



January 26, 2009

Dear Valued Customer:

With the health of the banking industry in the news on a daily basis, I'm sure many of you have questions regarding the financial condition of California Bank & Trust (CB&T) and our parent company, Zions Bancorporation. Economic conditions deteriorated rapidly in the second half of the year and the financial services industry experienced major changes. Several prominent financial institutions went out of business or were acquired, and the U.S. Treasury and the Federal Reserve have taken unprecedented steps to ensure that healthy banks have access to capital and funding.

Despite the challenges in credit quality and illiquidity in the securities marketplace, CB&T's and Zions' capital and liquidity levels are at or near historic highs and the performance of our core business remains remarkably strong. This means that you can continue to have confidence that CB&T will have the resources to meet all of your banking needs.

CB&T is well-capitalized.

CB&T exceeds the highest levels of capital specified in any bank regulation or law. In fact, our Tier 1 Equity levels have increased since the financial crisis began in 2007. Over the past ten years, we have consistently generated more capital than needed to support balance sheet growth. In November, Zions announced that it would participate in the U.S. Treasury's Capital Purchase Program and issued \$1.4 billion in preferred shares. The additional capital will allow CB&T to better serve the lending needs of our customers while ensuring the company has a capital cushion until private capital is more readily available.

Regulatory Capital Ratios	12/31/08	9/30/08	12/31/07	12/31/06
Tier 1 Leverage Ratio	8.77%	7.37%	6.97%	7.36%
Tier 1 Risk Based Capital Ratio	8.33%	7.63%	7.33%	7.19%
Total Risk Based Capital Ratio	11.05%	11.26%	11.58%	11.50%

Liquidity reserves are strong.

Our liquidity reserves are stronger than ever. During 2008 we worked hard to build up available borrowing lines, which for CB&T now exceed \$3 billion. CB&T does not rely heavily on wholesale funding, has a very stable core deposit base, and a loan-to-deposit ratio of less than 100%. When compared to all U.S. commercial banks with assets greater than \$3 billion, CB&T is in the top 10% when it comes to not relying on "non-core funding¹."

¹ Non-Core Funds Dependence Percentile as reported on the 3rd quarter 2008 Uniform Bank Performance Reports published by the Financial Institutions Examination Council. Non-core funding includes CDs over \$100M, purchased funds, foreign deposits, brokered deposits, fed funds, and repurchase agreements

CB&T generated positive earnings for 2008.

Equally as important, CB&T earned \$38.6 million in net income for all of 2008 in what can only be described as a very challenging operating environment. This was achieved despite the fact our earnings were constrained by two major factors. First, due to extreme illiquidity in credit and securities markets, a broad range of securities types declined in value during the 4th quarter. Consequently, most large banking organizations, including CB&T and Zions, recognized accounting write-downs for certain investments. This, coupled with increased loan losses, reduced our level of earnings

As I have previously shared, CB&T did not make any specialized mortgage loans, such as sub-prime or negative amortization option ARMs, which have caused so many of the problems in our industry. Our loan portfolio remains well-diversified and conservatively underwritten and our credit ratios are strong relative to our peers.

See the full Zions earnings release.

The complete fourth quarter earnings release for Zions Bancorporation can be found at www.calbanktrust.com. Zions reported a net loss for the year of \$266.3 million. The loss is mainly the result of fourth quarter non-cash charges, including write-downs of securities and \$353.8 in goodwill impairments. Goodwill represents the premium companies pay above the net book value of an acquired company. Since bank valuations have decreased significantly during the past year, accounting rules require banks to adjust the goodwill based on the current value of the acquired companies. Several banks that made acquisitions in the past few years recognized goodwill impairments in the 4th quarter.

CB&T's and Zions' balance sheets remain strong. Our capital and liquidity will allow us to withstand further economic weakness; to make loans to creditworthy customers; and to do our part in getting the economy back on track.

FDIC insurance limits increased.

New programs and initiatives pertaining to financial institutions have recently been announced by the FDIC. As many of you are aware, the limit on deposit insurance has been increased from \$100,000 to \$250,000 per depositor through the end of 2009. In addition, CB&T is participating in the Temporary Liquidity Program that offers full deposit insurance for non-interest bearing checking accounts, in any dollar amount, through the end of 2009.

In conclusion.

Thank you for choosing to bank with CB&T and having continued confidence in our bank. Our associates work hard every day to make sure that your money is safe and that your trust in us is well founded.

Sincerely,



David Blackford
Chief Executive Officer



MEMBER FDIC

CALIFORNIA BANK & TRUST

2008 FINANCIAL PERFORMANCE

2008 SIGNIFICANT ITEMS

- Net income of \$38.6 million compared to \$107.4 million in 2007. The decrease resulted from higher provisions for credit losses and additional securities impairment charges.
- Net interest margin declined to 4.50% from 4.75% in 2007.
- Lower real estate values and recessionary conditions resulted in a higher credit loss provision of \$82.9 million versus \$33.5 million in 2007.
- Illiquidity in securities markets and declining credit quality for certain holdings contributed to securities impairment charges of \$117 million compared to \$76 million in 2007.
- Despite challenges, capital ratios remain strong. Tangible equity ratio was 8.91% at 12/31/2008 compared to 6.93% at 12/31/2007 due to issuance of \$157.5 million in preferred stock to parent company. Bank remains well-capitalized.

PERFORMANCE RATIOS¹

	<u>2008</u>	<u>2007</u>
Net Interest Margin	4.50%	4.75%
Efficiency Ratio	62.0%	50.5%
Cash Return on Average Assets	0.42%	1.14%
Cash Return on Average Equity	5.9%	16.0%
Net Charge-offs/Average Loans	0.78%	0.29%

BALANCE SHEET AMOUNTS/RATIOS

	<u>12/31/2008</u>	<u>9/30/2008</u>	<u>12/31/2007</u>
Total Loans	\$7,867,139	\$7,968,132	\$7,792,490
Non-Performing Assets/Loans + OREO	1.87%	1.63%	0.80%
Allowance for Credit Losses ² /Loans	1.69%	1.60%	1.44%
Total Deposits	\$7,964,440	\$8,333,139	\$8,081,744
Loan-to-Deposit Ratio	98.9%	95.6%	96.4%

CAPITAL RATIOS

	<u>12/31/2008</u>	<u>9/30/2008</u>	<u>12/31/2007</u>
Tangible Equity/Tangible Assets	8.91%	6.97%	6.93%
Tier 1 Leverage	8.77%	7.37%	6.97%
Tier 1 Risk-based Capital	8.33%	7.63%	7.33%
Total Risk-based Capital	11.05%	11.26%	11.58%

CREDIT RATINGS

(Ratings are current as of January 26, 2009)

	<u>Moody's</u>	<u>Fitch</u>	<u>S&P</u>
California Bank & Trust			
Long-Term Issuer	A2	A-	-
Certificate of Deposits	A2	A-	-
Zions Bancorporation			
Long-Term Issuer	-	A-	BBB+
Senior Unsecured Debt	A3	A-	BBB+
Short-Term/Commercial Paper	P-2	F1	A-2

¹ Performance Ratios as calculated on internal unaudited management financial reports

² Includes Allowance for Credit losses on Off-Balance Sheet Credit Exposures included in Other Liabilities

CB&T STATEMENT OF CONDITION*Dollars in thousands (unaudited)*

	<i>Year End 2008</i>	<i>Year End 2007</i>	<i>Year End 2006</i>
	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Assets			
Cash and Due from Banks	\$ 218,428	\$ 207,008	\$ 286,858
Money Market Investments	371,922	79	32
Investment Securities	719,276	1,300,871	1,255,000
Loans and Leases, Net of Unearned Income	7,867,139	7,792,490	8,091,549
Allowance for Loans and Leases Losses	(116,236)	(105,212)	(94,803)
Premises & Equipment	46,751	48,291	52,858
Intangible Assets	385,815	390,063	400,588
Other Assets	652,277	522,224	423,578
TOTAL ASSETS	\$ 10,145,372	\$ 10,155,814	\$ 10,415,660
Liabilities & Capital			
Liabilities			
Demand Deposits	\$ 2,338,521	\$ 2,509,019	\$ 2,824,286
Interest Checking	455,256	470,032	525,693
Savings	221,880	233,084	272,914
Money Market	3,676,176	3,036,876	2,997,949
Time Deposits	1,265,804	1,832,733	1,789,201
Foreign Deposits	6,803	-	-
Total Deposits	7,964,440	8,081,744	8,410,043
Other Interest Bearing Liabilities	824,094	913,979	741,042
Allowance for Credit losses on Off-Balance Sheet Credit Exposures	16,895	7,206	6,874
Other Liabilities	84,677	85,965	134,284
Total Liabilities	8,890,106	9,088,894	9,292,243
Capital	1,255,266	1,066,920	1,123,417
TOTAL LIABILITIES & CAPITAL	\$ 10,145,372	\$ 10,155,814	\$ 10,415,660

CB&T STATEMENT OF EARNINGS*Dollars in thousands (unaudited)*

	<i>Year End 2008</i>	<i>Year End 2007</i>	<i>Year End 2006</i>
	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Earnings			
Interest Income	\$ 575,477	\$ 655,808	\$ 679,976
Interest Expense	160,193	220,224	211,409
Net Interest Income	415,284	435,584	468,567
Provision for Loan Losses	82,885	33,500	15,000
Net Interest Income after Provision for Loan Losses	332,399	402,084	453,567
Noninterest Income	79,164	83,560	82,634
Securities Gains (Losses), Net	(117,923)	(75,996)	(948)
Noninterest Expense			
Salaries and Employee Benefits	122,841	128,028	135,693
Premises & Equipment	33,281	36,055	36,981
Amortization of Intangible Assets	4,109	7,151	7,486
Other Operating Expenses	76,413	59,859	64,619
Total Noninterest Expense	\$ 236,644	\$ 231,093	\$ 244,779
Income Before Income Taxes	56,996	178,555	290,474
Income Taxes	18,352	71,187	117,916
NET INCOME	\$ 38,644	\$ 107,368	\$ 172,558