

Q2 | 11

Second Quarter 2011 | Financial Results



CALIFORNIA BANK
TRUST

Q2 | 11

Second Quarter 2011 | Financial Results

- Letter from President and CEO
- Second Quarter 2011 Significant Items
- CB&T Statement of Condition
- CB&T Statement of Earnings



August 1, 2011

Dear Valued Customer,

During the second quarter of 2011, California Bank & Trust (CB&T) continued to build on the positive momentum established earlier in the year. The end result was a significant increase in net income: \$70.5 million for the first six months of 2011 compared to \$24.2 million for the same period last year. The improvement is largely due to further reductions in credit-related costs, with the provision for loan losses declining by 93.5% compared to last year.

The second quarter was productive on many fronts. First, we grew the loan portfolio by 0.5% compared to the last quarter as we saw a slight improvement in demand for new loans. We also continued the long-standing pattern of building increased capital and liquidity levels.

CB&T is also committed to creating value for its customers by keeping up with technological developments. I'm happy to announce that on July 27 we launched a new mobile banking application which gives online consumer banking customers the ability to use their smart phones to view their accounts, transfer balances and look up transactions from wherever they are.

Our parent company, Zions Bancorporation, made additional progress during the quarter, reporting net income applicable to common shareholders of \$29.0 million, compared to \$14.8 million in the first quarter. Zions reported broad-based improvement in credit quality, modest growth in commercial and consumer loans and continued strengthening of the deposit mix. The complete earnings release may be found at www.zionsbancorporation.com.

As always, please contact your banker if there is anything we can do to help you meet your financial objectives.

Respectfully,

A handwritten signature in black ink, appearing to read 'David Blackford'.

David Blackford
President and CEO

Second Quarter 2011 | Financial Results

Second Quarter 2011 Significant Items

- Net income for the six months ending June 30, 2011, was \$70.5 million compared to \$24.2 million for the same period in 2010. The improvement was largely due to a \$77.2 million reduction in the provision for loan losses.
- Net interest income for the six months ending June 30, 2011, increased compared to the year-ago period as a result of higher discount accretion on the acquired FDIC supported loans due to lower expected credit losses. The Net Interest Margin increased to 5.36% in 2011 from 4.82% in 2010.
- Non-interest income for 2011 included a non-recurring gain of \$18.9 million related to amounts received from the FDIC on certain acquired loans recently determined to be covered by the FDIC loss sharing agreement. This was mostly offset by a \$13.5 million loss on a security sold to our parent company during the first quarter.
- The increase in year-to-date other operating expenses is primarily the result of higher amortization of the FDIC Indemnification Asset. This resulted from lower expected reimbursements from the FDIC due to lower expected credit losses on the acquired loans covered by loss sharing agreements.
- Loans, excluding FDIC supported loans, increased by 0.5%, while deposits declined 0.8% compared to March 31, 2011.
- Annualized net charge-offs as a percentage of average loans were 0.51% for the second quarter of 2011, compared to 1.92% for the year-ago quarter.
- The Tier 1 Risk-Based Capital Ratio increased to 13.76% as of June 30, 2011 compared to 13.17% as of March 31, 2011, and 11.46% as of June 30, 2010.

Performance Ratios ¹	Six Months Ended June 30		Three Months Ended June 30	
	2011	2010	2011	2010
Net Interest Margin	5.36%	4.82%	5.30%	4.88%
Operating Efficiency Ratio ²	60.4%	54.1%	60.7%	55.3%
Cash Return on Average Assets ²	1.32%	0.49%	1.51%	0.57%
Cash Return on Average Equity ²	12.8%	5.2%	14.4%	6.0%
Net Charge-offs/Average Loans ³	0.75%	1.93%	0.51%	1.92%
Other Ratios ¹	June 30	March 31	June 30	June 30
	2011	2011	2010	
Non-performing Loans + OREO/Loans + OREO ³	2.42%	2.49%	3.36%	
Allowance for Credit Losses ⁴ /Loans ³	2.84%	3.08%	3.41%	
Loan-to-Deposit Ratio	90.9%	90.4%	88.0%	
Capital Ratios	June 30	March 31	June 30	June 30
	2011	2011	2011	2010
Tangible Equity/Tangible Assets	10.77%	10.37%	9.49%	
Tier 1 Leverage	10.92%	10.56%	9.57%	
Tier 1 Risk-Based Capital	13.76%	13.17%	11.46%	
Total Risk-Based Capital	15.03%	14.44%	12.73%	
Credit Rating	Moody's	Fitch	S&P	
<i>(Ratings are current as of 07/25/2011)</i>				
California Bank & Trust				
Long-Term Issuer	B1	BBB-	—	
Certificate of Deposits	Ba3	BBB	—	
Zions Bancorporation				
Long-Term Issuer	—	BBB-	BBB-	
Senior Unsecured Debt	B2	BBB-	BBB-	
Short-Term/Commercial Paper	NP	F3	A-3	

¹ Dollars in thousands and Performance Ratios as calculated on internal unaudited management financial reports

² Excludes net losses on securities and gains on FDIC assisted acquisitions

³ Excludes FDIC Supported Loans

⁴ Includes Allowance for Credit Losses on Off-Balance Sheet Credit Exposures included in Other Liabilities and excludes Allowance for Credit Losses on FDIC Supported Loans

CB&T Statement of Condition	June 30	March 31	June 30
<i>Dollars in thousands (unaudited)</i>	2011	2011	2010
Assets			
Cash and Due from Banks	\$166,346	\$165,679	\$193,551
Money Market Investments	988,575	990,759	1,014,820
Investment Securities	399,204	385,018	311,927
Loans and Leases, Net of Unearned Income	7,517,625	7,479,824	7,376,614
FDIC Supported Loans	800,329	855,182	1,130,102
Allowance for Loan and Lease Losses	(219,953)	(237,928)	(255,150)
Premises & Equipment	54,399	54,541	52,502
Intangible Assets	388,617	389,215	393,093
Other Assets	685,838	705,176	960,174
Total Assets	\$10,780,980	\$10,787,466	\$11,177,633
Liabilities & Capital			
Demand Deposits	\$3,371,390	\$3,328,893	\$3,185,934
Interest Checking	524,944	532,785	519,788
Savings	277,178	274,907	256,236
Money Market	3,924,650	3,998,300	4,169,937
Time Deposits	928,976	961,586	1,121,018
Foreign Deposits	121,719	122,674	411,217
Total Deposits	9,148,857	9,219,145	9,664,130
Other Interest-Bearing Liabilities	245	11,419	2,549
Allowance for Credit Losses on Off-Balance Sheet			
Credit Exposures	20,412	18,790	21,889
Other Liabilities	103,115	70,939	83,856
Total Liabilities	9,272,629	9,320,293	9,772,424
Shareholder's Equity	1,508,351	1,467,173	1,405,209
Total Liabilities & Shareholder's Equity	\$10,780,980	\$10,787,466	\$11,177,633

CB&T Statement of Earnings	Six Months Ended June 30	
<i>Dollars in thousands (unaudited)</i>	2011	2010
Earnings		
Interest Income	\$267,718	\$256,072
Interest Expense	11,751	23,427
Net Interest Income	255,967	232,645
Provision for Loan Losses	5,359	82,533
Net Interest Income after Provision for Loan Losses	250,608	150,112
Non-interest Income	61,718	53,113
Securities Gains (Losses), Net	(13,467)	0
Non-interest Expense		
Salaries and Employee Benefits	75,748	72,105
Premises & Equipment	18,172	18,318
Amortization of Intangible Assets	1,854	2,659
Other Operating Expenses	86,089	64,936
Total Non-interest Expense	181,863	158,018
Income Before Income Taxes	116,996	45,207
Income Taxes	46,510	20,976
Net Income	\$70,486	\$24,231



calbanktrust.com



EQUAL HOUSING LENDER MEMBER FDIC | *Preferred SBA Lender*

MKT Q2 FIN (08/11) 0811