



Comptroller of the Currency
Administrator of National Banks

Western District
50 Fremont Street, Suite 3900
San Francisco, California 94105
(415) 545-5900

PUBLIC DISCLOSURE

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

July 25, 1997

**Zions First National Bank
One South Main St.
Salt Lake City, Utah 84111**

Charter Number 4341

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.</p>

TABLE OF ABBREVIATIONS

ATM	=	Automated Teller Machine
BNA	=	Block Numbering Area
CDC	=	Community Development Corporation
FHA	=	Federal Housing Agency
FHLB	=	Federal Home Loan Bank
FNMA	=	Federal National Mortgage Agency
HUD	=	Department of Housing and Urban Development
LIHTC	=	Low Income Housing Tax Credit
LMI	=	Low- and Moderate-Income
LTD	=	Loan-to-Deposit Ratio
MSA	=	Metropolitan Statistical Area
MUI	=	Middle- and Upper-Income
SBA	=	Small Business Administration
UHFA	=	Utah Housing Finance Agency
UTFC	=	Utah Technology Finance Corporation
VA	=	Veterans Administration
Zions	=	Zions First National Bank
ZMC	=	Zions Mortgage Company

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Zions First National Bank**, prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency.

The evaluation represents the OCC's current assessment and rating of the institution's CRA performance based on an examination conducted as of **July 25, 1997**. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the Agencies to make public certain portions of their CRA performance assessments of financial institutions.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under 5 performance categories, as detailed in the following section of this evaluation.

ASSIGNMENT OF RATING

Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

“Outstanding record of meeting community credit needs.”

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

“Satisfactory record of meeting community credit needs.”

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

“Needs to improve record of meeting community credit needs.”

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

“Substantial noncompliance in meeting community credit needs.”

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

BANK PROFILE

Zions First National Bank (Zions) is a wholly owned subsidiary of Zions Bancorporation which is headquartered in Salt Lake City, Utah. As of December 31, 1996, Zions Bancorporation had total assets of \$6.4 billion. The corporation experienced record net income of \$101.4 million in 1996, an increase of 25% over earnings of \$81.3 million in 1995. Zions Bancorporation operates offices in Utah, Arizona, Colorado, Idaho, and Nevada.

Zions First National Bank operates on a statewide basis and is the second largest bank in Utah with total assets of \$4.8 billion as of December 31, 1996. Only one other bank operates on a statewide basis in Utah.

Zions is primarily a retail bank. Its main business focus is consumer lending (including residential mortgages) and small business lending. The bank offers mortgage loans through Zions Mortgage Company (ZMC). ZMC is a direct subsidiary of Zions; therefore, the results of its operations are included in those of the bank. The table below reflects the composition of the bank's loan portfolio by type of loan product. As noted below, about 60% of the bank's loan portfolio is consumer related.

Loan Portfolio Composition December 31, 1996		
Loan Type	\$ Amount (000's)	Percentage of Total Loans
Consumer	338	14%
1- to 4-Family Residential Mortgages	1,090	45%
Multi-family Residential Properties	33	2%
Commercial	527	22%
Commercial Real Estate	181	8%
Agricultural	50	2%
Other	150	7%
Total	2,369	100%

Zions' earnings are one good measure of its ability to meet its responsibilities under the Community Reinvestment Act (CRA). As seen in the following chart, Zions earnings have been good during the evaluation period and did not prevent them from meeting CRA responsibilities.

Zions' Earnings Performance (\$ in millions)			
	12/31/95	12/31/96	6/30/97
Net Income	\$57	\$75	\$40
Return on Average Assets (ROAA)	1.28	1.54	1.31
Peer Banks ROAA	1.29	1.34	1.30

Zions' main office is located at One South Main Street in Salt Lake City, Utah. The bank operates 78 offices and 30 banking centers throughout the state of Utah. (Most banking centers are located in Smith's grocery stores.) The bank offers a full line of deposit, investment, loan, and other commercial bank services. Automated Teller Machines (ATMs) are located at various sites throughout the state. While many are located at full service branches, some are located in or near business establishments or at other convenient locations.

COMMUNITY PROFILE

Zions defines its community as the state of Utah. The delineated community consists of the Provo--Orem metropolitan statistical area (MSA); the Salt Lake City--Ogden MSA; Kane County which is that portion of MSA 2620 (Flagstaff, Arizona-Utah) located in the state of Utah; and all other non MSA areas. The chart below provides basic demographic information for each of the MSAs, Kane County, and all other non MSA areas. As indicated by the chart, 77% of the population in the delineated community lives in the two MSAs.

Community Demographics						
Delineated Area	Population (000's) (1)	Median Family Income (2)	Number of Census Tracts	Percentage of LMI Census Tracts	Number of Owner Occupied Housing Units (000's)	Percentage of Owner Occupied Units in LMI Census Tracts
Provo--Orem MSA	264	\$ 30,536	51	18%	44	42%
Salt Lake City--Ogden MSA	1,072	\$ 35,239	230	26%	234	16%
Kane County Utah	5	\$ 30,286	2	50%	1	21%
Non MSAs (3)	389	\$ 30,184	117	20%	87	16%

(1) 1990 U.S. Census Data

(2) 1990 U.S. Census Median Family Income

(3) Non MSAs consist of block numbering areas (BNAs) rather than census tracts.

There are two large reservations in the state where a majority of the state's Native Americans live. They are in the northeastern area of the state (Uintah Basin) where the Ute Indian Tribe resides and in the extreme southeastern part of the state where the Navajo Tribe resides. The Navajo Reservation is primarily in Arizona but the northern portion extends into Utah.

The Utah economy is strong and diversified. This is partially due to the upcoming Winter Olympic Games in 2002, which have helped fuel the economy. Tourism, mining, high tech industries, and residential and commercial construction contribute to the economic prosperity. However, this prosperity has significantly impacted housing costs. Land prices have increased by almost 300% in the last ten years. Data indicates that home prices have increased dramatically, particularly within the Salt Lake City MSA (where a majority of the Utah population resides). According to recent data from the *Wasatch Front Multiple Listing Service*, the average price of a home in Salt Lake County has risen nearly 58% in the past five years. In addition, there is not much turnover in lower priced homes (\$70,000 and under) in any area of the delineated community. This makes it difficult for low- and moderate-income families to find affordable housing.

Although Utah has a low unemployment rate (usually below 4%), there is a significant number of underemployed people due to the nature of available jobs. Many jobs are lower paying without much opportunity for advancement. An atypical percentage of minorities are in the lower income categories. Partially due to the lower income, a high percentage of minorities are in inadequate housing. The *State of Utah Consolidated Plan for 1995* states "there are approximately 44,000 housing units in the non-entitlement areas of the state which are in need of significant rehabilitation. These are occupied by persons with incomes 30% of median. Many of the families are minorities."

Small businesses play a vital role in Utah's economy. The *1996 Small Business Profile - Utah* notes that of the 35,297 full-time business firms with employees, 97% are small businesses (independent business with fewer than 500 workers). In addition to the number of employer businesses, there were 61,000 full-time self-employed persons in 1995. The profile also notes that Utah's number of women-owned businesses, including part-time firms, increased by 51% from 1987 to 1992.

Specific demographic data on each of the MSAs, Kane County, and the non MSA areas is listed below:

Provo--Orem MSA

The Provo--Orem MSA consists of Utah County. The population of the MSA, based on 1990 U.S. Census data, is 264,000. According to the *ACCRA Cost of Living Index*, the average home price as of year-end 1996 is \$155,467. The average monthly rental is \$524. The housing stock is relatively old with a median year built of 1968. Sixty percent (60%) of the housing units are owner occupied and 36% are rental occupied. A majority (81%) of the housing units are 1- to 4-family units. Primary employment is services, retail trade, manufacturing, and government, in that order. The unemployment rate, as of fourth quarter 1995, was 2.44% and was significantly lower than the national average unemployment rate which was at 5.9% for this same time frame.

Salt Lake City--Ogden MSA

The Salt Lake City--Ogden MSA consists of Davis, Salt Lake, and Weber counties. The population of the MSA, based on 1990 U.S. Census data, is just over 1 million. According to the *ACCRA Cost of Living Index*, the average home price as of year end 1996 is \$152,980. The average monthly rental is \$591. The housing stock is relatively old with a median year built of 1971. Sixty-three percent (63%) of the housing units are owner occupied and 33% are rental occupied. A majority, or 79%, consists of 1-to 4-family units. Primary employment is services, retail trade, government, and manufacturing, in that order. The unemployment rate, as of fourth quarter 1995, was low at 2.93%.

Kane County

Kane County consists of only two census tracts. One is moderate-income and the other is middle-income. The population, based on 1990 Census data, is 5,169. Although a majority, or 76%, of the housing units are 1-to 4-family units, mobile homes represent 22% of the housing units. Housing stock is relatively new, with a median year built of 1978. There is no current information on housing prices or employment available for this area.

Non MSA Areas

The non MSA areas consist of 24 counties - Beaver, Box Elder, Cache, Carbon, Daggett, Duchesne, Emery, Garfield, Grand, Iron, Juab, Millard, Morgan, Piute, Rich, San Juan, Sanpete, Sevier, Summit, Tooele, Uintah, Wasatch, Washington, and Wayne. The population of the non MSA areas, based on 1990 U.S. Census data, is 381,864. Fifty-seven percent (57%) of the housing units are owner occupied and 20% are rental occupied. A majority, or 78% of the housing units are 1- to 4-family units. Housing stock is relatively old with a median year built of 1970. There is no current information on housing prices or employment available for the non metropolitan statistical areas.

Community Credit and Banking Needs

Information from 12 community contacts indicates the following are the most significant credit and banking needs of the community:

- Affordable housing - specifically, there is a need for financial institutions, non profit organizations, and government entities to form partnerships to address the shortage of affordable housing.
- Financing for affordable housing, including affordable mortgage loans with down payment and closing assistance, financing for construction of new single family residences of less than \$90,000, and affordable apartment units.
- Small business loans, particularly small business start-up loans and non traditional financing for small businesses.
- Education for small business owners and individuals regarding the credit application process and banking and credit services.

DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating

Based on the findings presented below, this institution is rated: **“Outstanding Record of Meeting Community Credit Needs .”**

Evaluation Period: The date of the bank’s previous Public Disclosure is June 6, 1995. This disclosure evaluates the bank’s performance from January 1, 1995, through July 25, 1997.

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Assessment Factor A - *Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.*

Conclusion - Zions has a strong record of determining the credit needs of its community, including low- and moderate- income neighborhoods. This is accomplished through a proven and effective community outreach program.

Supporting Detail - Management has utilized several methods to ascertain the credit needs of its community. These include meetings with community leaders, customer surveys, officer calls, and employee involvement with community organizations.

Bank management conducts meetings with representatives of community organizations on an ongoing basis. Management strives to meet with each community group, on a rotating basis, every three years. Zions' employee representation at these meetings includes members of senior management, retail and commercial lending personnel, branch managers, and persons involved with CRA oversight at the bank.

Zions also conducts surveys with individuals that are involved with local schools, businesses, and charitable organizations throughout Utah. The goal of this program is to assess local opinions regarding the community's credit and banking needs, how well banks are serving those needs, and what additional efforts are needed.

The bank maintains an active loan officer call program. In 1996 Zions conducted two calling campaigns. One of these was directed specifically at small businesses in Utah. This campaign was designed to generate business with these prospects, but also served as an effective tool in assessing the needs of this market.

Zions also utilizes the Community Service Advisory Board, which consists of employees, members of the Board, and representatives of local nonprofit agencies and other charitable organizations. The CRA Advisory Board meets quarterly and facilitates several functions. It allows community representatives to inform bank management of community needs, while simultaneously letting the bank know how its programs are working.

As bank management ascertains community needs from these contacts, the CRA Coordinator transmits this information to the Community Service Executive Committee. This committee in turn decides whether the bank should develop a plan to address the needs; and if so, submits it to one or more of four separate action committees. The action committees then develop methods to address the needs. Ultimate performance is eventually reviewed and assessed by the bank's Community Service Committee as well as the Community Service Advisory Board.

As a result of the bank's ascertainment efforts and our discussions with community contacts, we found the following to be the most pressing credit and banking needs of the community. Those needs, and how the bank has responded, are as listed below:

AFFORDABLE HOUSING - Partnerships to address the shortage of affordable housing; affordable mortgage loans with down payment and closing assistance; and special needs mortgage loan products.

Zions has made an effort to form partnerships with other organizations in an effort to help address the shortage of affordable housing. For example, the bank has formed partnerships with the Federal Home Loan Bank of Seattle (FHLB) and the Department of Housing and Urban Development (HUD) to help address the shortage of affordable housing. Through its efforts, the bank was able to obtain a grant from the FHLB to help build low-income housing in Moab.

Additional efforts with HUD are under way to help develop low-income housing for Native American Navajos in Blanding. Please see section **V. Community Development** for additional information. In addition, the bank sponsored an “Affordable Housing Opportunities” conference, which was held in Salt Lake City in May 1997, to discuss such issues as how to address the shortage of affordable housing.

Zions actively participates in providing affordable housing loans in its community. This includes participating in federally-related loan programs such as Federal Housing Agency (FHA) and Veterans Administration (VA); active involvement with the Utah Housing Finance Agency (UHFA); and participating in the Federal National Mortgage Agency (FNMA) “Good Neighbor” and “Good Neighbor Plus” loans.

In conjunction with the FHLB, Zions also offers a matched savings program for first time home buyers. The bank’s Housing Action Committee, at the direction of the Community Service Committee, develops specific programs to address these affordable housing needs. Several of these loan programs are grouped under the *Affordable Housing Program* at ZMC. A full time loan officer acts as a liaison between ZMC and the community.

SMALL BUSINESS - Start up capital; financing business growth; and technical assistance.

Zions assists in providing capital to small businesses by contributing directly to the Utah Microenterprise Loan Fund and by participating with the Utah Technology Finance Corporation (UTFC). The bank has also invested in the affiliated Wasatch Venture Capital Corporation, a small business investment company (SBIC), which provides loans for start-up companies. About half of the businesses the SBIC has funded are located in Utah. Additional capital needs are addressed by the bank’s commercial and Small Business Administration (SBA) lending areas.

An officer of the bank formed the Technology Banking Group which provides technical assistance to start up technology small businesses. Please see **Assessment Factor H** for additional detail.

BANKING SERVICES AND EDUCATION - Affordability of checking accounts and education on bank products and services.

Zions offers two types of low cost consumer checking accounts which are intended to help meet the needs of LMI individuals.

In an effort to help educate the community about home ownership, Zions has published literature, including *Owning a Home of Your Own*, to help first-time home buyers understand the process of obtaining a home mortgage loan.

Zions is adequately addressing education for small businesses. The bank publishes a financial guide called, *Zions Capital Resource Guide--How to Finance a Business*. This book provides information on loan products available at the bank as well as those available through various municipal agencies. The bank’s Small Business Department also facilitates educational opportunities by holding seminars for local business owners and by participating in a “Managing Business Growth” course taught at the Salt Lake Community College.

Education of banking services is provided through the *Money Solutions* newsletter which the bank has placed in its branches. The bank is also an active participant in providing education of banking services at local high schools.

Assessment Factor C - *The extent of participation by the institution's Board of Directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.*

Conclusion - Zions and its Board of Directors have implemented an effective program to meet the credit needs of the bank's community. Board members, and senior management, are actively involved in all aspects of the CRA process, as described in this and other **Assessment Factors**.

Supporting Detail - the Board has directed two of its members to be a part of the CRA Committee, with one acting as Chairman. This member also sits on the Community Service Committee and chairs the CRA Advisory Board.

The Board actively monitors CRA performance through a series of committees. These committees have been established to ascertain credit needs within the community, develop products and services to meet those needs, and monitor the bank's performance in achieving its CRA-related goals and objectives.

Measurable goals and objectives, as part of the bank's previously-prepared CRA Plan, are approved by the Board annually. The CRA Committee reports to the Board on a quarterly basis to apprise them of any CRA-related activities. CRA performance for each year is outlined in the CRA officer's "Report to the Board".

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

Assessment Factor B - *The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.*

Conclusion - Management has developed a sound advertizing and marketing program to effectively inform the community about the credit and services the bank offers.

Supporting Detail - Senior management is actively involved with the community service aspect of its marketing efforts. The bank's Director of Marketing is a member of the CRA Committee and the Community Service Committee, and coordinates many of the bank's community meetings.

To inform its delineated community of credit products available, Zions uses a wide variety of media, including widely-circulated newspapers, such as the *Salt Lake Tribune* and the *Deseret News*, and major television and radio stations. The bank also uses local newspapers which target all of its markets, such as the *Ogden Standard Examiner*, *Provo Daily Herald*, *Logan Herald Journal*, *St. George Spectrum*, *Sun Advocate*, *Box Elder News Journal*, *Garfield County News*, *Millard County Chronicle*, *Manti Messenger*, *Moab Times Independent*, *Park Record*, *Richfield Reaper*, *Salina Sun*, *Spanish Fork Press*, *Tooele Transcript*, *Uintah Basin Standard*, *Vernal Express*, *Wasatch Wave*, *Southern Utah News*, *Payson Chronicle*, *San Juan Record*, *Blue Mountain Panorama*, *Summit County Bee*, and *Gunnison Valley News*.

Zions also uses media which is targeted at special interest groups. In order to reach low- and moderate-income residents, the bank develops an informative newsletter for distribution through bank branches, employers, church, and civic organizations. This product was developed in both English (Money Solutions) and in Spanish (Soluciones Monetarias). Zions also provides branch managers, non profit organizations, and realtors with a brochure which describes all affordable housing products available through the bank. The bank does some advertising on a local Spanish-speaking radio station.

Zions actively assists individuals and groups in the credit application process and has developed several special credit-related programs to address the needs of its community. For additional detail, please see **Assessment Factors I, H, and L**.

Assessment Factor I - *The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans and small business loans.*

Conclusion - Zions has made very good efforts to address identified credit needs through origination and purchase of residential mortgage, housing rehabilitation, home improvement, consumer, small business, and small farm loans within its delineated community.

Supporting Detail - Zions has originated a significant volume of mortgage, consumer, and small business loans within its delineated community. In addition, the bank's loan-to-deposit (LTD) ratio indicates a majority of its deposits are reinvested into loans. As of December 31, 1996, the bank's eight quarter average loan-to-deposit ratio was 73%. While the ratio appears low relative to its peers, there is good reason for the lower ratio. Zions is very active in the sale of loans in the secondary market. This distorts the LTD ratio, because at a given point in time, the bank's balance sheet will not show the large volumes of loans which were originated but subsequently sold.

Zions offers a full range of credit products to meet the varied needs of its community. For a more detailed list, please see the bank's CRA Statement. The number and dollar volume by major type of product is as follows:

Residential Real Estate Loans

Zions has made good efforts to meet the credit needs of its delineated community by originating a large volume of home mortgage loans. The 1995 Home Mortgage Loan Disclosure Act (HMDA) data indicates the bank is one of the top ten mortgage lenders in Utah. Zions ranks seventh and has almost 3% of the market share both by number and dollar volume of loans. This is significant, given that there are 320 home mortgage lenders active in the state. In addition, a significant majority of the mortgage loans Zions originates are within the delineated community. In 1995, 81% of the number and 84% of the dollar volume of loans were in the delineated community. In 1996, 89% of the number and 88% of the dollar volume of loans were in the delineated community.

As noted in the table below, the number and dollar volume for every type of mortgage loan increased from 1995 to 1996.

Zions HMDA Reportable Loan Originations (1) in Utah						
Type of Loan	1995		1996		As of 5/31/97	
	#	\$	#	\$	#	\$
1- to 4-Family Residential Mortgage Loans	1,696	\$253,501	1,786	\$182,699	661	\$ 67,951
Home Improvement Loans	298	7,109	436	14,044	142	3,830
Refinance Loans	1,949	144,761	3,538	255,752	967	84,502
Multi-family Loans	13	2,149	17	4,928	1	90
Totals	3,956	\$407,520	5,777	\$457,423	1,771	\$156,373

(1) Dollar figures are in thousands. Numbers include both conventional and government loan products .

Affordable Housing Loan Program

The bank has not developed its own affordable housing loan products. However, Zions does offer affordable housing products to help meet the needs of LMI individuals, such as the FNMA “Good Neighbor “ Loan, HUD Fixed Rate - Native American Loan, FHA 248 Fixed Term and Fixed Rate - Native American Loan, FNMA Rural Housing Direct Leveraging Program, FNMA Fixed Term Community Home Improvement Loan, and the FNMA Fixed Term Home Improvement Loan. Down payment and underwriting criteria is generally more flexible than for standard conventional products. The bank does not have sufficient data available to determine the number and dollar volume of loans originated to LMI individuals under these special programs.

Consumer Loans

A review of consumer loan data as of July 15, 1997, indicates a majority, or 94% of the dollar volume and 92% of the number of consumer loans are originated within the bank’s delineated community.

As noted in the table below, non HMDA reportable home equity lines of credit (HELCS) and purchase money automobile loans increased, while non purchase automobile and personal loans decreased.

Zions Consumer Loan Originations (1) in Utah						
Type of Loan	1995		1996		As of 7/15/97	
	#	\$	#	\$	#	\$
Automobile Loans (Purchase Money)	1,737	\$ 15,826	5162	\$ 51,806	2,894	\$ 28,311
Automobile Loans (Non purchase Money)	6,083	\$ 51,575	3,011	\$ 22,395	1,488	\$ 11,664
Personal Loans	8,694	\$ 41,950	7,269	\$ 39,057	3,201	\$ 18,736
Home Equity Lines of Credit (HELCS)	5,361	\$181,028	5,763	\$230,602	3,345	\$148,904
Non HMDA Mobile Home Loans (2)	N/A	\$ N/A	65	\$ 686	33	\$ 395
Totals	21,988	\$291,546	21,270	\$344,546	10,961	\$208,010

(1) Dollar figures are in thousands. Numbers include both conventional and government loan products .

(2) The bank does not have data available for 1995 regarding which mobile home loans were not HMDA reportable. However, a majority, or 80% in 1996 and 95% as of 7/15/97, of mobile home loans were non HMDA reportable.

Special Consumer Loan Programs

In October 1995, the bank began offering personal unsecured and used automobile loans through the Access Loan Program. The program is designed for low- and moderate-income customers with incomes at or below 80% of the median household income. Monthly loan payments are reduced by extending the term up to 12 months. Underwriting standards are more flexible. For example, other types of credit history may be substituted for the standard minimum one year credit bureau history. The minimum loan amount is \$500. Since inception of the program, the bank has originated 37 loans for a total dollar volume of \$111,000.

Small Business Loans

In 1996, the bank originated 7,489 commercial loans totaling \$432 million. Of this amount, 26% of the number and 46% of the dollar volume were loans to small businesses (those with gross annual revenues of \$1 million or less). In addition, 55% of the number and 9% of the dollar volume of loans were to businesses where the bank relied on credit factors other than revenues. A majority of these loans are small business loans. The remaining 19% of the number and 65% of the dollar volume represent loans to large businesses. A majority, or 98% of both number and dollar volume of the small business loans originated in 1996 were in the delineated community.

As of year-to-date 1997, the bank had originated another 2,090 loans totaling \$127 million. Of these, 30% of the number and 38% of the dollar volume were loans to small businesses. In addition, about 54% of the number and 22% of the dollar volume represent loans to businesses where the bank relied on credit factors other than revenues, leaving 16% of the number and 40% of the dollar volume in loans to large businesses.

The table below shows the breakdown by loan size of those small business loans where the income is recorded. As noted below, 78% of the number in 1996, and 33% of the dollar volume in 1997 were loan originations of less than \$100,000.

Small Business Loans Originated by Zions in 1996 (1) and YTD 1997				
Size	1996		Year-to-Date 1997	
	#	\$	#	\$
<=100,000	1,473	\$ 47,353	531	\$19,560
>100,000 and <=250,000	276	47,588	107	\$17,779
>250,000 and <=1,000,000	213	103,914	47	\$21,448
Totals	1,962	\$ 198,855	685	\$58,787

(1) Dollar volumes are in thousands. Numbers and dollar volumes include SBA loans.

Special Small Business Loan Programs

A member of senior management formed the Technology Banking Group to assist start up technology small businesses. In conjunction with this, the bank participates with the UTFIC in providing loans to emerging technology companies. In 1995, the bank made four loans totaling \$2.9 million. In 1996, the bank made two loans totaling \$700,000.

Small Farm Loans

A majority of the farm loans the bank originates are small farm loans (those with gross annual revenues of less than \$1 million). In 1996, the bank originated 583 farm loans totaling \$27.4 million. Of these, 542 (93% of the number) and \$24.4 million (89% of the dollar volume) were to small farms. In 1997, the bank originated 399 farm loans totaling \$15.4 million. Of these 335 (84% of the number) and \$11.9 million (77% of the dollar volume) were to small farms.

Assessment Factor J - *The institution's participation in governmentally-insured, guaranteed, or subsidized loan programs for housing, small businesses, or small farms.*

Conclusion - Zions has taken a leadership role in meeting the community's need for governmentally-insured, guaranteed, or subsidized loan programs for housing, education, and small businesses.

Supporting Detail - Zions has historically ranked number one in both SBA and student loan originations in the state of Utah. In 1995, Zions approved more SBA loans than any bank in the state. For 1996, Zions was the leader in the number of 7(a) loan originations, and led in both number and dollar volume of 504 loan originations. For the twelve months ending June 30, 1997, Zions accounted for 29% of the student loan funding in the state, compared with 25% for the closest competitor.

The bank is an active participant in government-insured real estate loans, such as FHA and VA. The bank also participates with the Utah Housing Finance Authority (UHFA). Most mortgage loans are originated through ZMC.

Government Sponsored Loan Programs				
	1995		1996	
	#	\$(000)	#	\$(000)
Student Loans	15,302	52,731	15,603	53,898
FHA/VA (1)	599	53,086	697	65,284
UHFA/FHA	265	18,919	181	15,845
SBA 504 (2)	51	32,142	79	73,068
SBA 7a	116	18,220	99	12,942
Farm Home	0	0	64	4,620
Totals	16,333	\$175,098	16,723	\$225,657

(1) FHA/VA data is based on loans sold for 1995 and loans closed for 1996 and 1997.

(2) SBA data is for the fiscal years ending September 30, 1995 and September 30, 1996.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness Delineated Community

Conclusion - The delineated community is reasonable. It does not exclude any low- or moderate-income census tracts or block numbering areas (BNAs).

Supporting Detail - The delineated community includes the entire state of Utah with a total of 400 census tracts or BNAs. Due to differences in community demographics and median family income, we have divided the delineated community into four specific areas: Provo--Orem MSA, Salt Lake--Ogden MSA, Kane County, and the non MSA areas. For more specific information on these, please see **Community Profile**. Although, there are a few remote locations where Zions does not have a branch, the bank chose to include these in its delineated community, rather than exclude any areas in Utah.

Assessment Factor E - *The geographic distribution of the institution's credit extensions, credit applications, and credit denials.*

Conclusion - The geographic distribution of credit extensions demonstrates a reasonable penetration of all segments of the delineated community.

Supporting Detail - We reviewed the bank's distribution of HMDA, consumer, and small business Loans in LMI and MUI areas and compared these to demographics. The following chart illustrates our findings:

Geographic Distribution of Loans by Income of Census Tract					
Loan Type Tract Income	% of Tracts by Income Level (1)	1996		Year-to-date 1997	
		% by #	% by \$	% by #	% by \$
HMDA					
Low- and Moderate-Income	23%	13%	10%	14%	11%
Middle- and Upper-Income	72%	87%	90%	86%	89%
CONSUMER(2)					
Low- and Moderate-Income	23%			17%	13%
Middle- and Upper-Income	72%			83%	87%
SMALL BUSINESS					
Low- and Moderate-Income	23%	23%	20%	20%	22%
Middle- and Upper-Income	72%	77%	80%	80%	78%

(1) 5% of the census tracts/BNAs do not have an income designation.

(2) The bank's information system was unable to import and analyze the large volume of consumer loans.

As noted in the table, the percentage of HMDA and consumer loans in low- and moderate-income tracts is low compared to the demographics. However, HMDA data indicates that in comparison to 320 other HMDA lenders in the bank's delineated community, Zions ranks fairly high as a provider of mortgage loans to LMI individuals. The bank is one of the top ten mortgage lenders and ranks fourth for loan originations in low-income census tracts with 2.37% market share, and fifth in loan originations in moderate-income census tracts with 3.42% market share. In contrast, Zions ranks seventh in loan originations in middle-income census tracts with 3.39% market share and fifth in loan originations in upper-income census tracts with 3.77% market share. In addition, the percentage of small business loans in low- and moderate-income tracts compares favorably with geographic characteristics of the bank's community.

Assessment Factor G - *The institution's record of opening and closing offices and providing services at offices.*

Conclusion - The bank has a very good record of opening offices. The bank's main office and branches are readily accessible to all segments of the delineated community.

Supporting Detail - With a total of 108 branches and 207 automated teller machines (ATMs), Zions offers very good accessibility throughout its delineated community. As noted by the data in the table below, banking offices are fairly evenly distributed by tract income level throughout the community.

ZIONS FIRST NATIONAL BANK SERVICE BRANCH DISTRIBUTION (As of June 17, 1997)				
Tract/BNA Income	# of Tracts/BNAs	% of Total Tracts/BNAs	# of Branches	% of Total Branches
Low	16	4%	3	3%
Moderate	77	19%	24	22%
Middle	212	53%	65	60%
Upper	76	19%	16	15%
NA	19	5%	0	0%
Total	400	100%	108	100%

Access to Banking Services

With its vast network of banking offices, Zions offers very good access to an array of banking services. In addition to the 108 branches and banking offices, the bank has a total of 207 ATMs. ATMs are located at every branch and banking center as well as in some grocery and department stores, shopping malls, and other areas. Except for those located in stores and shopping malls, most are open 24 hours a day.

Thirty of the offices are banking centers, most of which are conveniently located in Smith's Supermarkets. Each of the banking centers provides clients with extended access to nearly all of the banking services available in the traditional branch, including a 24-hour Reddi-Access ATM and Reddi-Response customer telephone. Other services include loans, money market accounts, savings accounts, Individual Retirement Accounts (IRAs), and Certificates of Deposit (CDs).

In addition, ten of Zions' banking centers offer the New Reddi-Banker system. The system uses online interactive video teleconferencing to link clients with a bank representative at a remote location. Bank clients are able to talk "face-to-face" with a real person and open accounts, apply for loans, and buy insurance or mutual funds. The system is equipped with an on-site scanner that will verify identification, and a printer to produce the necessary documents for customers to sign and reinsert into the machine. The system is able to dispense starter checks and plastic ATM cards for those opening a checking account.

Zions also has a branch, Montezuma Creek, which is located on the Navajo Reservation. The Navajo Nation Banking Initiative was established in 1993 as a partnership between the Federal Home Loan Bank of Seattle, Zions, and the Navajo Utah Commission. In 1997, Zions received the Federal Home Loan Bank System's Community Partnership Award for its efforts to increase the availability of banking services and home mortgage credit on the Utah portion of the Navajo Nation.

Opening and Closing Offices

Zions has not closed any offices since 1990. The bank relocated three branches, one in Murray and two in Salt Lake City.

From January 1, 1995, to May 31, 1997, Zions has opened 20 branches. Of these twenty branches, one (5%) is located in a low-income census tract; three (15%) are located in moderate-income census tracts, 14 (70%) are located in middle-income census tracts; and two (10%) are located in upper-income census tracts.

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

Assessment Factor D - *Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).*

Conclusion- We did not identify any practices which would discourage applications for credit.

Supporting Detail - Management affirmatively solicits credit applications from all segments of its delineated community. Zions has developed several initiatives to ensure its marketing and advertising efforts are reaching all segments of its delineated community regarding the products and services the bank offers (see **Assessment Factor B**). This includes special programs which target LMI individuals and markets, as well as programs which target minorities.

The bank has sound nondiscriminatory loan policies and procedures. New employees who are involved in the lending function are required to complete fair lending training. Most employees receive annual fair lending training.

Management has implemented a second review for both HMDA and non HMDA declined loan applications. These are reviewed by the officer who made the decision to ensure that underwriting guidelines have been applied consistently. All HMDA loans are reviewed by a second officer to determine if unusual credit requests which do not have disqualifying characteristics, can be accommodated. To further ensure compliance with fair lending laws and regulations and internal policies and guidelines, management conducts annual comparative file reviews.

Assessment Factor F - *Evidence of prohibited discriminatory or other illegal credit practices.*

Conclusion - Zions is in substantive compliance with the provisions of the Equal Credit Opportunity Act and the Fair Housing Act. We did not identify any illegal discrimination or other illegal credit practices.

Supporting Detail -The OCC recently completed a fair lending comparative file analysis of two HMDA samples, one underwritten by ZMC and the other by the Retail Center of the bank. Our first sample focused on home purchase and construction/refinance loans underwritten by ZMC during the last six months of 1996. This sample consisted of 26 denied loan applications from female applicants which we compared to 115 approved loans to single unmarried or married male applicants. Our second sample focused on home equity and home refinance loans underwritten by the Retail Center during the last six months of 1996. It consisted of 31 denied loan applications for single female applicants compared to 99 approved loans to single unmarried or married males. Based on this review, we did not identify any evidence of illegal disparate treatment or discrimination based on gender. Zions is in compliance with all provisions of the fair lending laws and regulations.

V. COMMUNITY DEVELOPMENT

Assessment Factor H - *The institution's participation, including investments, in local community development and redevelopment projects or programs.*

Conclusion - Zions is a leader in providing community development loans, investments, grants, and services to its delineated community.

Supporting Detail - During 1995 and 1996, the bank funded \$13 million in community development loans, and committed an additional \$1.1 million. The bank also purchased \$1.3 million in low-income housing tax credits (LIHTC). In addition, the bank made \$5.2 million in community development investments, and granted \$408,212 to organizations which primarily have a community development purpose. Bank staff also provided numerous hours of service to 32 community organizations which meet the definition of community development organizations.

The following describes the bank's efforts:

Community Development Loans

Blue Mountain Dine' Associates, LLC

This project will provide modular housing units for elderly low-income Native American Navajos living off the reservation. The bank made a \$595,000 construction and a \$213,000 term loan commitment. In addition, the bank committed \$705,440 in LIHTC. This project will provide 20 two-bedroom modular units in Blanding, Utah.

Salt Lake City Multi-Bank Loan Pool

Zions took the lead in putting this loan together and is 1/5 partner in the project. The purpose of the pool is to provide rehabilitation and home purchase loans to low-income individuals in targeted areas of Salt Lake City. The bank funded \$140,000 in loans in 1995, and another \$140,000 in 1996. The bank committed to lend an additional \$200,000 in 1997.

Salt Lake County Multi-Bank Loan Pool

Zions took the lead in continuing this project. The bank is 1/5 partner in this project. The project provides loans to rehabilitate or purchase homes for low-income individuals. The project focuses on targeted areas of Salt Lake County. In 1995, the bank committed \$140,000. The commitment was extended to 1996, but never drawn. In 1997, the bank committed \$240,000.

Neighborhood Housing Services (Salt Lake)

Zions has been one of the leaders in this project. Neighborhood Housing Services (NHS) targets the west side of Salt Lake City. Commitments will provide funds for home purchase in specific neighborhoods. Eighty percent (80%) of the loans will go to low- and moderate-income borrowers. The other 20% will go to individuals of higher income levels. NHS plans to fund about 26 loans. In 1997, the bank committed \$450,000.

Other

During 1995 and 1996, Zions provided funds for two projects which will help rehabilitate and stabilize two blighted areas in Salt Lake City. In late 1995, the bank made a construction loan for \$10.9 million to convert an old abandoned warehouse into office space. The second loan for \$1.3 million provided funds to acquire and convert another old building into office space. Both projects are located in low-income census tracts. In addition to revitalizing the respective neighborhoods, it is anticipated that these large offices will provide jobs for area residents.

Community Development Investments

During 1995 and 1996, the bank made the following investments, most which primarily benefit its delineated community:

Crimson Court

This is a low-income housing project which consists of 8 two- and three-bedroom units. The project is located in Provo and was done in conjunction with the Provo Housing Authority. In 1996, Zions invested \$388,860.

Crown Low-Income Tax Program

Zions has been a leader in the development and continuation of this innovative low-income rent-to-own program. The program was developed in conjunction with the UHFA. Zions made these single family units available in Delta, Logan, Moab, Ogden, Provo, Richfield, Roosevelt, and Salt Lake City. During 1995 and 1996, the bank invested \$260,593 in this project.

In addition, in 1996 Zions purchased \$787,123 in LIHTC in the Crown Program. These are broken down as follows: \$118,146 for 3 units in Layton; \$261,722 for 6 units in Ogden; \$118,001 for 3 units in Provo; \$120,153 for 4 units in Roosevelt; and \$168,731 for 4 units in Salt Lake City.

Utah Microenterprise Loan Fund (UMLF)

The funds are used to provide a maximum loan of \$10,000 to prospective entrepreneurs and existing business owners who lack sufficient resources to finance their businesses through traditional means. The program is open primarily to business owners of Salt Lake County. It is also open to small businesses in Utah, Summit, Tooele, and Davis Counties; however, it is not actively promoted in these counties. The bank invested \$50,000 in this multi-bank loan pool. During the 1995 fiscal year ending September 30, 1995, the Utah Microenterprise Loan fund provided 14 loans totaling \$115,315. During the 1996 fiscal year, the pool provided 15 loans totaling \$125,792. Since the end of fiscal year 1996, and through March 30, 1997, UMLF has made an additional 22 loans totaling \$202,500.

Washington Mill

This project provides low-income housing and a women's abuse shelter in Park City, Utah. The low-income housing consists of 8 two-bedroom units. The shelter can house between 6-12 persons at one time. The bank invested \$468,000.

Wasatch Venture Capital Corporation

This is a small business investment company (SBIC) formed by the bank which provides loans for start-up companies. The SBIC serves the entire United States. About half of the businesses the SBIC has funded are located in Utah. The bank's investment for 1996 and year-to-date 1997 totals \$4,000,000.

Community Development Grants

During 1995 and 1996, Zions made the following grants to organizations with a community development purpose. The following chart breaks down the grants based on the primary purpose of the organization:

Zions First National Bank Community Development Grants				
Year	Organizations that provide Affordable Housing for LMI	Organizations that provide community services for LMI	Organizations that promote economic development by financing small businesses/small farms.	Organizations that promote activities that revitalize or stabilize LMI areas.
1995	\$ 15,600	\$ 180,265	\$ 1,218	
1996	\$ 42,930	\$ 141,162	\$ 1,160	\$ 25,877
Totals	\$ 58,530	\$ 321,427	\$ 2,378	\$ 25,877

Of the total grants to organizations that provide community services for LMI, the bank contributed \$39,500 in 1995 and \$49,275 in 1996 to homeless shelters; \$82,617 in 1995 and \$67,850 in 1996 to United Way; and \$12,631 in 1995 and \$17,744 in 1996 to provide consumer credit counseling. In addition, in 1996 the bank contributed \$4,136 to provide paint and supplies for the Paint-a-thon (a project which focuses on painting homes for low-income elderly and disabled individuals).

Community Development Services

During this assessment period, numerous bank staff provided their expertise to 32 organizations which perform community development services throughout the delineated community. These services are in the areas of affordable housing, economic development, small business finance, and health and financial services to LMI elderly and others. The following are only a few of the organizations:

Travelers Aid - This is a foundation to benefit the homeless. A bank employee serves as a board member and provides financial expertise.

Neighborhood Housing - This organization provides affordable housing for LMI. A number of staff members provide their financial expertise by serving as either senior loan officer, board member, chairman, or committee member.

Habitat for Humanity - This organization allows LMI families to obtain a home by allowing them to provide sweat equity. One employee serves as chief financial officer and another is a financial advisor.

Jon Huntsman Community Shelter - This is a shelter for homeless individuals. A bank employee serves as a trustee for this organization.

Salt Lake City Housing Services Authority - A bank employee helped put together an agreement for all participants on how the organization would accomplish its goals.

State of Utah Small Business Council - An employee provides financial expertise as a board member of this organization which provides services to small businesses.

Santa Clara City Economic Development - An employee serves as a board member and provides financial expertise to this economic development organization.

Sevier County Economic Development Council - An employee provides financial expertise as a board member of this council.

Ute Reservation - Employees provided credit education to potential homeowners

Navajo Reservation - Bank employees worked extensively with the Navajo Nation in establishing affordable housing opportunities in conjunction with the HUD Native American lending programs.

A member of senior management formed the Technology Banking Group which assists start up technology small businesses. The bank is involved with various technology support organizations in Utah, such as the Wayne Brown Institute, Utah Information Technology Association, Mountain West Venture Group, and Utah Technology Finance Corporation. In conjunction with these organizations, the bank provides financing and technical assistance. For example, bank management participates in an effort with Wayne Brown Institute to coach companies for their presentations to venture capitalists. In conjunction with Mountain West Venture Group, a member of senior management taught a session on preparing a business plan for small businesses. And bank staff is also involved in a mentor group for these small businesses.

Assessment Factor K - *The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions, and other factors.*

Conclusion - Commensurate with its size and condition, Zions has demonstrated an ability to meet the credit needs of its community.

Supporting Detail - There are no significant financial and economic factors which inhibit the bank's ability to help meet the community's credit needs. Zions is in sound financial condition. It is the second largest bank in Utah in total assets, with a network of offices, ATMs, and alternative delivery systems in place to provide credit to the entire delineated community. Further, economic conditions in Utah are good, creating an environment conducive to providers of financial services. Zions is not subject to any special legal constraints which prevent it from offering a full range of credit services.

Assessment Factor L - *Any other factors that, in the regulatory authority's judgment, reasonably bear upon the extent to which an institution is helping to meet the credit needs of its entire community.*

Conclusion - Zions engages in a variety of other activities that contribute to meeting the credit and banking needs of its community, including low- and moderate-income individuals.

Supporting Detail - The bank has underwritten several municipal bond issues that support affordable housing. In 1995, Zions underwrote eight municipal bonds totaling \$200,000. In 1996, the bank underwrote six bonds totaling \$255,840. And year-to-date 1997, the bank has underwritten two bonds totaling \$50,000.

Through the bank's efforts, the Moab branch of Zions received a \$120,000 grant from the FHLB to help build 40 apartments for lower-income families in Moab.

Zions offers first-time home buyers, with a maximum household income of 80% of the HUD median income, a unique opportunity to save funds for a down payment on a home. In 1995, Zions received a \$70,000 grant from the FHLB to fund a matched savings program. Individuals who meet the income requirements have the opportunity to save for a minimum of 10 months and a maximum of 2 years. When a home is purchased, the funds from the FHLB are used to match the individuals savings at a ratio of 3:1, up to \$5,000. So an individual/family who is able to save \$1,667, would receive an additional \$5,000 in grant funds for a total of \$6,667.

The bank offers a “no cost” checking account for individuals with a limited income. There is no service charge, regardless of account balance if 10 or fewer checks are processed each month. A minimum balance is not required to open this account. And if the individual’s annual income is under \$10,000, there is no charge on the first order of checks.

In addition to providing financial and business expertise for organizations with a community development purpose, over 400 employees provided thousands of hours of community services for numerous organizations. One notable project was the Paint-a-thon, which is sponsored by Zions. In 1996, more than 1500 Zions employees volunteered their time to paint and repair 29 homes for low-income elderly and disabled Utah homeowners.

In 1995 and 1996, the bank granted \$443,732 to organizations in Utah, which do not have a community development purpose as stated in the regulation definition, but which contribute to the community in other ways.