



April 29, 2010

Dear Valued Customer,

As I described in my letter to you in January, last year we took steps to reduce risk on our balance sheet with the goal of positioning the bank for improved financial performance this year. I'm pleased to report that despite continued weakness in the California and national economies, we are off to a good start in 2010. Problem asset levels declined modestly, liquidity and capital levels increased further and we returned to profitability this quarter.

Return to Profitability

Net Income for the quarter was \$9.9 million. Included in this number was a one-time tax charge related to the surrender of bank owned life insurance.

The bank did not incur any securities-related losses this quarter. Prior quarters included losses on the sale of CDO investments which resulted from a concerted effort to significantly reduce our holdings. The Provision for Loan Losses dropped to \$41.9 million for the quarter compared to \$54.5 million during the fourth quarter but was slightly up when compared to \$34.8 million in the first quarter of 2009.

The core bank continues to perform at a high level, generating stable pre-tax, pre-provision earnings. Our Net Interest Margin remained strong at 4.76% compared to 4.91% in the first quarter of 2009.

Balance Sheet Trends

The banking industry, including CB&T, is currently facing weak loan demand across most loan types and customer segments. As a result, loan balances excluding FDIC supported loans as of March 31, 2010, were down 2.0% compared to December 31, 2009. Deposits on the other hand remain stable, with demand deposit balances remaining at record high levels.

Positive Asset Quality Trends

Net loan charge-offs decreased for the second consecutive quarter after peaking the third quarter of 2009. Annualized net-charge-offs as a percentage of average loans were 1.92% in the first quarter compared to 2.04% in the fourth quarter. The Allowance for Credit Losses is very robust at 3.34% of loans as of March 31, 2010, compared to 3.21% at December 31, 2009.

Strong Regulatory Capital Ratios

The Tier 1 Risk-Based Capital Ratio increased further this past quarter to 11.11% at March 31, 2010, compared to 10.25% at December 31, 2009, while the Total Risk-Based Ratio increased to 12.38% from 11.51%.

Zions Bancorporation Earnings Release

Our parent company, Zions Bancorporation, recently announced earnings for the first quarter of 2010. The earnings release can be found at www.zionsbancorporation.com. The quarterly results reflected lower charge-offs and loss provisions, a higher tangible capital ratio and stabilization of problem asset levels.

In summary, California Bank & Trust improved capital levels, earnings and most asset quality measures during the quarter. While economic recovery may take time to fully take hold, our strong balance sheet will allow us to continue to meet our customers' wide range of banking needs.

Your banker is a great resource to answer any questions you may have about these results.

Thank you.

Sincerely,

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

David Blackford
President and CEO

CALIFORNIA BANK & TRUST

2010 1ST QUARTER FINANCIAL RESULTS

(April 29, 2010)

1st Quarter 2010 Significant Items

- Net Income for the quarter was \$9.9 million compared to \$17.0 million in the first quarter of 2009. The decrease was mainly due to higher provision expense and operating expenses and a one-time tax charge, partially offset by a reduction in securities related losses.
- The Net Interest Margin decreased modestly to 4.76% in the first quarter of 2010 from 4.91% in the first quarter of 2009. The decrease was mainly due to higher short-term money market investments with low yields.
- The first quarter of 2010 did not include any securities losses, compared to \$9.9 million in the first quarter of 2009.
- The Provision for Loan Losses was \$41.9 million during the first quarter of 2010, compared to \$34.8 million for the year ago period.
- Net charge-offs as a percentage of average loans were 1.92% in 2010 compared to 0.90% in the first quarter of 2009.
- The Tier 1 Risk-Based Capital Ratio increased to 11.11% as of March 31, 2010, compared to 10.25% as of December 31, 2009 and 8.08% as of March 31, 2009.

Performance Ratios ¹	Three Months Ended	
	March 31, 2010	March 31, 2009
Net Interest Margin	4.76%	4.91%
Operating Efficiency Ratio ²	52.9%	47.0%
Cash Return on Average Assets ²	0.41%	0.90%
Cash Return on Average Equity ²	4.3%	10.5%
Net Charge-offs/Average Loans ³	1.92%	0.90%

Balance Sheet Amounts / Ratios	March 31, 2010	December 31, 2009	March 31, 2009
Total Loans	\$8,694,728	\$8,961,918	\$8,553,568
Nonperforming Loans + OREO/Loans + OREO ³	3.26%	3.43%	2.49%
Allowance for Credit Losses ⁴ /Loans ³	3.34%	3.21%	1.90%
Total Deposits	\$9,743,957	\$9,761,552	\$8,500,687
Loan-to-Deposit Ratio	89.2%	91.8%	100.6%

Capital Ratios	March 31, 2010	December 31, 2009	March 31, 2009
Tangible Equity/Tangible Assets	9.31%	9.22%	8.51%
Tier 1 Leverage	9.46%	8.81%	9.05%
Tier 1 Risk-based Capital	11.11%	10.25%	8.08%
Total Risk-based Capital	12.38%	11.51%	10.25%

Credit Rating <i>(Ratings are current as of April 29, 2010)</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 & gains on acquisitions of Alliance Bank

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)

Assets	March 31, 2010			December 31, 2009			March 31, 2009		
Cash and Due from Banks		\$181,248		\$191,985		\$218,896			
Money Market Investments		827,798		440,087		202,652			
Investment Securities		304,245		291,992		703,820			
Loans and Leases, Net of Unearned Income		7,458,534		7,611,860		7,892,732			
FDIC Supported Assets		1,283,207		1,403,531		677,812			
Allowance for Loan and Lease Losses		(241,272)		(223,405)		(133,619)			
Premises & Equipment		52,237		51,830		46,907			
Intangible Assets		394,416		395,758		407,381			
Other Assets		979,805		1,091,170		810,653			
Total Assets		\$11,240,218		\$11,254,808		\$10,827,234			
Liabilities & Capital									
Liabilities									
Demand Deposits		\$3,067,448		\$3,120,067		\$2,626,060			
Interest Checking		528,126		537,663		440,155			
Savings		257,558		255,342		310,626			
Money Market		4,217,567		4,010,327		3,495,970			
Time Deposits		1,261,164		1,429,351		1,610,530			
Foreign Deposits		412,094		408,802		17,346			
Total Deposits		9,743,957		9,761,552		8,500,687			
Other Interest Bearing Liabilities		6,757		9,742		923,633			
Allowance for Credit losses on Off-Balance Sheet									
Credit Exposures		22,362		21,264		16,609			
Other Liabilities		75,133		80,169		92,533			
Total Liabilities		9,848,209		9,872,727		9,533,462			
Shareholder's Equity		1,392,009		1,382,081		1,293,772			
Total Liabilities & Shareholder's Equity		\$11,240,218		\$11,254,808		\$10,827,234			

CB&T Statement of Earnings

Dollars in thousands (unaudited)

Earnings	Three Months Ended	
	March 31, 2010	March 31, 2009
Interest Income	\$124,799	\$134,951
Interest Expense	11,392	22,436
Net Interest Income	113,407	112,515
Provision for Loan Losses	41,902	34,786
Net Interest Income after Provision for Loan Losses	71,505	77,729
Noninterest Income	26,002	23,485
Securities Gains (Losses), Net	-	(9,849)
Noninterest Expense		
Salaries and Employee Benefits	36,789	33,564
Premises & Equipment	8,961	8,594
Amortization of Intangible Assets	1,338	1,048
Other Operating Expenses	27,901	20,867
Total Noninterest Expense	74,989	64,073
Income Before Income Taxes	22,518	27,292
Income Taxes	12,606	10,316
Net Income	\$9,912	\$16,976