and Sales of Zions Common Stock and/or Zions Preferred Stock for Batch Activity.

Unless otherwise directed by the Sponsor in writing pursuant to directions that the Trustee can administratively implement, the following provisions shall govern purchases and sales of Zions Common Stock or Zions Preferred Stock for contributions, distributions, or any other purchase or sale of Zions Common Stock or Zions Preferred Stock related to a transaction that the Sponsor has directed the Trustee in writing to implement on a batch basis (?batch activity?).

(A) Open Market Purchases and Sales. Purchases and sales of Zions Common Stock or Zions Preferred Stock shall be made on the open market in accordance with the Trustee's standard trading guidelines, as they may be amended from time to time, as necessary to honor batch activity. Such general rules shall not apply in the following circumstances:

(1) If the Trustee is unable to purchase or sell the total number of shares required to be purchased or sold on such day as a result of market conditions; or

(2) If the Trustee is prohibited by the SEC, the NYSE or principal exchange on which the Zions Common Stock or Zions Preferred Stock is traded, or any other regulatory or judicial body from purchasing or selling any or all of the shares required to be purchased or sold on such day.

In the event of the occurrence of a circumstance described in (1) or (2) above, the Trustee shall purchase or sell such shares as soon thereafter as administratively feasible, and shall determine the price of such purchases or sales to be the average purchase or sales price of all such shares purchased or sold, respectively. The Trustee may follow written directions from the Named Fiduciary to deviate from the above purchase and sale procedures.

(B) Purchase and Sales from or to Sponsor. If directed by the Sponsor in writing prior to the trading date, the Trustee may purchase or sell Zions Common Stock or Zions Preferred Stock from or to the Sponsor if the purchase or sale is for adequate consideration (within the meaning of section 3(18) of ERISA) and no commission is charged. If Sponsor contributions (employer) or contributions made by the Sponsor on behalf of the Participants (employee) under the Plan are to be invested in Zions Common Stock or Zions Preferred Stock, the Sponsor may transfer Zions Common Stock or Zions Preferred Stock in lieu of cash to the Trust.

(iv) Purchases and Sales of Zions Common Stock or Zions Preferred Stock for Participant-Initiated Exchanges (?Real Time? Trading).

Unless otherwise directed by the Sponsor in writing pursuant to directions that the Trustee can administratively implement, the following provisions shall govern purchases and sales of Zions Common Stock or Zions Preferred Stock for Participant-initiated exchanges of hypothetical investment in Zions Common Stock or Zions Preferred Stock.

(A) Purchases and Sales of Zions Common Stock or Zions Preferred Stock. Purchases and sales of Zions Common Stock or Zions Preferred Stock associated with individual Participant-initiated exchanges into or out of a participant's hypothetical interest in the Zions Common Stock Fund or the Zions Preferred Stock Fund shall be made on the open market pursuant to order types selected by the Participant in accordance with the Trustee's procedures for ?Real Time Trading.? The Sponsor may instruct the Trustee to limit the order types available to Participants.

(1) Automated Order Entry. Zions Common Stock or Zions Preferred Stock trades associated with Participant-initiated exchanges of a Participant's hypothetical interest in the Zions Common Stock Fund or Zions Preferred Stock Fund shall be sent to market as soon as administratively feasible during regular trading hours via an electronic order entry system, unless such trade is treated as a block trade. Such electronic order entry system shall be deemed an Electronic Service for purposes of Section 15 of this Agreement.

(2) Limitations on Trades; Cancellation of Exchange Requests. Trades rejected under rules of the applicable securities exchange will not be executed. The Trustee will not submit orders (or will cancel orders) for stock trades that violate the Trustee's procedures for ?Real Time Trading?. The Trustee shall not submit any trade order associated with a Participant-initiated exchange of a Participant's hypothetical interest in the Zions Common Stock Fund or Zions Preferred Stock Fund at any time when the Zions Common Stock Fund or Zions Preferred Stock Fund has been closed to such activity. Trades associated with Participant-initiated exchanges of a Participant's hypothetical interest in the Zions Common Stock Fund or Zions Preferred Stock Fund shall not be transacted at any time when the regular market is closed, or when the SEC, the NYSE or principal exchange on which the Zions Common Stock or Zions Preferred Stock is traded, or any other regulatory or judicial body has prohibited purchases or sales of any or all of the shares requested to be traded pursuant to the Participant-initiated exchange Zions Common Stock Fund or Zions Preferred Stock Fund. An exchange requested by the Participant in a Participant's hypothetical interest in the Zions Common Stock Fund or Zions Preferred Stock Fund shall be rejected or cancelled, as the case may be, to the extent any accompanying trade is not submitted, not executed or cancelled.

(B) Reserve Requirements for Exchanges Into Zions Common Stock Fund or Zions Preferred Stock Fund and Corrective Sales. The Participant's ability to initiate hypothetical exchanges into the Zions Common Stock Fund or Zions Preferred Stock Fund shall be subject to standard reserve requirements applicable to the investment options used to fund the exchange, as established by the Trustee from time to time (or such higher reserve requirements as may be established by the Sponsor in written direction to the Trustee). Requests to exchange into the Zions Common Stock Fund or Zions Preferred Stock Fund that exceed such reserves, and accompanying trade orders, may be rejected or cancelled. In the event that a buy trade associated with a request to exchange into Zions Common Stock or Zions Preferred Stock is executed, and the Participant does not have sufficient hypothetical interest in assets in the designated investment option to fund the trade, the Trustee will liquidate the hypothetical interest in the investment options (including those held in other sources eligible for liquidation) in the affected Participant's account pro rata. In the event that the Participant does not have sufficient hypothetical interest in assets in any other investment option, the Trustee shall initiate a corrective sale, and shall debit the costs of such corrective trade from the Participant's hypothetical account.

(C) Fractional Shares. Participants will be entitled make hypothetical exchanges out of hypothetical interests in fractional shares in the Zions Common Stock Fund or Zions Preferred Stock Fund only in connection with a request to exchange out the entire hypothetical balance of their Zions Common Stock Fund or Zions Preferred Stock Fund (or the entire hypothetical balance in a particular source, as applicable). Fractional shares will be transacted at the price determined by the stock trade order selected by the Participant.

(v) Use of an Affiliated Broker.

For all purchases and sales of Zions Common Stock or Zions Preferred Stock on the open market, whether Participant-initiated or otherwise, the Sponsor hereby directs the Trustee to use Fidelity Brokerage Services LLC (?FBSLLC?) to provide brokerage services. Subject to the provisions of this agreement, FBSLLC shall execute such trades directly or through any of its affiliates. The provision of brokerage services shall be subject to the following:

(A) Any successor organization of FBSLLC, through reorganization, consolidation, merger or similar transactions, shall, upon consummation of such transaction, become the successor broker in accordance with the terms of this direction provision. FBSLLC may assign its rights and obligations under this agreement to any affiliate, provided that the assignee is bound by the terms hereof, including the provisions concerning remuneration.

(B) The Trustee and FBSLLC shall continue to rely on this direction provision until notified to the contrary. The Named Fiduciary reserves the right to terminate this direction upon written notice to FBSLLC (or its successors or assigns) and the Trustee, in accordance with Section 11 of this Agreement.

(C) The Sponsor acknowledges that FBSLLC (and its successors and assigns) may rely upon this Agreement in establishing an account in the name of the Trustee for the Plan, and in allowing each Participant to exercise limited trading authorization over such account, to the extent of his or her individual account balance in the Zions Common Stock Fund or Zions Preferred Stock Fund subject to Participant direction.

(vi) Securities Law Reports.

The Sponsor shall be responsible for filing all reports required under Federal or state securities laws with respect to the Trust's ownership of Zions Common Stock or Zions Preferred Stock, including, without limitation, any reports required under section 13 or 16 of the Securities Exchange Act of 1934, and shall immediately notify the Trustee in writing of any requirement to stop purchases or sales of Zions Common Stock or Zions Preferred Stock pending the filing of any report. The Sponsor shall be responsible for the registration of any Plan interests to the extent required under Federal or state securities law. The Trustee shall provide to the Sponsor such information on the Trust's ownership of Zions Common Stock or Zions Preferred Stock as the Sponsor may reasonably request in order to comply with Federal or state securities laws.

(vii) Voting and Tender Offers.

Notwithstanding any other provision of this Agreement, the provisions of this Section shall govern the voting and tendering of Zions Common Stock or Zions Preferred Stock held under the Trust. The Sponsor shall provide direction to the Trustee with respect to any proxy voting, any tender or exchange offer, or any other similar shareholder right, and the Trustee shall vote, tender or exchange shares of Zions Common Stock or Zions Preferred Stock in accordance with timely, written direction from the Sponsor. Unless otherwise required by applicable law, the Trustee shall not take any action with respect to a vote, tender, exchange or similar shareholder right in the absence of instruction from the Sponsor. For these purposes, a timely direction is one that is received at a time that reasonably allows the Trustee to exercise shareholder rights, through a custodian, if applicable.

(viii) General.

With respect to all shareholder rights other than the right to vote, the right to tender, and the right to withdraw shares previously tendered, in the case of Zions Common Stock or Zions Preferred Stock, the Trustee shall follow the procedures set forth in subsection (vii), above.

(ix) Conversion.

All provisions in this Section 5(f) shall also apply to any securities received as a result of a conversion of Zions Common Stock or Zions Preferred Stock.

(x) Nasdaq Subscriber Agreement.

The Sponsor represents that it has returned a properly executed "Nasdaq Subscriber Agreement" to the Trustee. The Nasdaq Subscriber Agreement is required by Nasdaq and allows Participants to receive information originating from Nasdaq on a "real-time" basis, through devices controlled by the Trustee or its affiliates.

(7) *Effective April 12, 2010*, amending Section 5, Investment of Trust, to restate subsection 5(h) Zions Common Stock in the Zions Bancorporation Restated Deferred Compensation Plan for Directors and the Restated Amegy Bancorporation, Inc. Non-Employees Directors Deferred Fee Plan, as a new subsection (g), in its entirety, and re-lettering all subsequent subsections accordingly, as follows:

(7) Zions Common Stock in the Zions Bancorporation Restated Deferred Compensation Plan for Directors and the Restated Amegy Bancorporation, Inc. Non-Employees Directors Deferred Fee Plan.

Trust investments in Zions Common Stock shall be made via the Zions Common Stock Fund. For the Zions Bancorporation Restated Deferred Compensation Plan for Directors only, dividends received on shares of Zions Common Stock shall be reinvested in additional shares of Zions Common Stock and allocated to Participants' accounts.

(i) Acquisition Limit.

Pursuant to the Plan, the Trust may be invested in Zions Common Stock to the extent necessary to comply with investment directions under this Agreement. The Sponsor shall be responsible for providing specific direction on any acquisition limits required by the Plan or applicable law.

(ii) Duty.

The Sponsor shall continually monitor the suitability of acquiring and holding Zions Common Stock. The Trustee shall not be liable for any loss, or expense, which arises from the directions of the Sponsor with respect to the acquisition and holding of Zions Common Stock unless it is clear on their face that the actions to be taken under those directions would be prohibited by any applicable law or would be contrary to the terms of this Agreement.

(iii) Purchases and Sales of Zions Common Stock for Batch Activity.

Unless otherwise directed by the Sponsor in writing pursuant to directions that the Trustee can administratively implement, the following provisions shall govern purchases and sales of Zions Common Stock for contributions, loan repayments, distributions, loans, withdrawals, or any other purchase or sale of Zions Common Stock related to a transaction that the Sponsor has directed the Trustee in writing to implement on a batch basis ("batch activity").

(A) Open Market Purchases and Sales. Purchases and sales of Zions Common Stock shall be made on the open market in accordance with the Trustee's standard trading guidelines, as they may be amended from time to time, as necessary to honor batch activity. Such general rules shall not apply in the following circumstances:

(1) If the Trustee is unable to purchase or sell the total number of shares required to be purchased or sold on such day as a result of market conditions; or

(2) If the Trustee is prohibited by the SEC, the NYSE or principal exchange on which the Zions Common Stock is traded, or any other regulatory or judicial body from purchasing or selling any or all of the shares required to be purchased or sold on such day.

In the event of the occurrence of a circumstance described in (1) or (2) above, the Trustee shall purchase or sell such shares as soon thereafter as administratively feasible, and shall determine the price of such purchases or sales to be the average purchase or sales price of all such shares purchased or sold, respectively. The Trustee may follow written directions from the Named Fiduciary to deviate from the above purchase and sale procedures.

(B) Purchase and Sales from or to Sponsor. If directed by the Sponsor in writing prior to the trading date, the Trustee may purchase or sell Zions Common Stock from or to the Sponsor if the purchase or sale is for adequate consideration (within the meaning of section 3(18) of ERISA) and no commission is charged. If Sponsor contributions (employer) or contributions made by the Sponsor on behalf of the Participants (employee) under the Plan are to be invested in Zions Common Stock, the Sponsor may transfer Zions Common Stock in lieu of cash to the Trust.

(iv) Purchases and Sales of Zions Common Stock for Participant-Initiated Exchanges ("Real Time" Trading).

Unless otherwise directed by the Sponsor in writing pursuant to directions that the Trustee can administratively implement, the following provisions shall govern purchases and sales of Zions Common Stock for Participant-initiated exchanges of hypothetical investment in Zions Common Stock.

(A) Purchases and Sales of Zions Common Stock. Purchases and sales of Zions Common Stock associated with individual Participant-initiated exchanges into or out of a participant's hypothetical interest in the Zions Common Stock Fund shall be made on the open market pursuant to order types selected by the Participant in accordance with

the Trustee's procedures for "Real Time Trading." The Sponsor may instruct the Trustee to limit the order types available to Participants.

(3) Automated Order Entry. Zions Common Stock trades associated with Participant-initiated exchanges of a Participant's hypothetical interest in the Zions Common Stock Fund shall be sent to market as soon as administratively feasible during regular trading hours via an electronic order entry system, unless such trade is treated as a block trade. Such electronic order entry system shall be deemed an Electronic Service for purposes of Section 15 of this Agreement.

(4) Limitations on Trades; Cancellation of Exchange Requests. Trades rejected under rules of the applicable securities exchange will not be executed. The Trustee will not submit orders (or will cancel orders) for stock trades that violate the Trustee's procedures for "Real Time Trading." The Trustee shall not submit any trade order associated with a Participant-initiated exchange of a Participant's hypothetical interest in the Zions Common Stock Fund at any time when the Zions Common Stock Fund has been closed to such activity. Trades associated with Participant-initiated exchanges of a Participant's hypothetical interest in the Zions Common Stock Fund shall not be transacted at any time when the regular market is closed, or when the SEC, the NYSE or principal exchange on which the Zions Common Stock is traded, or any other regulatory or judicial body has prohibited purchases or sales of any or all of the shares requested to be traded pursuant to the Participant-initiated exchange Zions Common Stock Fund. An exchange requested by the Participant in a Participant's hypothetical interest in the Zions Common Stock Fund shall be rejected or cancelled, as the case may be, to the extent any accompanying trade is not submitted, not executed or cancelled.

(B) Reserve Requirements for Exchanges Into Zions Common Stock Fund and Corrective Sales. The Participant's ability to initiate hypothetical exchanges into the Zions Common Stock Fund shall be subject to standard reserve requirements applicable to the investment options used to fund the exchange, as established by the Trustee from time to time (or such higher reserve requirements as may be established by the Sponsor in written direction to the Trustee). Requests to exchange into the Zions Common Stock Fund that exceed such reserves, and accompanying trade orders, may be rejected or cancelled. In the event that a buy trade associated with a request to exchange into Zions Common Stock is executed, and the Participant does not have sufficient hypothetical interest in assets in the designated investment option to fund the trade, the Trustee will liquidate the hypothetical interest in the investment options (including those held in other sources eligible for liquidation) in the affected Participant's account pro rata. In the event that the Participant does not have sufficient hypothetical interest in assets in any other investment option, the Trustee shall initiate a corrective sale, and shall debit the costs of such corrective trade from the Participant's hypothetical account.

(C) Fractional Shares. Participants will be entitled make hypothetical exchanges out of hypothetical interests in fractional shares in the Zions Common Stock Fund only in connection with a request to exchange out the entire hypothetical balance of their Zions Common Stock Fund (or the entire hypothetical balance in a particular source, as applicable). Fractional shares will be transacted at the price determined by the stock trade order selected by the Participant.

(v) Use of an Affiliated Broker.

For all purchases and sales of Zions Common Stock on the open market, whether Participant-initiated or otherwise, the Sponsor hereby directs the Trustee to use Fidelity Brokerage Services LLC ("FBSLLC") to provide brokerage services. Subject to the provisions of this agreement, FBSLLC shall execute such trades directly or through any of its affiliates. The provision of brokerage services shall be subject to the following:

(A) Any successor organization of FBSLLC, through reorganization, consolidation, merger or similar transactions, shall, upon consummation of such transaction, become the successor broker in accordance with the terms of this direction provision. FBSLLC may assign its rights and obligations under this agreement to any affiliate, provided that the assignee is bound by the terms hereof, including the provisions concerning remuneration.

(B) The Trustee and FBSLLC shall continue to rely on this direction provision until notified to the contrary. The Named Fiduciary reserves the right to terminate this direction upon written notice to FBSLLC (or its successors or assigns) and the Trustee, in accordance with Section 11 of this Agreement.

(C) The Sponsor acknowledges that FBSLLC (and its successors and assigns) may rely upon this Agreement in establishing an account in the name of the Trustee for the Plan, and in allowing each Participant to exercise limited trading authorization over such account, to the extent of his or her individual account balance in the Zions Common Stock Fund subject to Participant direction.

(vi) Securities Law Reports.

The Sponsor shall be responsible for filing all reports required under Federal or state securities laws with respect to the Trust's ownership of Zions Common Stock, including, without limitation, any reports required under section 13 or 16 of the Securities Exchange Act of 1934, and shall immediately notify the Trustee in writing of any requirement to stop purchases or sales of Zions Common Stock pending the filing of any report. The Sponsor shall be responsible for the registration of any Plan interests to the extent required under Federal or state securities law. The Trustee shall provide to the Sponsor such

information on the Trust's ownership of Zions Common Stock as the Sponsor may reasonably request in order to comply with Federal or state securities laws.

(vii) Voting and Tender Offers.

Notwithstanding any other provision of this Agreement, the provisions of this Section shall govern the voting and tendering of Zions Common Stock held under the Trust. The Sponsor shall provide direction to the Trustee with respect to any proxy voting, any tender or exchange offer, or any other similar shareholder right, and the Trustee shall vote, tender or exchange shares of Zions Common Stock in accordance with timely, written direction from the Sponsor. Unless otherwise required by applicable law, the Trustee shall not take any action with respect to a vote, tender, exchange or similar shareholder right in the absence of instruction from the Sponsor. For these purposes, a timely direction is one that is received at a time that reasonably allows the Trustee to exercise shareholder rights, through a custodian, if applicable.

(viii) General.

With respect to all shareholder rights other than the right to vote, the right to tender, and the right to withdraw shares previously tendered, in the case of Zions Common Stock, the Trustee shall follow the procedures set forth in subsection (vii), above.

(ix) Conversion.

All provisions in this Section 5(g) shall also apply to any securities received as a result of a conversion of Zions Common Stock.

(x) Nasdaq Subscriber Agreement.

The Sponsor represents that it has returned a properly executed "Nasdaq Subscriber Agreement" to the Trustee. The Nasdaq Subscriber Agreement is required by Nasdaq and allows Participants to receive information originating from Nasdaq on a "real-time" basis, through devices controlled by the Trustee or its affiliates.

- (8) *Effective April 12, 2010*, amending Schedule "B", Fee Schedule, to add a "Zions Common and Preferred Stock Administration Fee" section, as follows:

Zions Common and Preferred Stock Administration Fee:

Waived.

Commissions: FBSLLC shall be entitled to remuneration in the amount of no more than \$0.029 commission on each share of Zions Common Stock or Zions Preferred Stock. Any increase in such remuneration may be made only by written agreement between the Named Fiduciary and Trustee.

- (9) *Effective after the close of business on April 12, 2010*, amending the "investment options" section of Schedule "C", Investment Options, for the Zions Bancorporation Restated Deferred Compensation Plan, to delete the following:

- ? Zions Common
(Unitized) Stock Fund
(frozen to all
transactions)
- ? Zions Preferred
(Unitized) Stock Fund
(frozen to all
transactions)

- (10) *Effective April 13, 2010*, amending the "investment options" section of Schedule "C", Investment Options, for the Zions Bancorporation Restated Deferred Compensation Plan, to add the following:

- ? Zions Common Stock
Fund (Real Time
Trading option)
- ? Zions Preferred Stock
A Fund (Real Time
Trading option)
- ? Zions Preferred Stock
B Fund (Real Time
Trading option)
- ? Zions Preferred Stock
C Fund (Real Time
Trading option)

IN WITNESS WHEREOF, the Trustee and the Sponsor have caused this First Amendment to be executed by their duly authorized officers effective as of the day and year first above written. By signing below, the undersigned represent that they are authorized to execute this document on behalf of the respective parties. Notwithstanding any contradictory provision of the agreement that this document amends, each party may rely without duty of inquiry on the foregoing representation.

ZIONS BANCORPORATION

B
y:

<u>/s/ Diana M. Andersen</u>	<u>3/30/ 2010</u>
Authorized Signatory	Date

**FIDELITY MANAGEMENT TRUST
COMPANY**

B y:	<u>/s/ S. Nick</u>	<u>5/7/ 201 0</u>
	FMTC Authorized Signatory	Date

**SECOND AMENDMENT TO TRUST AGREEMENT BETWEEN
FIDELITY MANAGEMENT TRUST COMPANY AND
ZIONS BANCORPORATION**

THIS SECOND AMENDMENT, dated as of the fifth day of April, 2010, and effective on that date unless otherwise stated herein, by and between Fidelity Management Trust Company (the "Trustee") and Zions Bancorporation (the "Sponsor");

WITNESSETH:

WHEREAS, the Trustee and the Sponsor heretofore entered into a Trust Agreement dated July 3, 2006, with regard to the Zions Bancorporation Payshelter 401(k) and Employee Stock Ownership Plan (the "Plan"); and

WHEREAS, the Sponsor has informed the Trustee that *effective after the close of business on April 5, 2010*, the assets of the Zions Common (Unitized) Stock Fund (frozen to new investment elections and exchanges in) are frozen to all transactions; and

WHEREAS, the Sponsor now desires, and hereby directs the Trustee, in accordance with Section 8(c) of the Trust Agreement, to use the short-term liquid investments in the Zions Common (Unitized) Stock Fund to purchase shares of Zions Common Stock *on April 6 and 7, 2010*, and to reallocate all participant balances held in the Zions Common (Unitized) Stock Fund *on April 12, 2010* into the Zions Common Stock Fund (Real Time Trading option). The parties hereto agree that the Trustee shall have no discretionary authority with respect to this transfer directed by the Sponsor. Any variation from the procedure described herein may be instituted only at the express written directions of the Sponsor; and

WHEREAS, the Sponsor now desires, and hereby directs the Trustee, in accordance with Section 8(c) of the Trust Agreement, *effective after the close of business on April 12, 2010*, to redirect all participant contributions directed to the Zions Common (Unitized) Stock Fund to be invested in the Zions Common Stock Fund (Real Time Trading option). The parties hereto agree that the Trustee shall have no discretionary authority with respect to this redirection directed by the Sponsor. Any variation from the procedure described herein may be instituted only at the express written direction of the Sponsor; and

WHEREAS, the Trustee and the Sponsor now desire to amend said Trust Agreement as provided for in Section 13 thereof;

NOW THEREFORE, in consideration of the above premises, the Trustee and the Sponsor hereby amend the Trust Agreement by:

- (1) *Effective as of the close of business on April 5, 2010*, amending the "investment options" section of Schedule "C", Investment Options, to delete the reference to the "Zions Stock Fund (frozen to new investment elections and exchanges in)" and replace it with "Zions Common (Unitized) Stock Fund (frozen to all transactions).
- (2) *Effective April 12, 2010*, amending Section 1, Definitions, to delete subsections (c) "A available Liquidity", (e) "Closing Price", and (jj) "Specified Hierarchy", in their entirety, and re-lettering all subsequent subsections accordingly.
- (3) *Effective April 12, 2010*, amending Section 1, Definitions, to restate subsection (jj) "Stock Fund", in its entirety, as follows:
 - (3) "Stock Fund"

"Stock Fund" shall mean the investment option consisting of Sponsor Stock.
- (4) *Effective April 12, 2010*, amending and restating Section 5(e), Sponsor Stock, in its entirety, as follows:
 - (4) Sponsor Stock.

Trust investments in Sponsor Stock shall be made via the Stock Fund. Dividends received on shares of Sponsor Stock shall be: (A) paid to Participants in cash; or (B) reinvested in additional shares of Sponsor Stock and allocated to Participants' accounts, for those Participants who have elected to have dividends reinvested.

In the absence of valid Participant direction to the contrary, the Named Fiduciary directs the Trustee to retain the dividend in the Stock Fund and use any dividend to allocate additional shares of such fund to the accounts of affected Participants. The Trustee shall pay out or reinvest the dividend in accordance with Schedule "H", attached hereto.

(i) Acquisition Limit.

Pursuant to the Plan, the Trust may be invested in Sponsor Stock to the extent necessary to comply with investment directions under this Agreement. The Sponsor shall be responsible for providing specific direction on any acquisition limits required by the Plan or applicable law.

(ii) Fiduciary Duty.

(A) The Named Fiduciary shall continually monitor the suitability of the Trust acquiring and holding Sponsor Stock, under the fiduciary duty rules of section 404(a)(1) of ERISA (as modified by section 404(a)(2) of ERISA). The Trustee shall not be liable for any loss, or expense, which arises from the directions of the Named Fiduciary with respect to the acquisition and holding of Sponsor Stock, unless it is clear on their face that the actions to be taken under those directions would be prohibited by the foregoing fiduciary duty rules or would be contrary to the terms of this Agreement.

(B) Each Participant with an interest in Sponsor Stock (or, in the event of the Participant's death, his beneficiary) is, for purposes of this section 5(e)(ii), hereby designated as a "named fiduciary" (within the meaning of section 403(a)(1) of ERISA), with respect to shares of Sponsor Stock allocated to his or her account but not purchased at his or her direction, and such Participant (or beneficiary) shall have the right to direct the Trustee as to the manner in which the Trustee is to vote or tender such shares.

(iii) Purchases and Sales of Sponsor Stock for Batch Activity.

Unless otherwise directed by the Sponsor in writing pursuant to directions that the Trustee can administratively implement, the following provisions shall govern purchases and sales of Sponsor Stock for contributions, loan repayments, distributions, loans, withdrawals, or any other purchase or sale of Sponsor Stock related to a transaction that the Sponsor has directed the Trustee in writing to implement on a batch basis ("batch activity").

(A) Open Market Purchases and Sales. Purchases and sales of Sponsor Stock shall be made on the open market in accordance with the Trustee's standard trading guidelines, as they may be amended from time to time, as necessary to honor batch activity. Such general rules shall not apply in the following circumstances:

- (1) If the Trustee is unable to purchase or sell the total number of shares required to be purchased or sold on such day as a result of market conditions; or
- (2) If the Trustee is prohibited by the SEC, the NYSE or principal exchange on which the Sponsor Stock is traded, or any other regulatory or judicial body from purchasing or selling any or all of the shares required to be purchased or sold on such day.

In the event of the occurrence of a circumstance described in (1) or (2) above, the Trustee shall purchase or sell such shares as soon thereafter as administratively feasible, and shall determine the price of such purchases or sales to be the average purchase or sales price of all such shares purchased or sold, respectively. The Trustee may follow written directions from the Named Fiduciary to deviate from the above purchase and sale procedures.

(B) Purchase and Sales from or to Sponsor. If directed by the Sponsor in writing prior to the trading date, the Trustee may purchase or sell Sponsor Stock from or to the Sponsor if the purchase or sale is for adequate consideration (within the meaning of section 3(18) of ERISA) and no commission is charged. If Sponsor contributions (employer) or contributions made by the Sponsor on behalf of the Participants (employee) under the Plan are to be invested in Sponsor Stock, the Sponsor may transfer Sponsor Stock in lieu of cash to the Trust.

(iv) Purchases and Sales of Sponsor Stock for Participant-Initiated Exchanges ("Real Time Trading").

Unless otherwise directed by the Sponsor in writing pursuant to directions that the Trustee can administratively implement, the following provisions shall govern purchases and sales of Sponsor Stock for Participant-initiated exchanges.

(A) Purchases and Sales of Sponsor Stock. Purchases and sales of Sponsor Stock associated with individual Participant-initiated exchanges into or out of the Stock Fund shall be made on the open market pursuant to order types selected by the Participant in accordance with the Trustee's procedures for "Real Time Trading." The Sponsor may instruct the Trustee to limit the order types available to Participants.

(1) Automated Order Entry. Sponsor Stock trades associated with Participant-initiated exchanges shall be sent to market as soon as administratively feasible during regular trading hours via an electronic order entry system, unless such trade is treated as a block trade. Such electronic order entry system shall be deemed an Electronic Service for purposes of Section 14 of this Agreement.

(2) Limitations on Trades; Cancellation of Exchange Requests. Trades rejected under rules of the applicable securities exchange will not be executed. The Trustee will not submit orders (or will cancel orders) for stock trades that violate the Trustee's procedures for "Real Time Trading." The Trustee shall not submit any trade order associated with a Participant-initiated exchange at any time when the Sponsor Stock Fund has been closed to such activity. Trades associated with Participant-initiated exchanges shall not be transacted at any time when the regular market is closed, or when the SEC, the NYSE or principal exchange on which the Sponsor Stock is traded, or any other regulatory or judicial body

has prohibited purchases or sales of any or all of the shares requested to be traded pursuant to the Participant-initiated exchange. An exchange requested by the Participant shall be rejected or cancelled, as the case may be, to the extent any accompanying trade is not submitted, not executed or cancelled.

(B) Reserve Requirements for Exchanges Into Stock Fund and Corrective Sales. The Participant's ability to initiate exchanges into the Stock Fund shall be subject to standard reserve requirements applicable to the investment options used to fund the exchange, as established by the Trustee from time to time (or such higher reserve requirements as may be established by the Sponsor in written direction to the Trustee). Requests to exchange into the Sponsor Stock Fund that exceed such reserves, and accompanying trade orders, may be rejected or cancelled. In the event that a buy trade associated with a request to exchange into Sponsor Stock is executed, and the Participant does not have sufficient assets in the designated investment option to fund the trade, the Trustee will liquidate investment options (including those held in other sources eligible for liquidation) in the affected Participant's account pro rata. In the event that the Participant does not have sufficient assets in any other investment option, the Trustee shall initiate a corrective sale, and shall debit the costs of such corrective trade from the Participant's account.

(C) Fractional Shares. Participants will be entitled to exchange out fractional shares in the Stock Fund only in connection with a request to exchange out the entire balance of their Stock Fund holdings (or the entire balance in a particular source, as applicable). Fractional shares will be transacted at the price determined by the stock trade order selected by the Participant.

(v) Use of an Affiliated Broker.

For all purchases and sales of Sponsor Stock on the open market, whether Participant-initiated or otherwise, the Named Fiduciary hereby directs the Trustee to use FBSLLC to provide brokerage services. Subject to the provisions of this agreement, FBSLLC shall execute such trades directly or through any of its affiliates. The provision of brokerage services shall be subject to the following:

(A) Any successor organization of FBSLLC, through reorganization, consolidation, merger or similar transactions, shall, upon consummation of such transaction, become the successor broker in accordance with the terms of this direction provision. FBSLLC may assign its rights and obligations under this agreement to any affiliate, provided that the assignee is bound by the terms hereof, including the provisions concerning remuneration.

(B) The Trustee and FBSLLC shall continue to rely on this direction provision until notified to the contrary. The Named Fiduciary reserves the right to terminate this direction upon written notice to FBSLLC (or its successors or assigns) and the Trustee, in accordance with Section 11 of this Agreement.

(C) The Plan Sponsor acknowledges that FBSLLC (and its successors and assigns) may rely upon this Trust Agreement in establishing an account in the name of the Trustee for the Plan or its Participants, and in allowing each Participant to exercise limited trading authorization over such account, to the extent of his or her individual account balance in the Sponsor Stock Fund subject to Participant direction.

(vi) Securities Law Reports.

The Named Fiduciary shall be responsible for filing all reports required under Federal or state securities laws with respect to the Trust's ownership of Sponsor Stock, including, without limitation, any reports required under section 13 or 16 of the Securities Exchange Act of 1934, and shall immediately notify the Trustee in writing of any requirement to stop purchases or sales of Sponsor Stock pending the filing of any report. The Trustee shall provide to the Named Fiduciary such information on the Trust's ownership of Sponsor Stock as the Named Fiduciary may reasonably request in order to comply with Federal or state securities laws.

(vii) Voting and Tender Offers.

Notwithstanding any other provision of this Agreement the provisions of this Section shall govern the voting and tendering of Sponsor Stock. The Sponsor shall pay for all printing, mailing, tabulation and other costs associated with the voting and tendering of Sponsor Stock. The Trustee, after consultation with the Sponsor, shall prepare the necessary documents associated with the voting and tendering of Sponsor Stock.

(A) Voting.

(1) When the issuer of Sponsor Stock prepares for any annual or special meeting, the Sponsor shall notify the Trustee at least thirty (30) days in advance of the intended record date and shall cause a copy of all proxy solicitation materials to be sent to the Trustee. If requested by the Trustee the Sponsor shall certify to the Trustee that the aforementioned materials represent the same information distributed to shareholders of Sponsor Stock. Based on these materials, the Trustee shall prepare a voting instruction form and shall provide a copy of all proxy solicitation materials to be sent to each Participant with an interest in Sponsor Stock held in the Trust, together with the foregoing voting instruction form to be returned to the Trustee or its designee. The form shall show the number of full and fractional shares of Sponsor Stock credited to the Participant's accounts.

(2) Each Participant with an interest in the Sponsor Stock held in the Trust shall have the right to direct the Trustee as to the manner in which the Trustee is to vote (including not to vote) that number of shares of Sponsor Stock credited to the Participant's accounts (both vested and unvested). Directions from a Participant to the Trustee concerning the voting of Sponsor Stock shall be communicated in writing, or by such other means as agreed upon by the Trustee and the Sponsor. These directions shall be held in confidence by the Trustee and shall not be divulged to the Sponsor, or any officer or employee thereof, or any other person except to the extent that the consequences of such directions are reflected in reports regularly communicated to any such person in the ordinary course of the performance of the Trustee's services hereunder. Upon its receipt of the directions, the Trustee shall vote the shares of Sponsor Stock as directed by the Participant. Except as otherwise required by law, the Trustee shall not vote shares of Sponsor Stock credited to a Participant's account for which it has received no directions from the Participant.

(3) Except as otherwise required by law, the Trustee shall vote that number of shares of Sponsor Stock not credited to Participants' accounts in the same proportion on each issue as it votes those shares credited to Participants' accounts for which it received voting directions from Participants.

(B) Tender Offers.

(1) Upon commencement of a tender offer for any securities held in the Trust that are Sponsor Stock, the Sponsor shall timely notify the Trustee in advance of the intended tender date and shall cause a copy of all materials to be sent to the Trustee. The Sponsor shall certify to the Trustee that the aforementioned materials represent the same information distributed to shareholders of Sponsor Stock. Based on these materials and after consultation with the Sponsor, the Trustee shall prepare a tender instruction form and shall provide a copy of all tender materials to be sent to each Participant with an interest in the Stock Fund, together with the foregoing tender instruction form, to be returned to the Trustee or its designee. The tender instruction form shall show the number of full and fractional shares of Sponsor Stock credited to the Participant's account (both vested and unvested).

(2) Each Participant with an interest in the Stock Fund shall have the right to direct the Trustee to tender or not to tender some or all of the shares of Sponsor Stock credited to the Participant's accounts (both vested and unvested). Directions from a Participant to the Trustee concerning the tender of Sponsor Stock shall be communicated in writing, or such other means as is agreed upon by the Trustee and the Sponsor. These directions shall be held in confidence by the Trustee and shall not be divulged to the Sponsor, or any officer or employee thereof, or any other person except to the extent that the consequences of such directions are reflected in reports regularly communicated to any such persons in the ordinary course of the performance of the Trustee's services hereunder. The Trustee shall tender or not tender shares of Sponsor Stock as directed by the Participant. Except as otherwise required by law, the Trustee shall not tender shares of Sponsor Stock credited to a Participant's accounts for which it has received no directions from the Participant.

(3) Except as otherwise required by law, the Trustee shall tender that number of shares of Sponsor Stock not credited to Participants' accounts in the same proportion as the total number of shares of Sponsor Stock credited to Participants' accounts for which it received instructions from Participants.

(4) A Participant who has directed the Trustee to tender some or all of the shares of Sponsor Stock credited to the Participant's accounts may, at any time prior to the tender offer withdrawal date, direct the Trustee to withdraw some or all of the tendered shares, and the Trustee shall withdraw the directed number of shares from the tender offer prior to the tender offer withdrawal deadline. Prior to the withdrawal deadline, if any shares of Sponsor Stock not credited to Participants' accounts have been tendered, the Trustee shall redetermine the number of shares of Sponsor Stock that would be tendered under Section 5(e)(vii)(B)(3) if the date of the foregoing withdrawal were the date of determination, and withdraw from the tender offer the number of shares of Sponsor Stock not credited to Participants' accounts necessary to reduce the amount of tendered Sponsor Stock not credited to Participants' accounts to the amount so redetermined. A Participant shall not be limited as to the number of directions to tender or withdraw that the Participant may give to the Trustee.

(5) A direction by a Participant to the Trustee to tender shares of Sponsor Stock credited to the Participant's accounts shall not be considered a written election under the Plan by the Participant to withdraw, or have distributed, any or all of his withdrawable shares. The Trustee shall credit to each account of the Participant from which the tendered shares were taken the proceeds received by the Trustee in exchange for the shares of Sponsor Stock tendered from that account. Pending receipt of directions (through the Administrator) from the Participant or the Named Fiduciary, as provided in the Plan, as to which of the remaining investment options the proceeds should be invested in, the Trustee shall invest the proceeds in the investment option described in Schedule ?C?.

(viii) General.

With respect to all shareholder rights other than the right to vote, the right to tender, and the right to withdraw shares previously tendered, in the case of Sponsor Stock, the Trustee shall follow the procedures set forth in subsection (A), above.

(ix) Conversion.

All provisions in this Section 5(e) shall also apply to any securities received as a result of a conversion of Sponsor Stock.

(x) Nasdaq Subscriber Agreement.

The Sponsor represents that it has returned a properly executed "Nasdaq Subscriber Agreement" to the Trustee. The Nasdaq Subscriber Agreement is required by Nasdaq and allows Participants to receive information originating from Nasdaq on a "real-time" basis, through devices controlled by the Trustee or its affiliates.

- (5) *Effective April 12, 2010*, amending Schedule "B", Fee Schedule, to add a "Stock Administration Fee" section, as follows:

Stock Administration Fee:

Waived.

Commissions: FBSLLC shall be entitled to remuneration in the amount of no more than \$0.029 commission on each share of Sponsor Stock. Any increase in such remuneration may be made only by written agreement between the Named Fiduciary and Trustee.

- (6) *Effective after the close of business on April 12, 2010*, amending the "investment options" section of Schedule "C", Investment Options, to delete the following:

? Zions Common
(Unitized) Stock Fund
(frozen to all
transactions)

- (7) *Effective April 13, 2010*, amending the "investment options" section of Schedule "C", Investment Options, to add the following:

? Zions Common Stock
Fund (Real Time
Trading option)

- (8) *Effective April 12, 2010*, amending to remove Schedule "G", Available Liquidity Procedures for United Stock Fund, in its entirety, and re-lettering all subsequent Schedules accordingly.

IN WITNESS WHEREOF, the Trustee and the Sponsor have caused this Second Amendment to be executed by their duly authorized officers effective as of the day and year first above written. By signing below, the undersigned represent that they are authorized to execute this document on behalf of the respective parties. Notwithstanding any contradictory provision of the agreement that this document amends, each party may rely without duty of inquiry on the foregoing representation.

ZIONS BANCORPORATION

**FIDELITY MANAGEMENT TRUST
COMPANY**

B /s/ Diana M. Andersen 3/30/2010
y: _____
Authorized Signatory Date

B /s/ S. Nick 5/7/2010
y: _____
FMTC Authorized Signatory Date

**THIRD AMENDMENT TO TRUST AGREEMENT
BETWEEN FIDELITY MANAGEMENT TRUST COMPANY AND
ZIONS BANCORPORATION**

THIS THIRD AMENDMENT, dated as of the thirtieth day of April, 2010, and effective on that date unless otherwise stated herein, by and between Fidelity Management Trust Company (the "Trustee") and Zions Bancorporation (the "Sponsor");

WITNESSETH:

WHEREAS, the Trustee and the Sponsor heretofore entered into a Trust Agreement dated July 3, 2006, with regard to the Zions Bancorporation Payshelter 401(k) and Employee Stock Ownership Plan (the "Plan"); and

WHEREAS, the Trustee and the Sponsor now desire to amend said Trust Agreement as provided for in Section 13 thereof;

NOW THEREFORE, in consideration of the above premises, the Trustee and the Sponsor hereby amend the Trust Agreement by:

(1) *Effective April 12, 2010*, amending Section 5(e)(vii)(A), Voting, to restate subsection (2), in its entirety, as follows:

(2) Each Participant with an interest in the Sponsor Stock held in the Trust shall have the right to direct the Trustee as to the manner in which the Trustee is to vote (including not to vote) that number of shares of Sponsor Stock credited to the Participant's accounts (both vested and unvested). Directions from a Participant to the Trustee concerning the voting of Sponsor Stock shall be communicated in writing, or by such other means as agreed upon by the Trustee and the Sponsor. These directions shall be held in confidence by the Trustee and shall not be divulged to the Sponsor, or any officer or employee thereof, or any other person except to the extent that the consequences of such directions are reflected in reports regularly communicated to any such person in the ordinary course of the performance of the Trustee's services hereunder. Upon its receipt of the directions, the Trustee shall vote the shares of Sponsor Stock as directed by the Participant. The Sponsor may appoint an independent fiduciary to direct the Trustee regarding how to vote shares of Sponsor Stock reflecting a Participant's proportional interest in the Stock Fund for which it has received no direction from the Participant. The Sponsor shall advise the Trustee in writing of the identity of the independent fiduciary if one has been appointed. The Trustee shall have no affirmative obligation to seek direction from the independent fiduciary. Except as otherwise required by law, absent timely direction from an independent fiduciary identified by the Sponsor, the Trustee shall not vote shares of Sponsor Stock reflecting a Participant's proportional interest in the Stock Fund for which it has received no direction from the Participant.

IN WITNESS WHEREOF, the Trustee and the Sponsor have caused this Third Amendment to be executed by their duly authorized officers effective as of the day and year first above written. By signing below, the undersigned represent that they are authorized to execute this document on behalf of the respective parties. Notwithstanding any contradictory provision of the agreement that this document amends, each party may rely without duty of inquiry on the foregoing representation.

ZIONS BANCORPORATION

B
y: /s/ Diana M. Andersen 4/9/2010
Authorized Signatory Date

FIDELITY MANAGEMENT TRUST COMPANY

B
y: /s/ S. Nick 5/7/2010
FMTC Authorized Signatory Date

2004 Omnibus Incentive Plan

Southwest Bancorporation of Texas, Inc.

May 5, 2004

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**Southwest Bancorporation of Texas, Inc.
2004 Omnibus Incentive Plan**

Article 1. Establishment, Purpose, and Duration

1.1 Establishment. Southwest Bancorporation of Texas, Inc., a Texas corporation (hereinafter referred to as the “Company”), establishes an incentive compensation plan to be known as the 2004 Omnibus Incentive Plan (hereinafter referred to as the “Plan”), as set forth in this document.

The Plan permits the grant of Cash-Based Awards, Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units, Covered Employee Annual Incentive Awards, and Other Stock-Based Awards.

The Plan shall become effective upon shareholder approval (the “Effective Date”) and shall remain in effect as provided in Section 1.3 hereof.

1.2 Purpose of the Plan. The purpose of the Plan is to provide a means whereby Employees, Directors, and Third Party Service Providers of the Company develop a sense of proprietorship and personal involvement in the development and financial success of the Company, and to encourage them to devote their best efforts to the business of the Company, thereby advancing the interests of the Company and its shareholders. A further purpose of the Plan is to provide a means through which the Company may attract able persons to become Employees or serve as Directors or Third Party Service Providers of the Company and to provide a means whereby those individuals upon whom the responsibilities of the successful administration and management of the Company are of importance, can acquire and maintain stock ownership, thereby strengthening their concern for the welfare of the Company.

1.3 Duration of the Plan. Unless sooner terminated as provided herein, the Plan shall terminate ten years from the Effective Date. After the Plan is terminated, no Awards may be granted but Awards previously granted shall remain outstanding in accordance with their applicable terms and conditions and the Plan’s terms and conditions. Notwithstanding the foregoing, no Incentive Stock Options may be granted more than ten years after the earlier of (a) adoption of the Plan by the Board, and (b) the Effective Date.

Article 2. Definitions

Whenever used in the Plan, the following terms shall have the meanings set forth below, and when the meaning is intended, the initial letter of the word shall be capitalized.

- 2.1 “Affiliate”** means any corporation, partnership, limited liability company or partnership, association, trust or other entity or organization which, directly or indirectly, controls, is controlled by, or is under common control with, the Company. For purposes of the preceding sentence, “control (including, with correlative meanings, the terms “controlled by” and “under common control with”), as used with respect to any entity or organization, shall mean the possession, directly or indirectly, of the power (i) to vote more than fifty percent (50%) of the securities having ordinary voting power for the election of directors of the controlled entity or organization, or (ii) to direct or cause the direction of the management and policies of the controlled entity or organization, whether through the ownership of voting securities or by contract or otherwise.
- 2.2 “Annual Award Limit” or “Annual Award Limits”** have the meaning set forth in Section 3.3.
- 2.3 “Award”** means, individually or collectively, a grant under this Plan of Cash-Based Awards, Nonqualified Stock Options, Incentive Stock Options, SARs, Restricted Stock, Restricted Stock Units, Performance

Shares, Performance Units, Covered Employee Annual Incentive Awards, or Other Stock-Based Awards, in each case subject to the terms of this Plan.

- 2.4 “Award Agreement”** means either (i) a written agreement entered into by the Company and a Participant setting forth the terms and provisions applicable to an Award granted under this Plan, or (ii) a written statement issued by the Company to a Participant describing the terms and provisions of such Award.
- 2.5 “Beneficial Owner” or “Beneficial Ownership”** shall have the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.
- 2.6 “Board” or “Board of Directors”** means the Board of Directors of the Company.
- 2.7 “Cash-Based Award”** means an Award granted to a Participant as described in Article 10.
- 2.8 “Change of Control”** means any of the following events:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a “Covered Person”) of Beneficial Ownership (within the meaning of rule 13d-3 promulgated under the Exchange Act) of thirty percent (30%) or more of either (i) the then outstanding Shares of the common stock of the Company (the “Outstanding Company Common Stock”), or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); *provided, however*, that for purposes of this subsection (a) of this Section 2.8, the following acquisitions shall not constitute a Change in Control of the Company: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company, or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 2; or

(b) Individuals who, as of the Effective Date, constitute the Board of Directors (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board of Directors; *provided, however*, that any individual becoming a Director subsequent to the Effective Date whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least two-thirds of the Directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of Directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Covered Person other than the Board; or

(c) Consummation of (xx) a reorganization, merger or consolidation or sale of the Company or any subsidiary of the Company, or (yy) a disposition of all or substantially all of the assets of the Company (a “Business Combination”), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of, respectively, the then outstanding Shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of Directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership

immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Covered Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, thirty percent (30%) or more of, respectively, the then outstanding Shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (iii) at least a majority of the members of the Board of Directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board of Directors, providing for such Business Combination.

- 2.9** “**Code**” means the U.S. Internal Revenue Code of 1986, as amended from time to time.
- 2.10** “**Committee**” means the compensation committee of the Board, or any other committee designated by the Board to administer this Plan. The members of the Committee shall be appointed from time to time by and shall serve at the discretion of the Board.
- 2.11** “**Company**” means Southwest Bancorporation of Texas, Inc., a Texas corporation, and any successor thereto as provided in Article 21 herein.
- 2.12** “**Covered Employee**” means a Participant who is a “covered employee,” as defined in Code Section 162 (m) and the regulations promulgated under Code Section 162(m), or any successor statute.
- 2.13** “**Covered Employee Annual Incentive Award**” means an Award granted to a Covered Employee as described in Article 12.
- 2.14** “**Director**” means any individual who is a member of the Board of Directors of the Company.
- 2.15** “**Effective Date**” has the meaning set forth in Section 1.1.
- 2.16** “**Employee**” means any employee of the Company, its Affiliates, and/or Subsidiaries.
- 2.17** “**Exchange Act**” means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.
- 2.18** “**Extraordinary Items**” means (i) extraordinary, unusual, and/or nonrecurring items of gain or loss; (ii) gains or losses on the disposition of a business; (iii) changes in tax or accounting regulations or laws; or (iv) the effect of a merger or acquisition, all of which must be identified in the audited financial statements, including footnotes, or Management Discussion and Analysis section of the Company’s annual report.
- 2.19** “**Fair Market Value**” or “**FMV**” means a price that is based on the opening, closing, actual, high, low, or average selling prices of a Share reported on the National Market System of NASDAQ (“NASDAQ”), or other established stock exchange (or exchanges) on the applicable date, the preceding trading day, the next succeeding trading day, or an average of trading days, as determined by the Committee in its discretion. Unless the Committee determines otherwise, if the Shares are traded over the counter at the time a determination of its Fair Market Value is required to be made hereunder, its Fair Market Value shall be deemed to be equal to the average between the reported high and low or closing bid and asked prices of a Share on the most recent date, either preceding or succeeding, on which Shares were publicly traded. In the event Shares are not publicly traded at the time a determination of their value is required to be made hereunder, the determination of their Fair Market Value shall be made by the Committee in such manner

as it deems appropriate. Such definition(s) of FMV shall be specified in each Award Agreement and may differ depending on whether FMV is in reference to the grant, exercise, vesting, settlement, or payout of an Award.

- 2.20 “Full Value Award”** means an Award other than in the form of an ISO, NQSO, or SAR, and which is settled by the issuance of Shares.
- 2.21 “Freestanding SAR”** means an SAR that is granted independently of any Options, as described in Article 7.
- 2.22 “Grant Price”** means the price established at the time of grant of a SAR pursuant to Article 7, used to determine whether there is any payment due upon exercise of the SAR.
- 2.23 “Incentive Stock Option” or “ISO”** means an Option to purchase Shares granted under Article 6 to an Employee and that is designated as an Incentive Stock Option and that is intended to meet the requirements of Code Section 422, or any successor provision.
- 2.24 “Insider”** shall mean an individual who is, on the relevant date, an officer, Director, or more than ten percent (10%) Beneficial Owner of any class of the Company’s equity securities that is registered pursuant to Section 12 of the Exchange Act, as determined by the Board in accordance with Section 16 of the Exchange Act.
- 2.25 “Net Income”** means the consolidated net income after taxes for the Plan Year, as reported in the Company’s annual report to shareholders or as otherwise reported to shareholders.
- 2.26 “Nonemployee Director”** means a Director who is not an Employee.
- 2.27 “Nonemployee Director Award”** means any NQSO, SAR, or Full Value Award granted, whether singly, in combination, or in tandem, to a Participant who is a Nonemployee Director pursuant to such applicable terms, conditions, and limitations as the Board or Committee may establish in accordance with this Plan.
- 2.28 “Nonqualified Stock Option” or “NQSO”** means an Option that is not intended to meet the requirements of Code Section 422, or that otherwise does not meet such requirements.
- 2.29 “Option”** means an Incentive Stock Option or a Nonqualified Stock Option, as described in Article 6.
- 2.30 “Option Price”** means the price at which a Share may be purchased by a Participant pursuant to an Option.
- 2.31 “Other Stock-Based Award”** means an equity-based or equity-related Award not otherwise described by the terms of this Plan, granted pursuant to Article 10.
- 2.32 “Participant”** means any eligible person as set forth in Article 5 to whom an Award is granted.
- 2.33 “Performance-Based Compensation”** means compensation under an Award that satisfies the requirements of Section 162(m) of the Code for deductibility of remuneration paid to Covered Employees.
- 2.34 “Performance Measures”** means measures as described in Article 11 on which the performance goals are based and which are approved by the Company’s shareholders pursuant to this Plan in order to qualify Awards as Performance-Based Compensation.

- 2.35** “**Performance Period**” means the period of time during which the performance goals must be met in order to determine the degree of payout and/or vesting with respect to an Award.
- 2.36** “**Performance Share**” means an Award granted to a Participant, as described in Article 9.
- 2.37** “**Performance Unit**” means an Award granted to a Participant, as described in Article 9.
- 2.38** “**Period of Restriction**” means the period when Restricted Stock or Restricted Stock Units are subject to a substantial risk of forfeiture (based on the passage of time, the achievement of performance goals, or upon the occurrence of other events as determined by the Committee, in its discretion), as provided in Article 8.
- 2.39** “**Person**” shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a “group” as defined in Section 13(d) thereof.
- 2.40** “**Plan**” means the Southwest Bancorporation of Texas, Inc.’s 2004 Omnibus Incentive Plan.
- 2.41** “**Plan Year**” means the calendar year.
- 2.42** “**Prior Plans**” means the Company’s 1996 Stock Option Plan, Amended and Restated as of June 4, 2002, 1989 Stock Option Plan, Amended and Restated as of May 29, 1998, 1993 Stock Option Plan, Amended and Restated as of May 29, 1998, and the Restricted Stock Plan.
- 2.43** “**Restricted Stock**” means an Award granted to a Participant pursuant to Article 8.
- 2.44** “**Restricted Stock Unit**” means an Award granted to a Participant pursuant to Article 8, except no Shares are actually awarded to the Participant on the date of grant.
- 2.45** “**Share**” means a share of common stock of the Company, \$1.00 par value per share.
- 2.46** “**Stock Appreciation Right**” or “**SAR**” means an Award, designated as a SAR, pursuant to the terms of Article 7 herein.
- 2.47** “**Subsidiary**” means any corporation or other entity, whether domestic or foreign, in which the Company has or obtains, directly or indirectly, a proprietary interest of more than fifty percent (50%) by reason of stock ownership or otherwise.
- 2.48** “**Tandem SAR**” means an SAR that is granted in connection with a related Option pursuant to Article 7 herein, the exercise of which shall require forfeiture of the right to purchase a Share under the related Option (and when a Share is purchased under the Option, the Tandem SAR shall similarly be canceled).
- 2.49** “**Ten Percent Stockholder**” means an individual, who, at the time the applicable Option is granted, owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company, any Affiliate or any Subsidiary. An individual shall be considered as owning the stock owned, directly or indirectly, by or for this brothers and sisters (whether by the whole or half blood), spouse, ancestors, and lineal descendants; and stock owned, directly or indirectly, by or for a corporation, partnership, estate, or trust, shall be considered as being owned proportionately by or for its stockholders, partners, or beneficiaries.
- 2.50** “**Third Party Service Provider**” means any consultant, agent, advisor, or independent contractor who renders services to the Company, a Subsidiary, or an Affiliate that (a) are not in connection with the offer

and sale of the Company's securities in a capital raising transaction, and (b) do not directly or indirectly promote or maintain a market for the Company's securities.

Article 3. Administration

3.1 General. The Committee shall be responsible for administering the Plan, subject to this Article 3 and the other provisions of the Plan. The Committee may employ attorneys, consultants, accountants, agents, and other persons, any of whom may be an Employee, and the Committee, the Company, and its officers and Directors shall be entitled to rely upon the advice, opinions, or valuations of any such persons. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Participants, the Company, and all other interested persons.

3.2 Authority of the Committee. The Committee shall have full and exclusive discretionary power to interpret the terms and the intent of the Plan and any Award Agreement or other agreement or document ancillary to or in connection with the Plan, to determine eligibility for Awards and to adopt such rules, regulations, forms, instruments, and guidelines for administering the Plan as the Committee may deem necessary or proper. Such authority shall include, but not be limited to, selecting Award recipients, establishing all Award terms and conditions, including the terms and conditions set forth in Award Agreements, and, subject to Article 19, adopting modifications and amendments to the Plan or any Award Agreement, including without limitation, any that are necessary to comply with the laws of the countries and other jurisdictions in which the Company, its Affiliates, and/or its Subsidiaries operate.

3.3 Delegation. The Committee may delegate to one or more of its members or to one or more officers of the Company, and/or its Subsidiaries and Affiliates or to one or more agents or advisors such administrative duties or powers as it may deem advisable, and the Committee or any person to whom it has delegated duties or powers as aforesaid may employ one or more persons to render advice with respect to any responsibility the Committee or such person may have under the Plan. The Committee may, by resolution, authorize one or more officers of the Company to do one or both of the following on the same basis as can the Committee: (a) designate Employees to be recipients of Awards; (b) designate Third Party Service Providers to be recipients of Awards; and (c) determine the size of any such Awards; provided, however, (i) the Committee shall not delegate such responsibilities to any such officer for Awards granted to an Employee that is considered an Insider; (ii) the resolution providing such authorization sets forth the total number of Awards such officer(s) may grant; and (iii) the officer(s) shall report periodically to the Committee regarding the nature and scope of the Awards granted pursuant to the authority delegated.

Article 4. Shares Subject to the Plan and Maximum Awards

4.1 Number of Shares Available for Awards.

(a) Subject to adjustment as provided in Section 4.4 herein, the maximum number of Shares available for issuance to Participants under the Plan (the "Share Authorization") is 2,250,000 Shares. This Plan shall serve as the successor to the Prior Plans and no further grants shall be made under the Prior Plans from and after the Effective Date of this Plan. All outstanding Awards under the Prior Plans shall continue to be governed solely by the terms and conditions of the instrument evidencing such grant or issuance. Any Shares of common stock reserved for issuance under the Prior Plans in excess of the number of Shares as to which Awards have been awarded thereunder shall no longer be available for grant after the Effective Date.

(b) Of the Shares reserved for issuance under Section 4.1(a) of the Plan, no more than thirty three percent (33%) of the reserved Shares may be issued pursuant to Full Value Awards.

(c) Subject to the limit set forth in Section 4.1(a) on the number of Shares that may be issued in the aggregate under the Plan, the maximum number of Shares that may be issued pursuant to ISOs and NQSOs shall be:

(i) Two million two hundred and fifty thousand (2,250,000) Shares that may be issued pursuant to Awards in the form of ISOs; and

(ii) Two million two hundred and fifty thousand (2,250,000) Shares that may be issued pursuant to Awards in the form of NQSOs.

4.2 Share Usage. Shares covered by an Award shall only be counted as used to the extent they are actually issued. Any Shares related to Awards which terminate by expiration, forfeiture, cancellation, or otherwise without the issuance of such Shares, are settled in cash in lieu of Shares, or are exchanged with the Committee's permission, prior to the issuance of Shares, for Awards not involving Shares, shall be available again for grant under the Plan. Moreover, if the Option Price of any Option granted under the Plan or the tax withholding requirements with respect to any Award granted under the Plan are satisfied by tendering Shares to the Company (by either actual delivery or by attestation), or if an SAR is exercised, only the number of Shares issued, net of the Shares tendered, if any, will be deemed delivered for purposes of determining the maximum number of Shares available for delivery under the Plan. The maximum number of Shares available for issuance under the Plan shall not be reduced to reflect any dividends or dividend equivalents that are reinvested into additional Shares or credited as additional Restricted Stock, Restricted Stock Units, Performance Shares, or Stock-Based Awards. The Shares available for issuance under the Plan may be authorized and unissued Shares or treasury Shares.

4.3 Annual Award Limits. Unless and until the Committee determines that an Award to a Covered Employee shall not be designed to qualify as Performance-Based Compensation, the following limits (each an "Annual Award Limit" and, collectively, "Annual Award Limits") shall apply to grants of such Awards under the Plan:

(a) **Options:** The maximum aggregate number of Shares subject to Options granted in any one Plan Year to any one Participant shall be two hundred fifty thousand (250,000) Shares plus the amount of the Participant's unused applicable Annual Award Limit for Options as of the close of the previous Plan Year.

(b) **SARs:** The maximum number of Shares subject to Stock Appreciation Rights granted in any one Plan Year to any one Participant shall be two hundred fifty thousand (250,000) Shares plus the amount of the Participant's unused applicable Annual Award Limit for SARs as of the close of the previous Plan Year.

(c) **Restricted Stock or Restricted Stock Units:** The maximum aggregate grant with respect to Awards of Restricted Stock or Restricted Stock Units in any one Plan Year to any one Participant shall be one hundred fifty thousand (150,000) Shares plus the amount of the Participant's unused applicable Annual Award Limit for Restricted Stock or Restricted Stock Units as of the close of the previous Plan Year.

(d) **Performance Units or Performance Shares:** The maximum aggregate Award of Performance Units or Performance Shares that a Participant may receive in any one Plan Year shall be one hundred fifty thousand (150,000) Shares, or equal to the value of one hundred fifty thousand (150,000) Shares determined as of the date of vesting or payout, as applicable plus the amount of the Participant's unused applicable Annual Award Limit for Performance Units or Performance Shares as of the close of the previous Plan Year.

(e) **Cash-Based Awards:** The maximum aggregate amount awarded or credited with respect to Cash-Based Awards to any one Participant in any one Plan Year may not exceed the value of one hundred fifty thousand (150,000) Shares determined as of the date of vesting or payout, as applicable plus the amount of the Participant's unused applicable Annual Award Limit for Cash-Based Awards as of the close of the previous Plan Year.

- (f) **Covered Employee Annual Incentive Award.** The maximum aggregate amount awarded or credited in any one Plan Year with respect to a Covered Employee Annual Incentive Award shall be determined in accordance with Article 12.
- (g) **Other Stock-Based Awards.** The maximum aggregate grant with respect to other Stock-Based Awards pursuant to Section 10.2 in any one Plan Year to any one Participant shall be one hundred fifty thousand (150,000) Shares plus the amount of the Participant's unused applicable Annual Award Limit Other Stock-Based Awards as of the close of the previous Plan Year.

4.4 Adjustments in Authorized Shares. In the event of any corporate event or transaction (including, but not limited to, a change in the Shares of the Company or the capitalization of the Company) such as a merger, consolidation, reorganization, recapitalization, separation, stock dividend, stock split, reverse stock split, split up, spin-off, or other distribution of stock or property of the Company, combination of Shares, exchange of Shares, dividend in kind, or other like change in capital structure or distribution (other than normal cash dividends) to shareholders of the Company, or any similar corporate event or transaction, the Committee, in its sole discretion, in order to prevent dilution or enlargement of Participants' rights under the Plan, shall substitute or adjust, as applicable, the number and kind of Shares that may be issued under the Plan or under particular forms of Awards, the number and kind of Shares subject to outstanding Awards, the Option Price or Grant Price applicable to outstanding Awards, the Annual Award Limits, and other value determinations applicable to outstanding Awards.

The Committee, in its sole discretion, may also make appropriate adjustments in the terms of any Awards under the Plan to reflect or related to such changes or distributions and to modify any other terms of outstanding Awards, including modifications of performance goals and changes in the length of Performance Periods. The determination of the Committee as to the foregoing adjustments, if any, shall be conclusive and binding on Participants under the Plan.

Subject to the provisions of Article 19, without affecting the number of Shares reserved or available hereunder, the Committee may authorize the issuance or assumption of benefits under this Plan in connection with any merger, consolidation, acquisition of property or stock, or reorganization upon such terms and conditions as it may deem appropriate, subject to compliance with the ISO rules under Section 422 of the Code, where applicable.

Article 5. Eligibility and Participation

5.1 Eligibility. Individuals eligible to participate in this Plan include all Employees, Directors, and Third Party Service Providers.

5.2 Actual Participation. Subject to the provisions of the Plan, the Committee may, from time to time, select from all eligible individuals, those to whom Awards shall be granted and shall determine, in its sole discretion, the nature of, any and all terms permissible by law, and the amount of each Award.

Article 6. Stock Options

6.1 Grant of Options. Subject to the terms and provisions of the Plan, Options may be granted to Participants in such number, and upon such terms, and at any time and from time to time as shall be determined by the Committee, in its sole discretion; provided that ISOs may be granted only to eligible Employees of the Company or of any parent or subsidiary corporation (as permitted by Section 422 of the Code and the regulations thereunder).

6.2 Award Agreement. Each Option grant shall be evidenced by an Award Agreement that shall specify the Option Price, the maximum duration of the Option, the number of Shares to which the Option pertains, the conditions upon which an Option shall become vested and exercisable, and such other provisions as the Committee shall determine which are not inconsistent with the terms of the Plan. The Award Agreement also shall specify whether the Option is intended to be an ISO or a NQSO.

6.3 Option Price. The Option Price for each grant of an Option under this Plan shall be as determined by the Committee and shall be specified in the Award Agreement. The Option Price shall be based on either one hundred

percent (100%) of the FMV of the Shares on the date of grant, set at a premium to the FMV of the Shares on the date of grant, or indexed to the FMV of the Shares on the date of grant, with the index determined by the Committee, in its discretion; provided, however, if the Option is an ISO the Option Price must be at least equal to one hundred percent (100%) of the FMV of the Shares on the date of grant, and, in the case of a Ten Percent Stockholder, the Option Price must not be less than one hundred ten percent (110%) of the FMV of the Shares on the date of grant.

6.4 Duration of Options. Each Option granted to a Participant shall expire at such time as the Committee shall determine at the time of grant; provided, however, no Option shall be exercisable later than the tenth (10th) anniversary of the date of its grant, and, in the case of a Ten Percent Stockholder, no ISO shall be exercisable later than the fifth (5th) anniversary of the date of its grant. Notwithstanding the foregoing, for Options granted to Participants outside the United States, the Committee has the authority to grant Options that have a term greater than ten (10) years.

6.5 Exercise of Options. Options granted under this Article 6 shall be exercisable at such times and be subject to such restrictions and conditions as the Committee shall in each instance approve, which terms and restrictions need not be the same for each grant or for each Participant.

6.6 Payment. Options granted under this Article 6 shall be exercised by the delivery of a notice of exercise to the Company or an agent designated by the Company in a form specified or accepted by the Committee, or by complying with any alternative procedures which may be authorized by the Committee, setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment for the Shares.

A condition of the issuance of the Shares as to which an Option shall be exercised shall be the payment of the Option Price. The Option Price of any Option shall be payable to the Company in full either: (a) in cash or its equivalent; (b) by tendering (either by actual delivery or attestation) previously acquired Shares having an aggregate Fair Market Value at the time of exercise equal to the Option Price (provided that except as otherwise determined by the Committee, the Shares that are tendered must have been held by the Participant for at least six (6) months prior to their tender to satisfy the Option Price or have been purchased on the open market); (c) by a combination of (a) and (b); or (d) any other method approved or accepted by the Committee in its sole discretion, including, without limitation, if the Committee so determines, a cashless (broker-assisted) exercise.

Subject to any governing rules or regulations, as soon as practicable after receipt of written notification of exercise and full payment (including satisfaction of any applicable tax withholding), the Company shall deliver to the Participant evidence of book entry Shares, or upon the Participant's request, Share certificates in an appropriate amount based upon the number of Shares purchased under the Option(s).

Unless otherwise determined by the Committee, all payments under all of the methods indicated above shall be paid in United States dollars.

6.7 Restrictions on Share Transferability. The Committee may impose such restrictions on any Shares acquired pursuant to the exercise of an Option granted under this Article 6 as it may deem advisable, including, without limitation, minimum holding period requirements, restrictions under applicable federal securities laws, under the requirements of any stock exchange or market upon which such Shares are then listed and/or traded, or under any blue sky or state securities laws applicable to such Shares.

6.8 Termination of Employment. Each Participant's Award Agreement shall set forth the extent to which the Participant shall have the right to exercise the Option following termination of the Participant's employment or provision of services to the Company, its Affiliates, its Subsidiaries, as the case may be. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with each Participant, need not be uniform among all Options issued pursuant to this Article 6, and may reflect distinctions based on the reasons for termination.

6.9 Transferability of Options.

(a) **Incentive Stock Options.** No ISO granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, all ISOs granted to a Participant under this Article 6 shall be exercisable during his or her lifetime only by such Participant.

(b) **Nonqualified Stock Options.** Except as otherwise provided in a Participant's Award Agreement or otherwise determined at any time by the Committee, no NQSO granted under this Article 6 may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution; provided that the Board or Committee may permit further transferability, on a general or a specific basis, and may impose conditions and limitations on any permitted transferability. Further, except as otherwise provided in a Participant's Award Agreement or otherwise determined at any time by the Committee, or unless the Board or Committee decides to permit further transferability, all NQSOs granted to a Participant under this Article 6 shall be exercisable during his or her lifetime only by such Participant. With respect to those NQSOs, if any, that are permitted to be transferred to another person, references in the Plan to exercise or payment of the Option Price by the Participant shall be deemed to include, as determined by the Committee, the Participant's permitted transferee.

6.10 Notification of Disqualifying Disposition. If any Participant shall make any disposition of Shares issued pursuant to the exercise of an ISO under the circumstances described in Section 421(b) of the Code (relating to certain disqualifying dispositions), such Participant shall notify the Company of such disposition within ten (10) days thereof.

6.11. Substituting SARs. Only in the event the Company is not accounting for equity compensation under APB Opinion 25, the Committee shall have the ability to substitute, without receiving Participant permission, SARs paid only in Stock (or SARs paid in Stock or cash at the Committee's discretion) for outstanding Options; provided, the terms of the substituted Stock SARs are the same as the terms for the Options and the aggregate difference between the Fair Market Value of the underlying Shares and the Grant Price of the SARs is equivalent to the aggregate difference between the Fair Market Value of the underlying Shares and the Option Price of the Options. If, in the opinion of the Company's auditors, this provision creates adverse accounting consequences for the Company, it shall be considered null and void.

Article 7. Stock Appreciation Rights

7.1 Grant of SARs. Subject to the terms and conditions of the Plan, SARs may be granted to Participants at any time and from time to time as shall be determined by the Committee. The Committee may grant Freestanding SARs, Tandem SARs, or any combination of these forms of SARs.

Subject to the terms and conditions of the Plan, the Committee shall have complete discretion in determining the number of SARs granted to each Participant and, consistent with the provisions of the Plan, in determining the terms and conditions pertaining to such SARs.

The Grant Price for each grant of a Freestanding SAR shall be determined by the Committee and shall be specified in the Award Agreement. The Grant Price shall be based on either one hundred percent (100%) of the FMV of the Shares on the date of grant, set at a premium to the FMV of the Shares on the date of grant, indexed to the FMV of the Shares on the date of grant, with the index determined by the Committee, in its discretion. The Grant Price of Tandem SARs shall be equal to the Option Price of the related Option.

7.2 SAR Agreement. Each SAR Award shall be evidenced by an Award Agreement that shall specify the Grant Price, the term of the SAR, and such other provisions as the Committee shall determine.

7.3 Term of SAR. The term of an SAR granted under the Plan shall be determined by the Committee, in its sole discretion, and except as determined otherwise by the Committee and specified in the SAR Award Agreement, no

SAR shall be exercisable later than the tenth (10th) anniversary date of its grant. Notwithstanding the foregoing, for SARs granted to Participants outside the United States, the Committee has the authority to grant SARs that have a term greater than ten (10) years.

7.4 Exercise of Freestanding SARs. Freestanding SARs may be exercised upon whatever terms and conditions the Committee, in its sole discretion, imposes.

7.5 Exercise of Tandem SARs. Tandem SARs may be exercised for all or part of the Shares subject to the related Option upon the surrender of the right to exercise the equivalent portion of the related Option. A Tandem SAR may be exercised only with respect to the Shares for which its related Option is then exercisable.

Notwithstanding any other provision of this Plan to the contrary, with respect to a Tandem SAR granted in connection with an ISO: (a) the Tandem SAR will expire no later than the expiration of the underlying ISO; (b) the value of the payout with respect to the Tandem SAR may be for no more than one hundred percent (100%) of the excess of the Fair Market Value of the Shares subject to the underlying ISO at the time the Tandem SAR is exercised over the Option Price of the underlying ISO; and (c) the Tandem SAR may be exercised only when the Fair Market Value of the Shares subject to the ISO exceeds the Option Price of the ISO.

7.6 Payment of SAR Amount. Upon the exercise of an SAR, a Participant shall be entitled to receive payment from the Company in an amount determined by multiplying:

- (a) The excess of the Fair Market Value of a Share on the date of exercise over the Grant Price; by
- (b) The number of Shares with respect to which the SAR is exercised.

At the discretion of the Committee, the payment upon SAR exercise may be in cash, Shares, or any combination thereof, or in any other manner approved by the Committee in its sole discretion. The Committee's determination regarding the form of SAR payout shall be set forth in the Award Agreement pertaining to the grant of the SAR.

7.7 Termination of Employment. Each Award Agreement shall set forth the extent to which the Participant shall have the right to exercise the SAR following termination of the Participant's employment with or provision of services to the Company, its Affiliates, and/or its Subsidiaries, as the case may be. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with Participants, need not be uniform among all SARs issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination.

7.8 Nontransferability of SARs. Except as otherwise provided in a Participant's Award Agreement or otherwise determined at any time by the Committee, no SAR granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, except as otherwise provided in a Participant's Award Agreement or otherwise determined at any time by the Committee, all SARs granted to a Participant under the Plan shall be exercisable during his or her lifetime only by such Participant. With respect to those SARs, if any, that are permitted to be transferred to another person, references in the Plan to exercise of the SAR by the Participant or payment of any amount to the Participant shall be deemed to include, as determined by the Committee, the Participant's permitted transferee.

7.9 Other Restrictions. The Committee shall impose such other conditions and/or restrictions on any Shares received upon exercise of a SAR granted pursuant to the Plan as it may deem advisable or desirable. These restrictions may include, but shall not be limited to, a requirement that the Participant hold the Shares received upon exercise of a SAR for a specified period of time.

Article 8. Restricted Stock and Restricted Stock Units

8.1 Grant of Restricted Stock or Restricted Stock Units. Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Shares of Restricted Stock and/or Restricted Stock Units to Participants in such amounts as the Committee shall determine. Restricted Stock Units shall be similar to Restricted Stock except that no Shares are actually awarded to the Participant on the date of grant.

8.2 Restricted Stock or Restricted Stock Unit Agreement. Each Restricted Stock and/or Restricted Stock Unit grant shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction, the number of Shares of Restricted Stock or the number of Restricted Stock Units granted, and such other provisions as the Committee shall determine.

8.3 Transferability. Except as provided in this Plan or an Award Agreement, the Shares of Restricted Stock and/or Restricted Stock Units granted herein may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction established by the Committee and specified in the Award Agreement (and in the case of Restricted Stock Units until the date of delivery or other payment), or upon earlier satisfaction of any other conditions, as specified by the Committee, in its sole discretion, and set forth in the Award Agreement or otherwise at any time by the Committee. All rights with respect to the Restricted Stock and/or Restricted Stock Units granted to a Participant under the Plan shall be available during his or her lifetime only to such Participant, except as otherwise provided in an Award Agreement or at any time by the Committee.

8.4 Other Restrictions. The Committee shall impose such other conditions and/or restrictions on any Shares of Restricted Stock or Restricted Stock Units granted pursuant to the Plan as it may deem advisable including, without limitation, a requirement that Participants pay a stipulated purchase price for each Share of Restricted Stock or each Restricted Stock Unit, restrictions based upon the achievement of specific performance goals, time-based restrictions on vesting following the attainment of the performance goals, time-based restrictions, and/or restrictions under applicable laws or under the requirements of any stock exchange or market upon which such Shares are listed or traded, or holding requirements or sale restrictions placed on the Shares by the Company upon vesting of such Restricted Stock or Restricted Stock Units.

To the extent deemed appropriate by the Committee, the Company may retain the certificates representing Shares of Restricted Stock in the Company's possession until such time as all conditions and/or restrictions applicable to such Shares have been satisfied or lapse.

Except as otherwise provided in this Article 8, Shares of Restricted Stock covered by each Restricted Stock Award shall become freely transferable by the Participant after all conditions and restrictions applicable to such Shares have been satisfied or lapse (including satisfaction of any applicable tax withholding obligations), and subject to Article 16, at the close of the Restriction Period, or as soon as practicable thereafter, Restricted Stock Units shall be paid in cash, Shares, or a combination of cash and Shares as the Committee, in its sole discretion shall determine.

8.5 Certificate Legend. In addition to any legends placed on certificates pursuant to Section 8.4, each certificate representing Shares of Restricted Stock granted pursuant to the Plan may bear a legend such as the following or as otherwise determined by the Committee in its sole discretion:

The sale or transfer of Shares of stock represented by this certificate, whether voluntary, involuntary, or by operation of law, is subject to certain restrictions on transfer as set forth in the Southwest Bancorporation of Texas, Inc.'s 2004 Omnibus Incentive Plan, and in the associated Award Agreement. A copy of the Plan and such Award Agreement may be obtained from Southwest Bancorporation of Texas, Inc.

8.6 Voting Rights. Unless otherwise determined by the Committee and set forth in a Participant's Award Agreement, to the extent permitted or required by law, as determined by the Committee, Participants holding Shares of Restricted Stock granted hereunder may be granted the right to exercise full voting rights with respect to those Shares

during the Period of Restriction. A Participant shall have no voting rights with respect to any Restricted Stock Units granted hereunder.

8.7 Termination of Employment. Each Award Agreement shall set forth the extent to which the Participant shall have the right to retain Restricted Stock and/or Restricted Stock Units following termination of the Participant's employment with or provision of services to the Company, its Affiliates, and/or its Subsidiaries, as the case may be. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with each Participant, need not be uniform among all Shares of Restricted Stock or Restricted Stock Units issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination.

8.8 Section 83(b) Election. The Committee may provide in an Award Agreement that the Award of Restricted Stock is conditioned upon the Participant making or refraining from making an election with respect to the Award under Section 83(b) of the Code. If a Participant makes an election pursuant to Section 83(b) of the Code concerning a Restricted Stock Award, the Participant shall be required to file promptly a copy of such election with the Company.

Article 9. Performance Units/Performance Shares

9.1 Grant of Performance Units/Performance Shares. Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Performance Units and/or Performance Shares to Participants in such amounts and upon such terms as the Committee shall determine.

9.2 Value of Performance Units/Performance Shares. Each Performance Unit shall have an initial value that is established by the Committee at the time of grant. Each Performance Share shall have an initial value equal to the Fair Market Value of a Share on the date of grant. The Committee shall set performance goals in its discretion which, depending on the extent to which they are met, will determine the value and/or number of Performance Units/Performance Shares that will be paid out to the Participant.

9.3 Earning of Performance Units/Performance Shares. Subject to the terms of this Plan, after the applicable Performance Period has ended, the holder of Performance Units/Performance Shares shall be entitled to receive payout on the value and number of Performance Units/Performance Shares earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance goals have been achieved.

9.4 Form and Timing of Payment of Performance Units/Performance Shares. Payment of earned Performance Units/Performance Shares shall be as determined by the Committee and as evidenced in the Award Agreement. Subject to the terms of the Plan, the Committee, in its sole discretion, may pay earned Performance Units/Performance Shares in the form of cash or in Shares (or in a combination thereof) equal to the value of the earned Performance Units/Performance Shares at the close of the applicable Performance Period, or as soon as practicable after the end of the Performance Period. Any Shares may be granted subject to any restrictions deemed appropriate by the Committee. The determination of the Committee with respect to the form of payout of such Awards shall be set forth in the Award Agreement pertaining to the grant of the Award.

9.5 Termination of Employment. Each Award Agreement shall set forth the extent to which the Participant shall have the right to retain Performance Units and/or Performance Shares following termination of the Participant's employment with or provision of services to the Company, its Affiliates, and/or its Subsidiaries, as the case may be. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with each Participant, need not be uniform among all Awards of Performance Units or Performance Shares issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination.

9.6 Nontransferability. Except as otherwise provided in a Participant's Award Agreement or otherwise determined at any time by the Committee, Performance Units/Performance Shares may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further,

except as otherwise provided in a Participant's Award Agreement or otherwise determined at any time by the Committee, a Participant's rights under the Plan shall be exercisable during his or her lifetime only by such Participant.

Article 10. Cash-Based Awards and Other Stock-Based Awards

10.1 Grant of Cash-Based Awards. Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Cash-Based Awards to Participants in such amounts and upon such terms, including the achievement of specific performance goals, as the Committee may determine.

10.2 Other Stock-Based Awards. The Committee may grant other types of equity-based or equity-related Awards not otherwise described by the terms of this Plan (including the grant or offer for sale of unrestricted Shares) in such amounts and subject to such terms and conditions, as the Committee shall determine. Such Awards may involve the transfer of actual Shares to Participants, or payment in cash or otherwise of amounts based on the value of Shares and may include, without limitation, Awards designed to comply with or take advantage of the applicable local laws of jurisdictions other than the United States.

10.3 Value of Cash-Based and Other Stock-Based Awards. Each Cash-Based Award shall specify a payment amount or payment range as determined by the Committee. Each Other Stock-Based Award shall be expressed in terms of Shares or units based on Shares, as determined by the Committee. The Committee may establish performance goals in its discretion. If the Committee exercises its discretion to establish performance goals, the number and/or value of Cash-Based Awards or Other Stock-Based Awards that will be paid out to the Participant will depend on the extent to which the performance goals are met.

10.4 Payment of Cash-Based Awards and Other Stock-Based Awards. Payment, if any, with respect to a Cash-Based Award or an Other Stock-Based Award shall be made in accordance with the terms of the Award, in cash or Shares as the Committee determines.

10.5 Termination of Employment. The Committee shall determine the extent to which the Participant shall have the right to receive Cash-Based Awards and Other Stock-Based Awards following termination of the Participant's employment with or provision of services to the Company, its Affiliates, and/or its Subsidiaries, as the case may be. Such provisions shall be determined in the sole discretion of the Committee, such provisions may be included in an agreement entered into with each Participant, but need not be uniform among all Awards of Cash-Based Awards and Other Stock-Based Awards issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination.

10.6 Nontransferability. Except as otherwise determined by the Committee, neither Cash-Based Awards nor Other Stock-Based Awards may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, except as otherwise provided by the Committee, a Participant's rights under the Plan, if exercisable, shall be exercisable during his or her lifetime only by such Participant. With respect to those Cash-Based Awards or Other Stock-Based Awards, if any, that are permitted to be transferred to another person, references in the Plan to exercise or payment of such Awards by or to the Participant shall be deemed to include, as determined by the Committee, the Participant's permitted transferee.

Article 11. Performance Measures

11.1 Performance Measures. Unless and until the Committee proposes for shareholder vote and the shareholders approve a change in the general Performance Measures set forth in this Article 11, the performance goals upon which the payment or vesting of an Award to a Covered Employee (other than a Covered Employee Annual Incentive Award awarded or credited pursuant to Article 12) that is intended to qualify as Performance-Based Compensation shall be limited to the following Performance Measures:

- (a) Net earnings or net income (before or after taxes);
- (b) Earnings per share;
- (c) Net sales growth;
- (d) Net operating profit;

- (e) Return measures (including, but not limited to, return on assets, capital, equity, or sales);
- (f) Cash flow (including, but not limited to, operating cash flow, free cash flow, and cash flow return on capital);
- (g) Earnings before or after taxes, interest, depreciation, and/or amortization;
- (h) Gross or operating margins;
- (i) Productivity ratios;
- (j) Share price (including, but not limited to, growth measures and total shareholder return);
- (k) Expense targets;
- (l) Margins;
- (m) Operating efficiency or efficiency ratios;
- (n) Market share;
- (o) Customer satisfaction; and
- (p) Economic Value Added (EVA[®]).

Any Performance Measure(s) may be used to measure the performance of the Company, Subsidiary, and/or Affiliate as a whole or any business unit of the Company, Subsidiary, and/or Affiliate or any combination thereof, as the Committee may deem appropriate, or any of the above Performance Measures as compared to the performance of a group of comparator companies, or published or special index that the Committee, in its sole discretion, deems appropriate, or the Company may select Performance Measure (j) above as compared to various stock market indices. The Committee also has the authority to provide for accelerated vesting of any Award based on the achievement of performance goals pursuant to the Performance Measures specified in this Article 11.

11.2 Evaluation of Performance. The Committee may provide in any such Award that any evaluation of performance may include or exclude any of the following events that occurs during a Performance Period: (a) asset write-downs, (b) litigation or claim judgments or settlements, (c) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results, (d) any reorganization and restructuring programs, (e) extraordinary nonrecurring items as described in Accounting Principles Board Opinion No. 30 and/or in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to shareholders for the applicable year, (f) acquisitions or divestitures, and (g) foreign exchange gains and losses. To the extent such inclusions or exclusions affect Awards to Covered Employees, they shall be prescribed in a form that meets the requirements of Code Section 162(m) for deductibility.

11.3 Adjustment of Performance-Based Compensation. Awards that are designed to qualify as Performance-Based Compensation, and that are held by Covered Employees, may not be adjusted upward. The Committee shall retain the discretion to adjust such Awards downward, either on a formula or discretionary basis or any combination, as the Committee determines.

11.4 Committee Discretion. In the event that applicable tax and/or securities laws change to permit Committee discretion to alter the governing Performance Measures without obtaining shareholder approval of such changes, the Committee shall have sole discretion to make such changes without obtaining shareholder approval. In addition, in the event that the Committee determines that it is advisable to grant Awards that shall not qualify as Performance-Based Compensation, the Committee may make such grants without satisfying the requirements of Code Section 162(m) and base vesting on Performance Measures other than those set forth in Section 11.1.

Article 12. Covered Employee Annual Incentive Award

12.1 Establishment of Incentive Pool. The Committee may designate Covered Employees who are eligible to receive a monetary payment in any Plan Year based on a percentage of an incentive pool equal to five (5%) of the Company's Net Income for the Plan Year. The Committee shall allocate an incentive pool percentage to each designated Covered Employee for each Plan Year. In no event may (1) the incentive pool percentage for any one Covered Employee exceed fifty percent (50%) of the total pool and (2) the sum of the incentive pool percentages for all Covered Employees cannot exceed one hundred percent (100%) of the total pool.

12.2 Determination of Covered Employees' Portions. As soon as possible after the determination of the incentive pool for a Plan Year, the Committee shall calculate each Covered Employee's allocated portion of the incentive pool based upon the percentage established at the beginning of the Plan Year. Each Covered Employee's incentive award then shall be determined by the Committee based on the Covered Employee's allocated portion of the incentive pool subject to adjustment in the sole discretion of the Committee. In no event may the portion of the incentive pool allocated to a Covered Employee be increased in any way, including as a result of the reduction of any other Covered Employee's allocated portion. The Committee shall retain the discretion to adjust such Awards downward.

Article 13. Nonemployee Director Awards

All Awards to Nonemployee Directors shall be determined by the Board or Committee.

Article 14. Dividend Equivalents

Any Participant selected by the Committee may be granted dividend equivalents based on the dividends declared on Shares that are subject to any Award, to be credited as of dividend payment dates, during the period between the date the Award is granted and the date the Award is exercised, vests or expires, as determined by the Committee. Such dividend equivalents shall be converted to cash or additional Shares by such formula and at such time and subject to such limitations as may be determined by the Committee.

Article 15. Beneficiary Designation

Each Participant under the Plan may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under the Plan is to be paid in case of his or her death before he or she receives any or all of such benefit. Each such designation shall revoke all prior designations by the same Participant, shall be in a form prescribed by the Committee, and will be effective only when filed by the Participant in writing with the Company during the Participant's lifetime. In the absence of any such designation, benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate.

Article 16. Deferrals

The Committee may permit or require a Participant to defer such Participant's receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant by virtue of the exercise of an Option or SAR, the lapse or waiver of restrictions with respect to Restricted Stock or Restricted Stock Units, or the satisfaction of any requirements or performance goals with respect to Performance Shares, Performance Units, Cash-Based Awards, Covered Employee Annual Incentive Awards, Other Stock-Based Awards, or Cash-Based Awards. If any such deferral election is required or permitted, the Committee shall, in its sole discretion, establish rules and procedures for such payment deferrals; *provided, however*, that only Participants who are within a select group of management or highly compensated employees shall be permitted or required to make deferrals as provided in this Article 16.

Article 17. Rights of Participants

17.1 Employment. Nothing in the Plan or an Award Agreement shall interfere with or limit in any way the right of the Company, its Affiliates, and/or its Subsidiaries, to terminate any Participant's employment or service on the Board or to the Company at any time or for any reason not prohibited by law, nor confer upon any Participant any right to continue his or her employment or service as a Director or Third Party Service Provider for any specified period of time.

Neither an Award nor any benefits arising under this Plan shall constitute an employment contract with the Company, its Affiliates, and/or its Subsidiaries and, accordingly, subject to Articles 3 and 19, this Plan and the benefits hereunder may be terminated at any time in the sole and exclusive discretion of the Committee without giving rise to any liability on the part of the Company, its Affiliates, and/or its Subsidiaries.

17.2 Participation. No individual shall have the right to be selected to receive an Award under this Plan, or, having been so selected, to be selected to receive a future Award.

17.3 Rights as a Shareholder. Except as otherwise provided herein, a Participant shall have none of the rights of a shareholder with respect to Shares covered by any Award until the Participant becomes the record holder of such Shares.

Article 18. Change of Control

18.1 Change of Control of the Company. Upon the occurrence of a Change of Control, unless otherwise specifically prohibited under applicable laws or by the rules and regulations of any governing governmental agencies or national securities exchanges, or unless the Committee shall determine otherwise in the Award Agreement:

- (a) Any and all Options and SARs granted hereunder shall become immediately vested and exercisable to the extent that their Grant Price or Base Price, as adjusted pursuant to Section 4.4 and/or Article 19 is less than the Fair Market Value of a Share on such date; additionally, if a Participant's employment is terminated for any reason except Cause within three (3) months prior to such Change of Control or within twelve (12) months subsequent to such Change of Control, the Participant shall have until the earlier of: (i) twelve (12) months following such termination date, or (ii) the expiration of the Option or SAR term, to exercise any such Option or SAR;
- (b) Any Period of Restriction and restrictions imposed on Restricted Stock or Restricted Stock Units shall lapse;
- (c) The incentive pool used to determine Covered Employee Annual Incentive Awards shall be based on the Net Income of the Plan Year immediately preceding the year of the Change of Control, or such other method of payment as may be determined by the Committee at the time of the Award or thereafter but prior to the Change of Control;
- (d) The target payout opportunities attainable under all outstanding Awards of performance-based Restricted Stock, performance-based Restricted Stock Units, Performance Units, and Performance Shares, shall be deemed to have been fully earned based on targeted performance being attained as of the effective date of the Change of Control;
 - (i) The vesting of all Awards denominated in Shares shall be accelerated as of the effective date of the Change of Control, and shall be paid out to Participants within thirty (30) days following the effective date of the Change of Control. The Committee has the authority to pay all or any portion of the value of the Shares in cash;
 - (ii) Awards denominated in cash shall be paid to Participants in cash within thirty (30) days following the effective date of the Change of Control; and
- (e) Upon a Change of Control, unless otherwise specifically provided in a written agreement entered into between the Participant and the Company, the Committee shall pay out all Cash-Based Awards and Other Stock-Based Awards.
- (f) Subject to the acceleration of vesting of outstanding Options, the Committee, in its discretion, may provide that in the event of a Change of Control pursuant to Section 2.8(a), (b), (c), or (e), no later than ten (10) days after the approval by the shareholders of the Company of such merger, consolidation, reorganization, sale, lease, or exchange of assets or dissolution or such election of directors, or in the event of a Change of Control pursuant to Section 2.8(d), no later than thirty (30) days after the occurrence of such Change of Control, that (i) Options may be exercised in full only for a limited period of time on or before a specified date (before or after such Change of Control) fixed by the Committee, after which specified date all unexercised Options and all rights of the Participants thereunder shall terminate, or (ii) require the mandatory surrender to the Company by selected Participants of some or all of the outstanding Options held by such

Participants as of a date, before or after such Change of Control, specified by the Committee, in which event the Committee shall thereupon cancel such Options and the Company shall pay to each Participant an amount of cash per Share equal to the excess, if any of the “Change of Control Value” of the Shares subject to such Option over the Option Price(s) under such Options for such Shares.

- (g) For the purpose of Section 18.1(f)(ii), “Change of Control Value” shall equal the amount determined in clause (i), (ii), or (iii), whichever is applicable, as follows: (i) the per Share price offered to shareholders of the Company in any such merger, consolidation, reorganization, sale of assets, or dissolution transaction, (ii) the price per Share offered to shareholders of the Company in any tender offer or exchange offer whereby a Change of Control takes place, or (iii) if such Change of Control occurs other than pursuant to a tender or exchange offer, the Fair Market Value per Share of the Shares in which such Options being surrendered are exercisable, as determined by the Committee as of the date determined by the Committee to be the date of cancellation and surrender of such Options. In the event that the consideration offered to shareholders of the Company in any transaction described in Section 2.8 consists of anything other than cash, the Committee shall determine the fair cash equivalent of the portion of the consideration offered which is other than cash.

Article 19. Amendment, Modification, Suspension, and Termination

19.1 Amendment, Modification, Suspension, and Termination. Subject to Section 19.3, the Committee may, at any time and from time to time, alter, amend, modify, suspend, or terminate the Plan and any Award Agreement in whole or in part; provided, however, that, without the prior approval of the Company’s shareholders and except as provided in Sections 4.4 and 6.11 hereof, Options or SARs issued under the Plan will not be repriced, replaced, or regranted through cancellation, or by lowering the Option Price of a previously granted Option or the Grant Price of a previously granted SAR, and no amendment of the Plan shall be made without shareholder approval if shareholder approval is required by law, regulation, or stock exchange rule.

19.2 Adjustment of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events. The Committee may make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 4.4 hereof) affecting the Company or the financial statements of the Company or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent unintended dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan. The determination of the Committee as to the foregoing adjustments, if any, shall be conclusive and binding on Participants under the Plan.

19.3 Awards Previously Granted. Notwithstanding any other provision of the Plan to the contrary, no termination, amendment, suspension, or modification of the Plan or an Award Agreement shall adversely affect in any material way any Award previously granted under the Plan, without the written consent of the Participant holding such Award.

Article 20. Withholding

20.1 Tax Withholding. The Company shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, the minimum statutory amount to satisfy federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Plan.

20.2 Share Withholding. With respect to withholding required upon the exercise of Options or SARs, upon the lapse of restrictions on Restricted Stock and Restricted Stock Units, or upon the achievement of performance goals related to Performance Shares, or any other taxable event arising as a result of an Award granted hereunder, Participants may elect, subject to the approval of the Committee, to satisfy the withholding requirement, in whole or in part, by having the Company withhold Shares having a Fair Market Value on the date the tax is to be determined equal to, but

not more than, the minimum statutory total tax that could be imposed on the transaction. All such elections shall be irrevocable, made in writing, and signed by the Participant, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate. In the event a Participant exercises an election under this Section and only satisfies the minimum statutory withholding requirement imposed on the relevant transaction in part, the Company shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, the remaining amount of the required minimum statutory withholding amount.

Article 21. Successors

All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

Article 22. General Provisions

22.1 Forfeiture Events.

- (a) The Committee may specify in an Award Agreement that the Participant's rights, payments, and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture, or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events may include, but shall not be limited to, termination of employment for cause, termination of the Participant's provision of services to the Company, Affiliate, and/or Subsidiary, violation of material Company, Affiliate, and/or Subsidiary policies, breach of noncompetition, confidentiality, or other restrictive covenants that may apply to the Participant, or other conduct by the Participant that is detrimental to the business or reputation of the Company, its Affiliates, and/or its Subsidiaries.
- (b) If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company, as a result of misconduct, with any financial reporting requirement under the securities laws, or if the Participant is one of the persons subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002, the Participant shall reimburse the Company the amount of any payment in settlement of an Award earned or accrued during the twelve-month period following the first public issuance or filing with the United States Securities and Exchange Commission (whichever just occurred) of the financial document embodying such financial reporting requirement.

22.2 Legend. The certificates for Shares may include any legend which the Committee deems appropriate to reflect any restrictions on transfer of such Shares.

22.3 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.

22.4 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

22.5 Requirements of Law. The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

22.6 Delivery of Title. The Company shall have no obligation to issue or deliver evidence of title for Shares issued under the Plan prior to:

- (a) Obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and
- (b) Completion of any registration or other qualification of the Shares under any applicable national or foreign law or ruling of any governmental body that the Company determines to be necessary or advisable.

22.7 Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

22.8 Investment Representations. The Committee may require any person receiving Shares pursuant to an Award under this Plan to represent and warrant in writing that the person is acquiring the Shares for investment and without any present intention to sell or distribute such Shares.

22.9 Employees Based Outside of the United States. Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company, its Affiliates, and/or its Subsidiaries operate or have Employees, Directors, or Third Party Service Providers, the Committee, in its sole discretion, shall have the power and authority to:

- (a) Determine which Affiliates and Subsidiaries shall be covered by the Plan;
- (b) Determine which Employees, Directors and/or Third Party Service Providers outside the United States are eligible to participate in the Plan;
- (c) Modify the terms and conditions of any Award granted to Employees, Directors and/or Third Party Service Providers outside the United States to comply with applicable foreign laws;
- (d) Establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable. Any

subplans and modifications to Plan terms and procedures established under this Section 22.9 by the Committee shall be attached to this Plan document as appendices; and

- (e) Take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local government regulatory exemptions or approvals.

Notwithstanding the above, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate applicable law.

22.10 Uncertificated Shares. To the extent that the Plan provides for issuance of certificates to reflect the transfer of Shares, the transfer of such Shares may be effected on a noncertificated basis, to the extent not prohibited by applicable law or the rules of any stock exchange.

22.11 Unfunded Plan. Participants shall have no right, title, or interest whatsoever in or to any investments that the Company, and/or its Subsidiaries, and/or Affiliates may make to aid it in meeting its obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant, beneficiary, legal representative, or any other person. To the extent that any person acquires a right to receive payments from the Company, and/or its

Subsidiaries, and/or Affiliates under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company, a Subsidiary, or an Affiliate, as the case may be. All payments to be made hereunder shall be paid from the general funds of the Company, a Subsidiary, or an Affiliate, as the case may be and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in the Plan.

22.12 No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, Awards, or other property shall be issued or paid in lieu of fractional Shares or whether such fractional Shares or any rights thereto shall be forfeited or otherwise eliminated.

22.13 Retirement and Welfare Plans. Neither Awards made under the Plan nor Shares or cash paid pursuant to such Awards, except pursuant to Covered Employee Annual Incentive Awards, may be included as “compensation” for purposes of computing the benefits payable to any Participant under the Company’s or any Subsidiary’s or Affiliate’s retirement plans (both qualified and non-qualified) or welfare benefit plans unless such other plan expressly provides that such compensation shall be taken into account in computing a participant’s benefit.

22.14 Nonexclusivity of the Plan. The adoption of this Plan shall not be construed as creating any limitations on the power of the Board or Committee to adopt such other compensation arrangements as it may deem desirable for any Participant.

22.15 No Constraint on Corporate Action. Nothing in this Plan shall be construed to: (i) limit, impair, or otherwise affect the Company’s or a Subsidiary’s or an Affiliate’s right or power to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell, or transfer all or any part of its business or assets; or, (ii) limit the right or power of the Company or a Subsidiary or an Affiliate to take any action which such entity deems to be necessary or appropriate.

22.16 Governing Law. The Plan and each Award Agreement shall be governed by the laws of the State of Texas, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction. Unless otherwise provided in the Award Agreement, recipients of an Award under the Plan are deemed to submit to the exclusive jurisdiction and venue of the federal or state courts of Texas, to resolve any and all issues that may arise out of or relate to the Plan or any related Award Agreement.

22.17 Indemnification. Each person who is or shall have been a member of the Board, or a Committee appointed by the Board, or an officer of the Company to whom authority was delegated in accordance with Article 3 shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by him or her in settlement thereof, with the Company’s approval, or paid by him or her in satisfaction of any judgement in any such action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf, unless such loss, cost, liability, or expense is a result of his or her own willful misconduct or except as expressly provided by statute.

The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company’s Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

RATIOS OF EARNINGS TO FIXED CHARGES AND EARNINGS TO FIXED CHARGES AND PREFERRED DIVIDENDS

The following table sets forth certain information regarding our consolidated ratios of earnings to fixed charges and earnings to fixed charges and preferred stock dividends. Fixed charges represent interest expense, a portion of rent expense representative of interest, trust-preferred securities related expense and amortization of debt issuance costs.

(Dollar amounts in thousands)

	Year ended December 31,				
	2015	2014	2013	2012	2011
Fixed charges:					
Interest expense excluding deposits	\$ 68,651	\$ 123,175	\$ 185,391	\$ 225,482	\$ 303,769
Portion of rents representative of an interest factor	20,836	19,732	19,468	19,568	19,285
Fixed charges excluding interest on deposits	89,487	142,907	204,859	245,050	323,054
Interest on deposits	49,560	49,823	59,686	81,300	128,627
Fixed charges including interest on deposits	<u>\$ 139,047</u>	<u>\$ 192,730</u>	<u>\$ 264,545</u>	<u>\$ 326,350</u>	<u>\$ 451,681</u>
Fixed charges and preferred stock dividends:					
Interest expense excluding deposits	\$ 68,651	\$ 123,175	\$ 185,391	\$ 225,482	\$ 303,769
Portion of rents representative of an interest factor	20,836	19,732	19,468	19,568	19,285
Preferred stock dividend requirement	91,778	112,123	147,281	265,450	274,928
Fixed charges and preferred stock dividends excluding interest on deposits	181,265	255,030	352,140	510,500	597,982
Interest on deposits	49,560	49,823	59,686	81,300	128,627
Fixed charges and preferred stock dividends including interest on deposits	<u>\$ 230,825</u>	<u>\$ 304,853</u>	<u>\$ 411,826</u>	<u>\$ 591,800</u>	<u>\$ 726,609</u>
Earnings:					
Income from continuing operations before income taxes	\$ 451,859	\$ 621,423	\$ 406,432	\$ 541,566	\$ 521,273
Equity in undistributed earnings of unconsolidated subsidiaries	(4,757)	(7,996)	(11,066)	(13,983)	(5,956)
Fixed charges excluding interest on deposits	89,487	142,907	204,859	245,050	323,054
Earnings excluding interest on deposits	536,589	756,334	600,225	772,633	838,371
Interest on deposits	49,560	49,823	59,686	81,300	128,627
Earnings including interest on deposits	<u>\$ 586,149</u>	<u>\$ 806,157</u>	<u>\$ 659,911</u>	<u>\$ 853,933</u>	<u>\$ 966,998</u>
Ratio of earnings to fixed charges:					
Excluding interest on deposits	6.00	5.29	2.93	3.15	2.60
Including interest on deposits	4.22	4.18	2.49	2.62	2.14
Ratio of earnings to fixed charges and preferred stock dividends:					
Excluding interest on deposits	2.96	2.97	1.70	1.51	1.40
Including interest on deposits	2.54	2.64	1.60	1.44	1.33

**LIST OF SUBSIDIARIES
ZIONS BANCORPORATION
AT DECEMBER 31, 2015**

<u>SUBSIDIARY</u>	<u>STATE OR JURISDICTION OF INCORPORATION/ORGANIZATION</u>
ZB, National Association	Federally chartered doing business in Utah, Idaho, Wyoming, Texas, California, Arizona, Nevada, Colorado, New Mexico, Washington, and Oregon
Amegy Holding Texas, Incorporated	Texas
Cash Access, Inc.	Utah
Great Western Financial Corporation	Utah
PPS Data, LLC	Nevada
Stockmen's (AZ) Statutory Trust II (not consolidated)	Connecticut
Stockmen's (AZ) Statutory Trust III (not consolidated)	Connecticut
SWBT (TX) Statutory Trust I (not consolidated)	Connecticut
SWBT (TX) Statutory Trust II (not consolidated)	Connecticut
SWBT (TX) Statutory Trust III (not consolidated)	Connecticut
Welman Holdings, Inc.	Utah
Zions Insurance Agency, Inc.	Utah
ZMFU II, Inc.	Utah

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

- (i) Registration Statement (Form S-8 No. 333-36205) and related Prospectus pertaining to Zions Bancorporation Employee Investment Savings Plan, now known as the Zions Bancorporation Payshelter 401(k) and Employee Stock Ownership Plan;
- (ii) Registration Statement (Form S-8 No. 333-205422) and related Prospectus pertaining to Zions Bancorporation 2015 Omnibus Incentive Plan;
- (iii) Registration Statement (Form S-8 No. 333-130222) and related Prospectus pertaining to Amegy Bancorporation 1989 Stock Option Plan, Amegy Bancorporation 1993 Stock Option and Incentive Plan, and Amegy Bancorporation Amended and Restated Non-Employee Directors Deferred Fee Plan; and
- (iv) Registration Statement (Form S-3 No. 333-195408) and related Prospectus pertaining to the offering of debt and equity securities of Zions Bancorporation;

of our reports dated February 29, 2016, with respect to the consolidated financial statements of Zions Bancorporation and subsidiaries and the effectiveness of internal control over financial reporting of Zions Bancorporation and subsidiaries included in this Annual Report (Form 10-K) of Zions Bancorporation and subsidiaries for the year ended December 31, 2015.

/s/ ERNST & YOUNG LLP

Salt Lake City, Utah
February 29, 2016

CERTIFICATION
Principal Executive Officer

I, Harris H. Simmons, certify that:

1. I have reviewed this annual report on Form 10-K of Zions Bancorporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 29, 2016

/s/ Harris H. Simmons

Harris H. Simmons, Chairman and Chief
Executive Officer

CERTIFICATION
Principal Financial Officer

I, Paul E. Burdiss, certify that:

1. I have reviewed this annual report on Form 10-K of Zions Bancorporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 29, 2016

/s/ Paul E. Burdiss

Paul E. Burdiss, Executive Vice President and
Chief Financial Officer

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. §1350, the undersigned officers of Zions Bancorporation (the “Company”) hereby certify that, to the best of their knowledge, the Company’s Annual Report on Form 10-K for the year ended December 31, 2015 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 (15 U.S.C. 78m) and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 29, 2016

/s/ Harris H. Simmons

Name: Harris H. Simmons
Chairman and Chief Executive
Title: Officer

/s/ Paul E. Burdiss

Name: Paul E. Burdiss
Executive Vice President and Chief
Title: Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. §1350 and is not being filed as part of the Report or as a separate disclosure document.