

July 24, 2009



Dear Valued Customer:

While the economy continued to struggle this past quarter in what's proving to be a very difficult recession, California Bank & Trust (CB&T) remained profitable. Liquidity and capital ratios improved this quarter, and the net interest margin and efficiency ratio remained very strong.

Higher Credit Costs Offset by Strong Operating Earnings

CB&T realized net income of \$35.8 million for the six months ending June 30, 2009, compared to \$47.4 million for the same period of 2008. The decline was primarily due to higher provisions for credit losses and a one time industry-wide special FDIC insurance assessment. This was partially offset by higher net interest income and one-time gains on the acquisition of Alliance Bank and interest rate swap contracts.

Improved Capital Ratios

CB&T's capital ratios increased significantly in the second quarter compared to March 31, 2009. The Tier 1 Risk-Based ratio increased from 8.08% at March 31, 2009 to 9.56% at June 30, 2009, while the Total Risk-Based capital ratio increased from 10.25% to 10.81%.

Higher Credit Costs

CB&T recorded a provision for loan losses of \$92.4 million in the six months ending June 30, 2009, compared to \$43.9 million for the same period of 2008. The increase is a reflection of continuing declines in real estate values and weak economic conditions as evidenced by the current unemployment rate and increase in corporate bankruptcy filings. CB&T experienced a modest increase in non-performing loans during the quarter. We're still confident that our strong underwriting will mitigate losses and that our exposure remains manageable.

Vineyard Bank Acquisition

Last Friday, July 17, 2009, CB&T acquired most of the loans and deposits of Vineyard Bank from the FDIC. CB&T acquired approximately \$1.4 billion of loans, \$1.5 billion of deposits, and 16 branches, most of which are located in the Inland Empire. The transaction includes a loss sharing agreement with the FDIC on all loans and real estate owned. The acquisition will result in an estimated pre-tax gain of more than \$100 million in the third quarter and will increase regulatory capital ratios. This is the second FDIC assisted acquisition we have completed this year, having acquired the loans and deposits of Alliance Bank in February.

Zions Bancorporation Earnings Release

Our parent company, Zions Bancorporation, recently announced its quarterly results for the Second Quarter. Their complete earnings release may be found at www.zionsbancorporation.com. Their results reflect a strong balance sheet with improved capital levels, but also ongoing credit strain negatively impacting earnings as result of a weak credit environment throughout the Zions footprint.

In summary, we're pleased with our second quarter and year-to-date results. The strength of our bank is a direct reflection of the quality of our customer base. Thank you for your continued business. We look forward to meeting your banking needs as we plot a course toward California's recovery together.

Sincerely,

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

David Blackford
President and CEO

CALIFORNIA BANK & TRUST

2009 2ND QUARTER FINANCIAL RESULTS

Significant Items

- Net Income was \$35.8 million for the six months ending June 30, 2009, compared to \$47.4 million for the same period of 2008. The decrease was mainly due to increased loan loss provision for credit losses and higher industry-wide FDIC insurance assessment, offset partially by non-recurring gains on interest-rate swap contracts.
- Net Interest Margin increased to 4.73% in the second quarter of 2009 from 4.48% in same period of 2008.
- Provision for loan losses was \$92.4 million for the first six months ending June 30, 2009, compared to \$43.9 million for the same period of 2008.
- Loan and Deposit balances were roughly flat compared to March 31, 2009.
- The Tier 1 Risk Based Capital ratio increased to 9.56% at June 30, 2009 from 8.08% at March 31, 2009 as a result of a \$25 million paid-in-capital contribution from the parent company and the issuance of \$104.5 million of preferred stock to the parent company in exchange for the redemption of \$104.5 million of subordinated debt.
- On July 17, CB&T acquired most of the assets and liabilities of Vineyard Bank in a deal facilitated by the FDIC. CB&T acquired approximately \$1.4 billion of loans, \$1.5 billion of deposits, and 16 branches, most of which are located in the Inland Empire.

Performance Ratios ¹	2Q 2009	1Q 2009	2Q 2008
Net Interest Margin	4.73%	4.86%	4.48%
Operating Efficiency Ratio ²	42.3%	47.0%	48.4%
Cash Return on Average Assets ²	0.91%	0.90%	1.05%
Cash Return on Average Equity ²	10.2%	10.5%	15.4%
Net Charge-offs/Average Loans ³	2.02%	0.90%	0.54%

Balance Sheet Amounts / Ratios	06/30/2009	03/31/09	06/30/2008
Total Loans	\$8,549,277	\$8,712,155	\$7,951,607
Nonperforming Loans + OREO/Loans + OREO ³	2.89%	2.49%	1.24%
Allowance for Credit Losses ⁴ /Loans ³	2.15%	1.90%	1.66%
Total Deposits	\$8,516,484	\$8,500,687	\$8,215,184
Loan-to-Deposit Ratio	100.4%	102.5%	96.8%

Capital Ratios	06/30/2009	03/31/09	06/30/2008
Tangible Equity/Tangible Assets	9.84%	8.51%	6.76%
Tier 1 Leverage	10.50%	9.05%	7.39%
Tier 1 Risk-based Capital	9.56%	8.08%	7.69%
Total Risk-based Capital	10.81%	10.25%	11.37%

Credit Rating <i>(Ratings are current as of July 16, 2009)</i>	Moody's	Fitch	S&P
California Bank & Trust			
Long-Term Issuer	Ba3	BBB	-
Certificate of Deposits	Ba2	BBB+	-
Zions Bancorporation			
Long-Term Issuer	-	BBB	BBB-
Senior Unsecured Debt	B2	BBB	BBB-
Short-Term/Commercial Paper	NP	F2	A-3

¹ Performance Ratios as calculated on internal unaudited management financial reports

² Excludes net losses on securities

³ Excludes FDIC Supported Assets

⁴ Includes Allowance for Credit losses on Off-Balance Sheet Credit Exposures included in Other Liabilities

CB&T Statement of Condition

Dollars in thousands (unaudited)

	Quarter End 2009 June 30, 2009	Quarter End 2009 March 31, 2009	Quarter End 2008 June 30, 2008
Assets			
Cash and Due from Banks	213,040	218,896	318,124
Money Market Investments	1,019	202,652	13
Investment Securities	525,801	703,820	1,129,964
Loans and Leases, Net of Unearned Income	7,812,113	7,892,676	7,951,607
FDIC Supported Assets	746,969	836,454	-
Allowance for Loan and Lease Losses	(151,600)	(133,619)	(120,940)
Premises & Equipment	48,017	46,907	46,580
Intangible Assets	389,172	407,381	387,675
Other Assets	721,885	652,067	545,799
Total Assets	\$ 10,306,416	\$ 10,827,234	\$ 10,258,822

Liabilities & Capital

Liabilities

Demand Deposits	2,668,032	2,626,060	2,459,118
Interest Checking	443,395	440,156	448,185
Savings	240,198	241,514	236,112
Money Market	3,683,398	3,565,081	3,510,586
Time Deposits	1,465,417	1,610,530	1,561,183
Foreign Deposits	16,044	17,346	-
Total Deposits	8,516,484	8,500,687	8,215,184
Other Interest Bearing Liabilities	320,867	923,633	918,379
Allowance for Credit losses on Off-Balance Sheet Credit Exposures	15,978	16,609	11,311
Other Liabilities	89,183	92,533	59,198
Total Liabilities	8,942,512	9,533,462	9,204,072
Shareholder's Equity	1,363,904	1,293,772	1,054,750
Total Liabilities & Shareholder's Equity	\$ 10,306,416	\$ 10,827,234	\$ 10,258,822

CB&T Statement of Earnings

Dollars in thousands (unaudited)

	YTD 2009 June 30, 2009	YTD 2008 June 30, 2008
Earnings		
Interest Income	266,735	290,672
Interest Expense	42,242	88,854
Net Interest Income	224,493	201,818
Provision for Loan Losses	92,417	43,900
Net Interest Income after Provision for Loan Losses	132,076	157,918
Noninterest Income	75,496	40,230
Securities Gains (Losses), Net	(16,487)	91
Noninterest Expense		
Salaries and Employee Benefits	66,305	61,903
Premises & Equipment	16,918	16,464
Amortization of Intangible Assets	2,174	2,286
Other Operating Expenses	48,052	39,616
Total Noninterest Expense	133,449	120,269
Income Before Income Taxes	57,636	77,970
Income Taxes	21,878	30,594
Net Income	35,758	47,376