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## Zions Bancorporation Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from the line of Ken Zerbe – Morgan Stanley

#### Ken Zerbe – Morgan Stanley

In terms of the TARP capital if let's say you did get the money from the Treasury, I understand your statement you wanted to balance core deposit growth with loan growth, but I think one of the Treasury's requirements or desires is that banks don't horde the capital and actually use it to make loans. If you got the capital would you actually get more aggressive with your deposit rates in order to bring in the deposits to make the loans or is it just status quo in terms of your rates?

#### Doyle Arnold

Not yet decided but I would point out that if it is speculated that most of the industry gets TARP capital and then most of the industry tries to raise its deposit rates and nothing else happens all they've done is raise costs and not raise funds unless we pull it from somewhere else. So I don't know the answer to your question. We do recognize that the intent of the whole program was to get banks lending again and we would certainly participate in that and look forward to doing that.

I would just point out that what we're not going to do is aggressively load up on wholesale borrowing and tap outlines at the federal home loan banks and so forth and utilize all of our backup liquidity to aggressively grow loans. We've got to address the core funding question in concert with having the additional capital.

#### Harris Simmons

In some markets we are seeing reasonably good deposit growth but we've had to really tamp down loan growth and I do think it does provide us a lot more opportunity to act in the spirit in which this program was being offered to banks and that is to really meet the needs of existing customers and to look for good opportunities to continue to expand credit consistent with our ability to generate the funding.

#### Ken Zerbe – Morgan Stanley

With respect to the \$1.4 billion of the trust preferred CDOs that are in held maturity, I did the math on the release you have and it looks like these are currently being valued at roughly \$0.60 on the dollar but I know including OTTI, you've only taken the very small fraction of those have been written down.

Maybe explain in very layman's terms at what point do you have to take a much larger OTTI on that?  
Because at 40% loss already its more of a concern.

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