ZIONS BANCORPORATION /UT/
Form 10-Q
November 09, 2011
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2011

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

COMMISSION FILE NUMBER 001-12307

ZIONS BANCORPORATION

(Exact name of registrant as specified in its charter)

UTAH	**87-0227400**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
ONE SOUTH MAIN, 15TH FLOOR SALT LAKE CITY, UTAH	**84133**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code: (801) 524-4787

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

Common Stock, without par value, outstanding at October 31, 2011	184,290,334 shares

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ZIONS BANCORPORATION AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (Unaudited)

ZIONS BANCORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except share amounts)

	September 30, 2011 (Unaudited)	December 31, 2010	September 30, 2010 (Unaudited)
ASSETS			
Cash and due from banks	$ 1,102,768	$ 924,126	$ 1,060,646
Money market investments:			
Interest-bearing deposits	5,118,066	4,576,008	4,468,778
Federal funds sold and security resell agreements	165,106	130,305	116,458
Investment securities:			
Held-to-maturity, at adjusted cost (approximate fair value $715,608, $788,354, and $783,362)	791,569	840,642	841,573
Available-for-sale, at fair value	3,970,602	4,205,742	3,295,864
Trading account, at fair value	49,782	48,667	42,811
	4,811,953	5,095,051	4,180,248
Loans held for sale	159,300	206,286	217,409
Loans:			
Loans and leases excluding FDIC-supported loans	36,050,339	35,896,395	36,579,470
FDIC-supported loans	800,530	971,377	1,089,926
	36,850,869	36,867,772	37,669,396
Less:			
Unearned income and fees, net of related costs	126,361	120,341	120,037
Allowance for loan losses	1,148,903	1,440,341	1,529,955
Loans and leases, net of allowance	35,575,605	35,307,090	36,019,404
Other noninterest-bearing investments	860,045	858,367	858,402
Premises and equipment, net	726,503	720,985	719,592
Goodwill	1,015,129	1,015,161	1,015,161
Core deposit and other intangibles	72,571	87,898	94,128
Other real estate owned	203,173	299,577	356,923
Other assets	1,721,101	1,814,032	1,940,627
	$ 51,531,320	$ 51,034,886	$ 51,047,776
LIABILITIES AND SHAREHOLDERS EQUITY			
Deposits:			
Noninterest-bearing demand	$ 14,911,729	$ 13,653,929	$ 13,264,415
Interest-bearing:			
Savings and NOW	6,711,002	6,362,138	6,394,964
Money market	14,576,527	15,090,833	15,398,157
Time under $100,000	1,696,302	1,941,211	2,037,318

Time $100,000 and over	1,840,453	2,232,238	2,417,779
Foreign	1,627,135	1,654,651	1,447,507
	41,363,148	40,935,000	40,960,140
Securities sold, not yet purchased	30,070	42,548	41,943
Federal funds purchased and security repurchase agreements	630,901	722,258	738,551
Other short-term borrowings	125,290	166,394	236,507
Long-term debt	1,898,439	1,942,622	1,939,395
Reserve for unfunded lending commitments	98,062	111,708	97,899
Other liabilities	466,493	467,142	538,750
Total liabilities	44,612,403	44,387,672	44,553,185
Shareholders equity:			
Preferred stock, without par value, authorized 4,400,000 shares	2,354,523	2,056,672	1,875,463
Common stock, without par value; authorized 350,000,000 shares; issued and outstanding 184,294,782, 182,784,086, and 177,202,340 shares	4,160,697	4,163,619	4,070,963
Retained earnings	994,380	889,284	1,001,559
Accumulated other comprehensive income (loss)	(588,834)	(461,296)	(452,553)
Controlling interest shareholders equity	6,920,766	6,648,279	6,495,432
Noncontrolling interests	(1,849)	(1,065)	(841)
Total shareholders equity	6,918,917	6,647,214	6,494,591
	$ 51,531,320	$ 51,034,886	$ 51,047,776

See accompanying notes to consolidated financial statements.

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ZIONS BANCORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(In thousands, except per share amounts)

	Three Months Ended September 30, 2011	2010	Nine Months Ended September 30, 2011	2010
Interest income:				
Interest and fees on loans	$ 520,133	$ 550,489	$ 1,562,031	$ 1,645,787
Interest on money market investments	3,482	3,487	9,524	7,527
Interest on securities:				
Held-to-maturity	8,937	6,063	26,610	25,256
Available-for-sale	21,382	21,353	65,837	65,563
Trading account	462	542	1,452	1,674
Total interest income	554,396	581,934	1,665,454	1,745,807
Interest expense:				
Interest on deposits	31,093	46,368	101,834	155,197
Interest on short-term borrowings	1,501	3,566	5,464	10,119
Interest on long-term debt	51,207	80,125	247,533	259,970
Total interest expense	83,801	130,059	354,831	425,286
Net interest income	470,595	451,875	1,310,623	1,320,521
Provision for loan losses	14,553	184,668	75,883	678,896
Net interest income after provision for loan losses	456,042	267,207	1,234,740	641,625
Noninterest income:				
Service charges and fees on deposit accounts	44,154	49,733	131,562	153,250
Other service charges, commissions and fees	45,308	41,780	130,951	124,217
Trust and wealth management income	6,269	6,310	20,202	20,940
Capital markets and foreign exchange	7,729	8,055	23,301	27,327
Dividends and other investment income	9,356	8,874	34,623	25,453
Loan sales and servicing income	6,165	8,390	22,014	20,439
Fair value and nonhedge derivative loss	(5,718)	(16,755)	(303)	(16,119)
Equity securities gains (losses), net	5,289	(1,082)	4,550	(5,747)
Fixed income securities gains, net	13,035	8,428	10,580	10,214
Impairment losses on investment securities:				
Impairment losses on investment securities	(55,530)	(73,082)	(64,974)	(141,209)
Noncredit-related losses on securities not expected to be sold (recognized in other comprehensive income)	42,196	49,370	43,377	68,174
Net impairment losses on investment securities	(13,334)	(23,712)	(21,597)	(73,035)
Gain on subordinated debt exchange				14,471
Other	2,789	20,179	27,651	25,813
Total noninterest income	121,042	110,200	383,534	327,223

Noninterest expense:				
Salaries and employee benefits	216,855	207,947	654,003	618,056
Occupancy, net	29,040	29,292	84,638	85,602
Furniture and equipment	26,852	25,591	78,667	76,290
Other real estate expense	20,564	44,256	62,634	119,348
Credit related expense	15,379	17,438	47,416	51,921
Provision for unfunded lending commitments	(2,202)	1,104	(13,646)	(18,546)
Legal and professional services	8,897	9,305	24,018	28,168
Advertising	6,511	5,575	19,384	17,721
FDIC premiums	12,573	25,706	51,906	76,354
Amortization of core deposit and other intangibles	4,773	6,296	15,329	19,287
Other	69,776	83,534	209,300	201,324
Total noninterest expense	409,018	456,044	1,233,649	1,275,525
Income (loss) before income taxes	168,066	(78,637)	384,625	(306,677)
Income taxes (benefit)	59,348	(31,180)	150,706	(82,722)
Net income (loss)	108,718	(47,457)	233,919	(223,955)
Net income (loss) applicable to noncontrolling interests	(375)	(132)	(866)	(3,427)
Net income (loss) applicable to controlling interest	109,093	(47,325)	234,785	(220,528)
Preferred stock dividends	(43,928)	(33,144)	(125,815)	(84,797)
Preferred stock redemption				3,107
Net earnings (loss) applicable to common shareholders	$ 65,165	$ (80,469)	$ 108,970	$ (302,218)
Weighted average common shares outstanding during the period:				
Basic shares	182,676	172,865	182,289	161,996
Diluted shares	182,858	172,865	182,531	161,996
Net earnings (loss) per common share:				
Basic	$ 0.35	$ (0.47)	$ 0.59	$ (1.87)
Diluted	0.35	(0.47)	0.59	(1.87)

See accompanying notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY AND COMPREHENSIVE INCOME

(Unaudited)

(In thousands, except per share amounts)	Preferred stock	Common stock Shares	Common stock Amount	Retained earnings	Accumulated other comprehensive income (loss)	Noncontrolling interests	Total shareholders equity
Balance at December 31, 2010	$ 2,056,672	182,784,086	$ 4,163,619	$ 889,284	$ (461,296)	$ (1,065)	$ 6,647,214
Comprehensive income:							
Net gain (loss) for the period				234,785		(866)	233,919
Other comprehensive income (loss), net of tax:							
Net realized and unrealized holding losses on investments					(90,109)		
Reclassification for net losses on investments included in earnings					6,185		
Noncredit-related impairment losses on securities not expected to be sold					(26,318)		
Accretion of securities with noncredit-related impairment losses not expected to be sold					131		
Net unrealized losses on derivative instruments					(17,427)		
Other comprehensive loss					(127,538)		(127,538)
Total comprehensive income							106,381
Subordinated debt converted to preferred stock	281,759		(40,607)				241,152
Issuance of common stock		1,067,540	25,048				25,048
Net activity under employee plans and related tax benefits		443,156	12,637				12,637
Dividends on preferred stock	16,092			(125,815)			(109,723)
Dividends on common stock, $0.03 per share				(5,478)			(5,478)
Change in deferred compensation				1,604			1,604
Other changes in noncontrolling interests						82	82
Balance at September 30, 2011	$ 2,354,523	184,294,782	$ 4,160,697	$ 994,380	$ (588,834)	$ (1,849)	$ 6,918,917
Balance at December 31, 2009	$ 1,502,784	150,425,070	$ 3,318,417	$ 1,308,356	$ (436,899)	$ 17,599	$ 5,710,257
Comprehensive loss:							
Net loss for the period				(220,528)		(3,427)	(223,955)
Other comprehensive income (loss), net of tax:							
Net realized and unrealized holding gains on investments					15,682		
Reclassification for net losses on investments included in earnings					38,601		
Noncredit-related impairment losses on securities not expected to be sold					(42,103)		
Accretion of securities with noncredit-related impairment losses not expected to be sold					101		
Net unrealized losses on derivative instruments					(27,872)		
Pension and postretirement					(63)		
Other comprehensive loss					(15,654)		(15,654)
Total comprehensive loss							(239,609)

Subordinated debt converted to preferred stock	223,760		(31,843)				191,917
Issuance of preferred stock	142,500		(3,843)				138,657
Preferred stock exchanged for common stock	(8,615)	224,903	5,508	3,107			
Issuance of common stock warrants			214,667				214,667
Subordinated debt exchanged for common stock		2,165,391	46,902				46,902
Issuance of common stock		23,973,957	507,201				507,201
Net activity under employee plans and related tax benefits		413,019	13,954				13,954
Dividends on preferred stock	15,034			(84,797)			(69,763)
Dividends on common stock, $0.03 per share				(4,870)			(4,870)
Change in deferred compensation				291			291
Other changes in noncontrolling interests						(15,013)	(15,013)
Balance at September 30, 2010	$ 1,875,463	177,202,340	$ 4,070,963	$ 1,001,559	$ (452,553)	$ (841)	$ 6,494,591

Total comprehensive income (loss) for the three months ended September 30, 2011 and 2010 was $24,375 and $(66,990), respectively.

See accompanying notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss) for the period	$ 108,718	$ (47,457)	$ 233,919	$ (223,955)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Net impairment losses on investment securities	13,334	23,712	21,597	73,035
Gain on subordinated debt exchange				(14,471)
Gain related to sale of subsidiary assets		(13,864)		(13,864)
Provision for credit losses	12,351	185,772	62,237	660,350
Depreciation and amortization	52,288	65,488	247,884	208,004
Deferred income tax expense (benefit)	41,563	(21,039)	129,266	(72,997)
Net decrease (increase) in trading securities	1,370	42,896	(1,115)	(19,268)
Net decrease (increase) in loans held for sale	21,237	(23,475)	90,749	(12,736)
Net write-down of and gains/losses from sales of other real estate owned	15,550	47,038	49,663	112,296
Change in other liabilities	33,697	37,235	26,801	375,930
Change in other assets	(84,465)	100,464	(24,977)	91,610
Other, net	261	(24,142)	(4,673)	(32,749)
Net cash provided by operating activities	215,904	372,628	831,351	1,131,185
CASH FLOWS FROM INVESTING ACTIVITIES				
Net decrease (increase) in short term investments	(235,048)	380,309	(576,859)	(3,853,731)
Proceeds from maturities and paydowns of investment securities held-to-maturity	30,080	36,328	72,111	121,034
Purchases of investment securities held-to-maturity	(9,667)	(24,907)	(36,476)	(55,293)
Proceeds from sales, maturities, and paydowns of investment securities available-for-sale	507,676	279,045	1,087,345	841,212
Purchases of investment securities available-for-sale	(523,772)	(202,836)	(1,042,235)	(538,720)
Proceeds from sales of loans and leases	8,836	40,794	15,026	133,154
Net loan and lease collections (originations)	(107,759)	67,770	(633,630)	1,357,349
Proceeds from surrender of bank-owned life insurance contracts		34,164		209,796
Net decrease in other noninterest-bearing investments	2,372	15,309	12,690	28,863
Net purchases of premises and equipment	(22,749)	(25,636)	(62,229)	(58,223)
Proceeds from sales of other real estate owned	89,245	131,558	276,122	369,435
Net cash received from sale of subsidiary assets		21,149		21,149
Net cash provided by (used in) investing activities	(260,786)	753,047	(888,135)	(1,423,975)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net increase (decrease) in deposits	171,934	(1,053,713)	428,209	(878,108)
Net change in short-term funds borrowed	(34,498)	(175,146)	(145,081)	66,276
Proceeds from issuance of long-term debt	23,527	22,947	53,777	85,413
Repayments of long-term debt	(8,191)	(7,999)	(8,522)	(73,435)
	237	110,041	25,644	860,763

Proceeds from the issuance of preferred stock, common stock, and common stock warrants				
Dividends paid on common and preferred stock	(40,297)	(29,772)	(115,201)	(74,633)
Other, net	(90)	(142)	(3,400)	(3,029)
Net cash provided by (used in) financing activities	112,622	(1,133,784)	235,426	(16,753)
Net increase (decrease) in cash and due from banks	67,740	(8,109)	178,642	(309,543)
Cash and due from banks at beginning of period	1,035,028	1,068,755	924,126	1,370,189
Cash and due from banks at end of period	$ 1,102,768	$ 1,060,646	$ 1,102,768	$ 1,060,646
Cash paid for interest	$ 71,220	$ 92,587	$ 213,540	$ 284,912
Net cash paid (refund received) for income taxes		(220)	428	(324,792)

See accompanying notes to consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

September 30, 2011

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of Zions Bancorporation (the Parent) and its majority-owned subsidiaries (collectively the Company, Zions, we, our, us) have been prepared in accordance with U.S. generally accepted accounting principles (GAA interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. References to GAAP as promulgated by the Financial Accounting Standards Board (FASB) are made according to sections of the Accounting Standards Codification (ASC) and to Accounting Standards Updates (ASU). Certain prior period amounts have been reclassified to conform to the current period presentation.

Operating results for the three- and nine-month periods ended September 30, 2011 are not necessarily indicative of the results that may be expected in future periods. The consolidated balance sheet at December 31, 2010 is from the audited financial statements at that date, but does not include all of the information and footnotes required by GAAP for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company s 2010 Annual Report on Form 10-K.

The Company provides a full range of banking and related services through banking subsidiaries in ten Western and Southwestern states as follows: Zions First National Bank (Zions Bank), in Utah and Idaho; California Bank & Trust (CB&T); Amegy Corporation (Amegy) and its subsidiary, Amegy Bank, in Texas; National Bank of Arizona (NBA); Nevada State Bank (NSB); Vectra Bank Colorado (Vectra), in Colorado and New Mexico; The Commerce Bank of Washington (TCBW); and The Commerce Bank of Oregon (TCBO). The Parent also owns and operates certain nonbank subsidiaries that engage in wealth management and other financial related services.

2. CERTAIN RECENT ACCOUNTING PRONOUNCEMENTS

In September 2011, the FASB issued ASU 2011-08, *Testing Goodwill for Impairment*. This new accounting guidance amends ASC 350, *Intangibles Goodwill and Other* and simplifies the process to test goodwill for impairment by allowing for greater emphasis to be placed on the assessment of qualitative factors. If, after considering the totality of events and circumstances, the likelihood is not more than 50% that the fair value of a reporting unit is less than carrying value, companies need not perform the two-step impairment test. This amendment is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Management is currently evaluating the effect this new guidance will have on the Company s financial statements.

In June 2011, the FASB issued ASU 2011-05, *Presentation of Comprehensive Income.* This new accounting guidance under ASC 220, *Comprehensive Income*, provides more convergence to International Financial Reporting Standards (IFRS) and no longer allows presentation of other comprehensive income (OCI) in the statement of changes in shareholders equity. Companies may present OCI in a continuous statement of comprehensive income or in a separate statement consecutive to the statement of income. For public entities, the new guidance is effective on a retrospective basis for interim and annual periods

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beginning after December 15, 2011. On October 12, 2011, the FASB announced it will consider deferring the adoption of certain aspects of ASU 2011-05. Management is currently evaluating the impact this new guidance will have on the disclosures in the Company s financial statements.

In May 2011, the FASB issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*. This new accounting guidance under ASC 820, *Fair Value Measurement*, also provides more convergence to IFRS and amends fair value measurement and disclosure guidance. Among other things, new disclosures will be required for qualitative information and sensitivity analysis regarding Level 3 measurements. For public entities, the new guidance is effective for interim and annual periods beginning after December 15, 2011. Management is currently evaluating the impact this new guidance will have on the disclosures in the Company s financial statements.

In April 2011, the FASB issued ASU 2011-03, *Reconsideration of Effective Control for Repurchase Agreements*. The primary feature of this new accounting guidance under ASC 860, *Transfers and Servicing*, relates to the criteria that determine whether a sale or a secured borrowing occurred based on the transferor s maintenance of effective control over the transferred financial assets. The new guidance focuses on the transferor s contractual rights and obligations with respect to the transferred financial assets and not on the transferor s ability to perform under those rights and obligations. Accordingly, the collateral maintenance requirement is eliminated by ASU 2011-3 from the assessment of effective control. The new guidance will take effect prospectively for interim and annual periods beginning after December 15, 2011. Early adoption is not permitted. Management is currently evaluating the impact this new guidance may have on the Company s financial statements.

Additional recent accounting pronouncements are discussed where applicable in the Notes to Consolidated Financial Statements.

3. SUPPLEMENTAL CASH FLOW INFORMATION

Noncash activities are summarized as follows:

(In thousands)	**Three Months Ended September 30,**		**Nine Months Ended September 30,**	
	2011	**2010**	**2011**	**2010**
Loans transferred to other real estate owned	$ 75,769	$ 139,374	$ 250,427	$ 480,066
Beneficial conversion feature transferred from common stock to preferred stock as a result of subordinated debt conversions	2,863	9,231	40,607	31,843
Subordinated debt exchanged for common stock				46,902
Subordinated debt converted to preferred stock	16,834	54,259	241,152	191,917

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4. INVESTMENT SECURITIES

Investment securities are summarized as follows:

	September 30, 2011						
		Recognized in OCI [1]			Not recognized in OCI		
(In thousands)	**Amortized cost**	**Gross unrealized gains**	**Gross unrealized losses**	**Carrying value**	**Gross unrealized gains**	**Gross unrealized losses**	**Estimated fair value**
Held-to-maturity							
Municipal securities	$ 548,428	$	$	$ 548,428	$ 9,717	$ 703	$ 557,442
Asset-backed securities:							
Trust preferred securities banks and insurance	262,853		40,988	221,865	283	78,092	144,056
Other	24,832		3,656	21,176	302	7,468	14,010
Other debt securities	100			100			100
	$ 836,213	$	$ 44,644	$ 791,569	$ 10,302	$ 86,263	$ 715,608
Available-for-sale							
U.S. Treasury securities	$ 705,736	$ 420	$	$ 706,156			$ 706,156
U.S. Government agencies and corporations:							
Agency securities	154,335	5,442	110	159,667			159,667
Agency guaranteed mortgage-backed securities	564,590	20,165	61	584,694			584,694
Small Business Administration loan-backed securities	1,056,591	7,289	8,697	1,055,183			1,055,183
Municipal securities	122,890	3,525	929	125,486			125,486
Asset-backed securities:							
Trust preferred securities banks and insurance	1,813,503	12,389	897,711	928,181			928,181
Trust preferred securities real estate investment trusts	40,260		20,774	19,486			19,486
Auction rate securities	72,172	103	1,624	70,651			70,651
Other	65,322	1,096	14,875	51,543			51,543
	4,595,399	50,429	944,781	3,701,047			3,701,047
Mutual funds and stock	269,380	175		269,555			269,555
	$ 4,864,779	$ 50,604	$ 944,781	$ 3,970,602			$ 3,970,602

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(In thousands)	September 30, 2010						
		Recognized in OCI [1]			Not recognized in OCI		
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Carrying value	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Held-to-maturity							
Municipal securities	$ 576,984	$	$	$ 576,984	$ 10,953	$ 1,593	$ 586,344
Asset-backed securities:							
Trust preferred securities banks and insurance	264,693		25,152	239,541	588	60,606	179,523
Other	29,301		4,353	24,948	619	8,172	17,395
Other debt securities	100			100			100
	$ 871,078	$	$ 29,505	$ 841,573	$ 12,160	$ 70,371	$ 783,362
Available-for-sale							
U.S. Treasury securities	$ 48,711	$ 375	$	$ 49,086			$ 49,086
U.S. Government agencies and corporations:							
Agency securities	202,758	6,052	113	208,697			208,697
Agency guaranteed mortgage-backed securities	340,689	14,746	146	355,289			355,289
Small Business Administration loan-backed securities	844,545	5,965	8,013	842,497			842,497
Municipal securities	178,077	4,727	89	182,715			182,715
Asset-backed securities:							
Trust preferred securities banks and insurance	1,953,739	53,179	741,317	1,265,601			1,265,601
Trust preferred securities real estate investment trusts	50,085		30,950	19,135			19,135
Auction rate securities	134,072	1,241	652	134,661			134,661
Other	108,349	1,383	26,994	82,738			82,738
	3,861,025	87,668	808,274	3,140,419			3,140,419
Mutual funds and stock	155,305	140		155,445			155,445
	$ 4,016,330	$ 87,808	$ 808,274	$ 3,295,864			$ 3,295,864

[1] *The gross unrealized losses recognized in OCI on held-to-maturity (HTM) securities primarily resulted from a transfer of available-for-sale (AFS) securities to HTM in 2008.*

The amortized cost and estimated fair value of investment debt securities are shown subsequently as of September 30, 2011 by expected maturity distribution for structured asset-backed security collateralized debt obligations (ABS CDOs) and by contractual maturity distribution for other debt securities. Actual maturities may differ from expected or contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties:

	Held-to-maturity	Available-for-sale

(In thousands)	Amortized cost	Estimated fair value	Amortized cost	Estimated fair value
Due in one year or less	$ 53,972	$ 54,539	$ 1,068,360	$ 1,057,303
Due after one year through five years	215,952	212,535	1,059,819	975,381
Due after five years through ten years	160,927	146,697	780,976	655,206
Due after ten years	405,362	301,837	1,686,244	1,013,157
	$ 836,213	$ 715,608	$ 4,595,399	$ 3,701,047

The following is a summary of the amount of gross unrealized losses for debt securities and the estimated fair value by length of time the securities have been in an unrealized loss position:

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(In thousands)	September 30, 2011 Less than 12 months Gross unrealized losses	Estimated fair value	12 months or more Gross unrealized losses	Estimated fair value	Total Gross unrealized losses	Estimated fair value
Held-to-maturity						
Municipal securities	$ 176	$ 4,595	$ 527	$ 23,428	$ 703	$ 28,023
Asset-backed securities:						
Trust preferred securities banks and insurance			119,080	143,710	119,080	143,710
Other			11,124	14,010	11,124	14,010
	$ 176	$ 4,595	$ 130,731	$ 181,148	$ 130,907	$ 185,743
Available-for-sale						
U.S. Government agencies and corporations:						
Agency securities	$ 58	$ 10,616	$ 52	$ 3,027	$ 110	$ 13,643
Agency guaranteed mortgage-backed securities	61	58,635			61	58,635
Small Business Administration loan-backed securities	4,566	420,228	4,131	215,632	8,697	635,860
Municipal securities	569	9,702	360	4,535	929	14,237
Asset-backed securities:						
Trust preferred securities banks and insurance	3,187	72,281	894,524	693,731	897,711	766,012
Trust preferred securities real estate investment trusts			20,774	19,487	20,774	19,487
Auction rate securities	1,582	61,813	42	994	1,624	62,807
Other	8	33	14,867	19,192	14,875	19,225
	$ 10,031	$ 633,308	$ 934,750	$ 956,598	$ 944,781	$ 1,589,906

(In thousands)	September 30, 2010 Less than 12 months Gross unrealized losses	Estimated fair value	12 months or more Gross unrealized losses	Estimated fair value	Total Gross unrealized losses	Estimated fair value
Held-to-maturity						
Municipal securities	$ 51	$ 2,555	$ 1,542	$ 26,187	$ 1,593	$ 28,742
Asset-backed securities:						
Trust preferred securities banks and insurance			85,758	179,524	85,758	179,524
Other			12,525	17,395	12,525	17,395
	$ 51	$ 2,555	$ 99,825	$ 223,106	$ 99,876	$ 225,661
Available-for-sale						
U.S. Government agencies and corporations:						
Agency securities	$ 86	$ 10,181	$ 27	$ 980	$ 113	$ 11,161
Agency guaranteed mortgage-backed securities	146	14,194			146	14,194
Small Business Administration loan-backed securities	1,338	109,324	6,675	392,242	8,013	501,566
Municipal securities	63	6,104	26	3,372	89	9,476
Asset-backed securities:						
Trust preferred securities banks and insurance	1,099	13,957	740,218	866,668	741,317	880,625
Trust preferred securities real estate investment trusts			30,950	19,135	30,950	19,135
Auction rate securities	272	21,519	380	10,686	652	32,205
Other			26,994	70,679	26,994	70,679

	$ 3,004	$ 175,279	$ 805,270	$ 1,363,762	$ 808,274	$ 1,539,041

At September 30, 2011 and 2010, respectively, 50 and 53 HTM and 525 and 543 AFS investment securities were in an unrealized loss position.

We conduct a formal review of investment securities under ASC 320, *Investments Debt and Equity Securities*, on a quarterly basis for the presence of other-than-temporary impairment (OTTI). We assess whether OTTI is present when the fair value of a debt security is less than its amortized cost basis at the balance sheet date. Under these circumstances, OTTI is considered to have occurred if (1) we intend to sell the security; (2) it is more likely than not we will be required to sell the security before recovery of its amortized cost basis; or (3) the present value of expected cash flows is not sufficient to recover the entire amortized cost basis. The more likely than not criteria is a lower threshold than the probable criteria under previous guidance.

Credit-related OTTI is recognized in earnings while noncredit-related OTTI on AFS securities not expected to be sold is recognized in OCI. Noncredit-related OTTI is based on other factors, including illiquidity. Presentation of OTTI is made in the statement of income on a gross basis with an offset for the amount of OTTI recognized in OCI. For securities classified as HTM, the amount of noncredit-related OTTI recognized in OCI is accreted to the credit-adjusted expected cash flow amounts of the securities over future periods.

Our 2010 Annual Report on Form 10-K describes in more detail our OTTI evaluation process. The following summarizes the conclusions from our OTTI evaluation for those security types that have significant gross unrealized losses at September 30, 2011:

Asset-backed securities

Trust preferred securities banks and insurance: These CDO securities are interests in variable rate pools of trust preferred securities related to banks and insurance companies (collateral issuers). They are rated by one or more Nationally Recognized Statistical Rating Organizations (NRSROs), which are rating agencies registered with the Securities and Exchange Commission (SEC). They were purchased generally at par. The primary drivers that have given rise to the unrealized losses on CDOs with bank collateral are listed below:

i. Market yield requirements for bank CDO securities remain very high. The credit crisis resulted in significant utilization of both the unique five-year deferral option each collateral issuer maintains during the life of the CDO and the ability of junior bonds to defer the payment of current interest. The resulting increase in the rate of return demanded by the market for trust preferred CDOs remains dramatically higher than the effective interest rates. All structured product fair values, including bank CDOs, deteriorated significantly during the credit crisis, generally reaching a low in mid-2009. Prices for some structured products, other than bank CDOs, have since rebounded as the crucial unknowns related to value became resolved and as trading increased in these securities. Unlike these other structured products, CDO tranches backed by bank trust preferred securities continue to have unresolved questions surrounding collateral behavior, specifically including, but not limited to, the future number, size and timing of bank failures, and of allowed deferrals and subsequent resumption of payment of contractual interest.

ii. Structural features of the collateral make these CDO tranches difficult for market participants to model. The first feature unique to bank CDOs is the interest deferral feature previously discussed. During the credit crisis starting in 2008, certain banks within our CDO pools have exercised this prerogative. The extent to which these deferrals either transition to default or alternatively come current prior to the five-year deadline is extremely difficult for market participants to assess. Our CDO pools include banks which first exercised this deferral option in the second quarter of 2008. A significant number of banks in our CDO pools have already come current after a period of deferral, while others are still deferring but remain within the allowed deferral period.

A second structural feature that is difficult to model is the payment in kind (PIK) feature which provides that upon reaching certain levels of collateral default or deferral, certain junior CDO tranches will not receive current interest but will instead have the interest amount that is unpaid be capitalized or deferred. The cash flow that would otherwise be paid to the junior CDO securities and the income notes is instead used to pay down the principal balance of the most senior CDO securities. If the current market yield required by market participants equaled the effective interest rate of a security, a market participant should be indifferent between receiving current interest and capitalizing and compounding interest for later payment. However, given the difference between current market rates and effective interest rates of the securities, market participants are not indifferent. The delay in payment caused by PIKing results in lower security fair values even if PIKing is projected to be fully cured. This feature is difficult to model and assess. It increases the risk premium the market applies to these securities.

iii. Ratings are generally below-investment-grade for even some of the most senior tranches. Rating agency opinions can vary significantly on a CDO tranche. The presence of a below-investment-grade rating by even a single rating agency will severely limit the pool of buyers, which causes greater illiquidity and therefore most likely a higher implicit discount rate/lower price with regard to that CDO tranche.

iv. There is a lack of consistent disclosure by each CDO s trustee of the identity of collateral issuers; in addition, complex structures make projecting tranche return profiles difficult for non-specialists in the product.

v. At purchase, the expectation of cash flow variability was limited. As a result of the credit crisis, we have seen extreme variability of collateral performance both compared to expectations and between different pools.

Our ongoing review of these securities in accordance with the previous discussion determined that OTTI should be recorded at September 30, 2011.

Trust preferred securities real estate investment trusts (REITs): These CDO securities are variable rate pools of trust preferred securities primarily related to REITs, and are rated by one or more NRSROs. They were purchased generally at par. Unrealized losses were caused mainly by severe deterioration in mortgage REITs and homebuilder credit, collateral deterioration, widening of credit spreads for ABS securities, and general illiquidity in the CDO market. Based on our review, no OTTI was recorded for these securities at September 30, 2011.

Other asset-backed securities: Most of these CDO securities were purchased in 2009 from Lockhart Funding LLC at their carrying values and were then adjusted to fair value. Certain of these CDOs consist of ABS CDOs (also known as diversified structured finance CDOs). Unrealized losses since acquisition were caused mainly by deterioration in collateral quality, widening of credit spreads for asset backed securities, and ratings downgrades of the underlying residential mortgage-backed securities (RMBS) collateral. Our ongoing review of these securities in accordance with the previous discussion determined that OTTI should be recorded at September 30, 2011.

U.S. Government agencies and corporations

Small Business Administration (SBA) loan-backed securities: These securities were generally purchased at premiums with maturities from five to 25 years and have principal cash flows guaranteed by the SBA. Because the decline in fair value is not attributable to credit quality, no OTTI was recorded for these securities at September 30, 2011.

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The following is a tabular rollforward of the total amount of credit-related OTTI, including amounts recognized in earnings:

(In thousands)	Three Months Ended September 30, 2011			Nine Months Ended September 30, 2011		
	HTM	AFS	Total	HTM	AFS	Total
Balance of credit-related OTTI at beginning of period	$ (5,357)	$ (290,209)	$ (295,566)	$ (5,357)	$ (335,682)	$ (341,039)
Additions recognized in earnings during the period:						
Credit-related OTTI not previously recognized [1]	(769)	(3,007)	(3,776)	(769)	(3,007)	(3,776)
Credit-related OTTI previously recognized when there is no intent to sell and no requirement to sell before recovery of amortized cost basis [2]		(9,558)	(9,558)		(17,821)	(17,821)
Subtotal of amounts recognized in earnings	(769)	(12,565)	(13,334)	(769)	(20,828)	(21,597)
Reductions for securities sold during the period					53,736	53,736
Balance of credit-related OTTI at end of period	$ (6,126)	$ (302,774)	$ (308,900)	$ (6,126)	$ (302,774)	$ (308,900)

(In thousands)	Three Months Ended September 30, 2010			Nine Months Ended September 30, 2010		
	HTM	AFS	Total	HTM	AFS	Total
Balance of credit-related OTTI at beginning of period	$ (5,357)	$ (318,423)	$ (323,780)	$ (5,206)	$ (269,251)	$ (274,457)
Additions recognized in earnings during the period:						
Credit-related OTTI not previously recognized [1]		(3,033)	(3,033)		(3,899)	(3,899)
Credit-related OTTI previously recognized when there is no intent to sell and no requirement to sell before recovery of amortized cost basis [2]		(20,679)	(20,679)	(151)	(68,985)	(69,136)
Subtotal of amounts recognized in earnings		(23,712)	(23,712)	(151)	(72,884)	(73,035)
Reductions for securities sold during the period						
Balance of credit-related OTTI at end of period	$ (5,357)	$ (342,135)	$ (347,492)	$ (5,357)	$ (342,135)	$ (347,492)

[1] *Relates to securities not previously impaired.*

[2] *Relates to additional impairment on securities previously impaired.*

To determine the credit component of OTTI for all security types, we utilize projected cash flows as the best estimate of fair value. These cash flows are credit adjusted using, among other things, assumptions for default probability assigned to each portion of performing collateral. The credit adjusted cash flows are discounted at a security specific coupon rate to identify any OTTI, and then at a market rate for valuation purposes.

For those securities with credit-related OTTI recognized in the statement of income, the amounts of noncredit-related OTTI recognized in OCI are related to AFS securities for all periods presented, except for $20.9 million related to HTM securities first identified as having credit-related OTTI during the three months ended September 30, 2011.

During the three and nine months ended September 30, nontaxable interest income on securities was $5.2 million and $16.4 million in 2011, and $6.6 million and $20.7 million in 2010, respectively.

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The following summarizes gains and losses, including OTTI, that were recognized in the statements of income:

(In thousands)	Three Months Ended September 30, 2011		Three Months Ended September 30, 2010		Nine Months Ended September 30, 2011		Nine Months Ended September 30, 2010	
	Gross gains	**Gross losses**	**Gross gains**	**Gross losses**	**Gross gains**	**Gross losses**	**Gross gains**	**Gross losses**
Investment securities:								
Held-to-maturity	$ 85	$ 769	$	$	$ 202	$ 769	$	$ 151
Available-for-sale	12,950	12,565	8,427	23,711	20,532	30,982	10,241	72,911
Other noninterest-bearing investments:								
Nonmarketable equity securities	5,482	193	1,141	2,223	6,550	2,000	5,217	10,964
	18,517	13,527	9,568	25,934	27,284	33,751	15,458	84,026
Net gains (losses)		$ 4,990		$ (16,366)		$ (6,467)		$ (68,568)
Statement of income information:								
Net impairment losses on investment securities		$ (13,334)		$ (23,712)		$ (21,597)		$ (73,035)
Equity securities gains (losses), net		5,289		(1,082)		4,550		(5,747)
Fixed income securities gains, net		13,035		8,428		10,580		10,214
Net gains (losses)		$ 4,990		$ (16,366)		$ (6,467)		$ (68,568)

Gains and losses on the sale of securities are recognized using the specific identification method and recorded in noninterest income.

Securities with a carrying value of $1.4 billion and $1.6 billion at September 30, 2011 and 2010, respectively, were pledged to secure public and trust deposits, advances, and for other purposes as required by law. Securities are also pledged as collateral for security repurchase agreements.

5. LOANS AND ALLOWANCE FOR CREDIT LOSSES

ASU 2010-20, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*, requires certain additional disclosures under ASC 310, *Receivables*, which became effective at December 31, 2010. Certain other disclosures were required beginning March 31, 2011 and relate to additional detail for the rollforward of the allowance for credit losses and for impaired loans. The new guidance is incorporated in the following discussion. It relates only to financial statement disclosures and does not affect the Company s financial condition or results of operations.

Additional accounting guidance and disclosures for troubled debt restructurings (TDRs) were required for the Company beginning September 30, 2011 in accordance with ASU 2011-02, *A Creditor s Determination of Whether a Restructuring Is a Troubled Debt Restructuring*. ASU 2011-02 provides criteria to evaluate if a TDR exists based on whether (1) the restructuring constitutes a concession by the creditor and (2) the debtor is experiencing financial difficulty. The new guidance for TDRs is incorporated in the following discussion and did not affect the Company s financial condition or results of operations.

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Loans and Loans Held for Sale

Loans are summarized as follows according to major portfolio segment and specific loan class:

(In thousands)	September 30, 2011	December 31, 2010	September 30, 2010
Loans held for sale	$ 159,300	$ 206,286	$ 217,409
Commercial:			
Commercial and industrial	$ 9,787,273	$ 9,167,001	$ 9,152,487
Leasing	409,458	410,174	401,504
Owner occupied	8,334,192	8,217,363	8,345,475
Municipal	440,638	438,985	333,564
Total commercial	18,971,561	18,233,523	18,233,030
Commercial real estate:			
Construction and land development	2,476,838	3,499,103	4,205,820
Term	7,743,629	7,649,494	7,550,283
Total commercial real estate	10,220,467	11,148,597	11,756,103
Consumer:			
Home equity credit line	2,157,626	2,141,740	2,156,958
1-4 family residential	3,884,618	3,499,149	3,508,948
Construction and other consumer real estate	303,680	343,257	366,697
Bankcard and other revolving plans	278,343	296,936	286,808
Other	234,044	233,193	270,926
Total consumer	6,858,311	6,514,275	6,590,337
FDIC-supported loans	800,530	971,377	1,089,926
Total loans	$ 36,850,869	$ 36,867,772	$ 37,669,396

FDIC-supported loans were acquired during 2009 and are indemnified by the FDIC under loss sharing agreements. The FDIC-supported loan balances presented in the accompanying schedules include purchased loans accounted for under ASC 310-30 at their carrying values rather than their outstanding balances. See subsequent discussion under purchased loans.

Owner occupied and commercial real estate loans include unamortized premiums of approximately $76.8 million at September 30, 2011 and $88.4 million at December 31, 2010.

Municipal loans generally include loans to municipalities with the debt service being repaid from general funds or pledged revenues of the municipal entity, or to private commercial entities or 501(c)(3) not-for-profit entities utilizing a pass-through municipal entity to achieve favorable tax treatment.

Loans with a carrying value of approximately $20.6 billion at September 30, 2011 and $20.4 billion at December 31, 2010 have been made available for pledging at the Federal Reserve and various Federal Home Loan Banks as collateral for current and potential borrowings.

We sold loans totaling $353 million and $1.2 billion for the three and nine months ended September 30, 2011 that were previously classified as loans held for sale. Amounts added to loans held for sale during these same periods were $336 million and $1.1 billion. Income from loans sold, excluding servicing, for these same periods was $5.5 million and $19.9 million.

Allowance for Credit Losses

The allowance for credit losses (ACL) consists of the allowance for loan and lease losses (ALLL, also

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referred to as the allowance for loan losses) and the reserve for unfunded lending commitments (RULC).

Allowance for Loan and Lease Losses: The ALLL represents our estimate of probable and estimable losses inherent in the loan and lease portfolio as of the balance sheet date. Losses are charged to the ALLL when recognized. Generally, commercial loans are charged off or charged down at the point at which they are determined to be uncollectible in whole or in part, or when 180 days past due unless the loan is well secured and in the process of collection. Consumer loans are either charged off or charged down to net realizable value no later than the month in which they become 180 days past due. Closed-end loans that are not secured by residential real estate are either charged off or charged down to net realizable value no later than the month in which they become 120 days past due. We establish the amount of the ALLL by analyzing the portfolio at least quarterly, and we adjust the provision for loan losses so the ALLL is at an appropriate level at the balance sheet date.

The methodologies we use to estimate the ALLL depend upon the impairment status and portfolio segment of the loan. The methodology for impaired loans is discussed subsequently. For the commercial and commercial real estate segments, we use a comprehensive loan grading system to assign probability of default and loss given default grades to each loan. The credit quality indicators discussed subsequently are based on this grading system. Probability of default and loss given default grades are based on both financial and statistical models and loan officers judgment. We create groupings of these grades for each subsidiary bank and loan class and calculate historic loss rates using a loss migration analysis that attributes historic realized losses to historic loan grades over the time period of the loss migration analysis, ranging from the previous 6 to 60 months.

For the consumer loan segment, we use roll rate models to forecast probable inherent losses. Roll rate models measure the rate at which consumer loans migrate from one delinquency bucket to the next worse delinquency bucket, and eventually to loss. We estimate roll rates for consumer loans using recent delinquency and loss experience. These roll rates are then applied to current delinquency levels to estimate probable inherent losses.

For FDIC-supported loans purchased with evidence of credit deterioration, we determine the ALLL according to ASC 310-30. The accounting for these loans, including the allowance calculation, is described in the purchased loans section following.

After applying historic loss experience, as described above, we review the quantitatively derived level of ALLL for each segment using qualitative criteria. We track various risk factors that influence our judgment regarding the level of the ALLL across the portfolio segments. Primary qualitative factors that may not be reflected in our quantitative models include:

- Asset quality trends
- Risk management and loan administration practices
- Risk identification practices
- Effect of changes in the nature and volume of the portfolio
- Existence and effect of any portfolio concentrations
- National economic and business conditions

Regional and local economic and business conditions

Data availability and applicability

We review changes in these factors to ensure that changes in the level of the ALLL are consistent with changes in these factors. The magnitude of the impact of each of these factors on our qualitative assessment of the ALLL changes from quarter to quarter according to the extent these factors are already reflected in historic loss rates and according to the extent these factors diverge from one another. We also consider the uncertainty inherent in the estimation process when evaluating the ALLL.

Reserve for Unfunded Lending Commitments: The Company also estimates a reserve for potential losses associated with off-balance sheet commitments and standby letters of credit. We determine the RULC using the same procedures and methodologies that we use for the ALLL. The loss factors used in the RULC are the same as the loss factors used in the ALLL, and the qualitative adjustments used in the RULC are the same as the qualitative adjustments used in the ALLL. We adjust the Company s unfunded lending commitments that are not unconditionally cancelable to an outstanding amount equivalent using credit conversion factors and we apply the loss factors to the outstanding equivalents.

Changes in ACL Assumptions: During the third quarter of 2011, we did not change any assumptions in our loss migration model that we use to estimate the ALLL and RULC for the commercial and commercial real estate segments. During the first quarter of 2011, we changed certain assumptions in our loss migration model by expanding the loss look-back periods for the commercial and commercial real estate segments to include losses as far back as 60 months. Prior to the first quarter of 2011, we used loss migration models based on the most recent 18 months of loss data to estimate probable losses for the portions of the segments that were collectively evaluated for impairment. The expansion of the look-back periods to a maximum of 60 months during the first quarter of 2011 increased the quantitative portion of the ACL by approximately $63 million as of March 31, 2011 over what it would have been had the previous assumptions been used. We considered these assumption changes in assessing our qualitative adjustments to the ACL. The change was made so we could continue to capture the inherent risks in the portfolio, as we believe the high level of loss severity rates that occurred during the longer periods are still relevant to estimating probable inherent losses in those segments. Our quantitative models serve as the starting point for our estimation of the appropriate level of the ACL, and therefore we utilize the qualitative portion of the ACL to capture these risks not captured in the quantitative models.

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Changes in the allowance for credit losses are summarized as follows:

(In thousands)	Three Months Ended September 30, 2011				
	Commercial	Commercial real estate	Consumer	FDIC-supported	Total
Allowance for loan losses:					
Balance at beginning of period	$ 667,646	$ 392,852	$ 149,773	$ 27,462	$ 1,237,733
Additions:					
Provision for loan losses	47,764	(49,770)	15,618	941	14,553
Change in allowance covered by FDIC indemnification				(1,647)	(1,647)
Deductions:					
Gross loan and lease charge-offs	(63,047)	(44,658)	(18,475)	(2,966)	(129,146)
Net charge-offs recoverable from FDIC				127	127
Recoveries	8,788	13,285	3,185	2,025	27,283
Net loan and lease charge-offs	(54,259)	(31,373)	(15,290)	(814)	(101,736)
Balance at end of period	$ 661,151	$ 311,709	$ 150,101	$ 25,942	$ 1,148,903
Reserve for unfunded lending commitments:					
Balance at beginning of period	$ 75,082	$ 23,852	$ 1,330	$	$ 100,264
Provision charged (credited) to earnings	1,549	(3,278)	(473)		(2,202)
Balance at end of period	$ 76,631	$ 20,574	$ 857	$	$ 98,062
Total allowance for credit losses:					
Allowance for loan losses	$ 661,151	$ 311,709	$ 150,101	$ 25,942	$ 1,148,903
Reserve for unfunded lending commitments	76,631	20,574	857		98,062
Total allowance for credit losses	$ 737,782	$ 332,283	$ 150,958	$ 25,942	$ 1,246,965

(In thousands)	Nine Months Ended September 30, 2011				
	Commercial	Commercial real estate	Consumer	FDIC-supported	Total
Allowance for loan losses:					
Balance at beginning of period	$ 761,107	$ 487,235	$ 154,326	$ 37,673	$ 1,440,341
Additions:					
Provision for loan losses	37,864	(21,475)	53,564	5,930	75,883
Change in allowance covered by FDIC indemnification				(11,923)	(11,923)
Deductions:					
Gross loan and lease charge-offs	(172,103)	(182,849)	(68,407)	(16,199)	(439,558)
Net charge-offs recoverable from FDIC				5,727	5,727
Recoveries	34,283	28,798	10,618	4,734	78,433

Net loan and lease charge-offs	(137,820)	(154,051)	(57,789)	(5,738)	(355,398)
Balance at end of period	$ 661,151	$ 311,709	$ 150,101	$ 25,942	$ 1,148,903
Reserve for unfunded lending commitments:					
Balance at beginning of period	$ 83,352	$ 26,373	$ 1,983	$	$ 111,708
Provision credited to earnings	(6,721)	(5,799)	(1,126)		(13,646)
Balance at end of period	$ 76,631	$ 20,574	$ 857	$	$ 98,062
Total allowance for credit losses:					
Allowance for loan losses	$ 661,151	$ 311,709	$ 150,101	$ 25,942	$ 1,148,903
Reserve for unfunded lending commitments	76,631	20,574	857		98,062
Total allowance for credit losses	$ 737,782	$ 332,283	$ 150,958	$ 25,942	$ 1,246,965

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The ALLL and outstanding loan balances according to the Company s impairment method are summarized as follows:

(In thousands)	September 30, 2011				
	Commercial	**Commercial real estate**	**Consumer**	**FDIC-supported**	**Total**
Allowance for loan losses:					
Individually evaluated for impairment	$ 20,089	$ 13,840	$ 8,755	$ 571	$ 43,255
Collectively evaluated for impairment	641,062	297,869	141,346	18,091	1,098,368
Purchased loans with evidence of credit deterioration				7,280	7,280
Total	$ 661,151	$ 311,709	$ 150,101	$ 25,942	$ 1,148,903
Outstanding loan balances:					
Individually evaluated for impairment	$ 416,682	$ 725,026	$ 120,403	$ 4,811	$ 1,266,922
Collectively evaluated for impairment	18,554,879	9,495,441	6,737,908	667,777	35,456,005
Purchased loans with evidence of credit deterioration				127,942	127,942
Total	$ 18,971,561	$ 10,220,467	$ 6,858,311	$ 800,530	$ 36,850,869

(In thousands)	December 31, 2010				
	Commercial	**Commercial real estate**	**Consumer**	**FDIC-supported**	**Total**
Allowance for loan losses:					
Individually evaluated for impairment	$ 53,237	$ 37,545	$ 6,335	$	$ 97,117
Collectively evaluated for impairment	707,870	449,690	147,991	30,684	1,336,235
Purchased loans with evidence of credit deterioration				6,989	6,989
Total	$ 761,107	$ 487,235	$ 154,326	$ 37,673	$ 1,440,341
Outstanding loan balances:					
Individually evaluated for impairment	$ 544,243	$ 1,003,402	$ 137,928	$	$ 1,685,573
Collectively evaluated for impairment	17,689,280	10,145,195	6,376,347	791,587	35,002,409
Purchased loans with evidence of credit deterioration				179,790	179,790
Total	$ 18,233,523	$ 11,148,597	$ 6,514,275	$ 971,377	$ 36,867,772

Nonaccrual and Past Due Loans

Loans are generally placed on nonaccrual status when payment in full of principal and interest is not expected, or the loan is 90 days or more past due as to principal or interest, unless the loan is both well secured and in the process of collection. Factors we consider in determining whether a loan is placed on nonaccrual include delinquency status, collateral value, borrower or guarantor financial statement information, bankruptcy status, and other information which would indicate that the full and timely collection of interest and principal is uncertain.

A nonaccrual loan may be returned to accrual status when all delinquent interest and principal become current in accordance with the terms of the loan agreement; the loan, if secured, is well secured; the borrower has paid according to the contractual terms for a minimum of six months; and analysis of the borrower indicates a reasonable assurance of the ability to maintain payments. Payments received on nonaccrual loans are applied as a reduction to the principal outstanding.

Closed-end loans with payments scheduled monthly are reported as past due when the borrower is in arrears

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for two or more monthly payments. Similarly, open-end credit such as charge-card plans and other revolving credit plans are reported as past due when the minimum payment has not been made for two or more billing cycles. Other multipayment obligations (i.e., quarterly, semiannual, etc.), single payment, and demand notes are reported as past due when either principal or interest is due and unpaid for a period of 30 days or more.

Nonaccrual loans are summarized as follows:

(In thousands)	September 30, 2011	December 31, 2010	September 30, 2010
Loans held for sale	$ 18,216	$	$
Commercial:			
Commercial and industrial	$ 175,626	$ 224,499	$ 284,045
Leasing	742	801	1,885
Owner occupied	267,663	342,467	414,220
Municipal		2,002	
Total commercial	444,031	569,769	700,150
Commercial real estate:			
Construction and land development	245,527	493,445	660,080
Term	188,931	264,305	262,572
Total commercial real estate	434,458	757,750	922,652
Consumer:			
Home equity credit line	14,789	14,047	16,057
1-4 family residential	107,992	124,470	145,134
Construction and other consumer real estate	15,579	23,719	22,397
Bankcard and other revolving plans	418	958	600
Other	3,320	2,156	2,580
Total consumer loans	142,098	165,350	186,768
FDIC-supported loans	29,082	35,837	127
Total	$ 1,049,669	$ 1,528,706	$ 1,809,697

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Past due loans (accruing and nonaccruing) are summarized as follows:

	September 30, 2011						
(In thousands)	**Current**	**30-89 days past due**	**90+ days past due**	**Total past due**	**Total loans**	**Accruing loans 90+ days past due**	**Nonaccrual loans that are current[1]**
Loans held for sale	$ 141,084	$	$ 18,216	$ 18,216	$ 159,300	$	$
Commercial:							
Commercial and industrial	$ 9,638,035	$ 76,084	$ 73,154	$ 149,238	$ 9,787,273	$ 3,778	$ 77,789
Leasing	408,871	270	317	587	409,458		408
Owner occupied	8,100,075	85,918	148,199	234,117	8,334,192	4,237	90,362
Municipal	440,638				440,638		
Total commercial	18,587,619	162,272	221,670	383,942	18,971,561	8,015	168,559
Commercial real estate:							
Construction and land development	2,322,117	30,243	124,478	154,721	2,476,838	2,616	103,193
Term	7,621,388	51,702	70,539	122,241	7,743,629	1,103	98,933
Total commercial real estate	9,943,505	81,945	195,017	276,962	10,220,467	3,719	202,126
Consumer:							
Home equity credit line	2,142,550	7,797	7,279	15,076	2,157,626		4,169
1-4 family residential	3,783,087	30,073	71,458	101,531	3,884,618	2,828	31,803
Construction and other consumer real estate	292,616	2,970	8,094	11,064	303,680	150	7,167
Bankcard and other revolving plans	274,806	2,106	1,431	3,537	278,343	1,130	76
Other	229,668	1,556	2,820	4,376	234,044	21	312
Total consumer loans	6,722,727	44,502	91,082	135,584	6,858,311	4,129	43,527
FDIC-supported loans	685,512	13,816	101,202	115,018	800,530	85,714	13,594
Total	$ 35,939,363	$ 302,535	$ 608,971	$ 911,506	$ 36,850,869	$ 101,577	$ 427,806

	December 31, 2010						
(In thousands)	**Current**	**30-89 days past due**	**90+ days past due**	**Total past due**	**Total loans**	**Accruing loans 90+ days past due**	**Nonaccrual loans that are current[1]**
Loans held for sale	$ 206,286	$	$	$	$ 206,286	$	$
Commercial:							
Commercial and industrial	$ 8,938,120	$ 100,119	$ 128,762	$ 228,881	$ 9,167,001	$ 7,533	$ 77,406
Leasing	408,015	1,352	807	2,159	410,174	66	23

Owner occupied	7,905,193	83,658	228,512	312,170	8,217,363	3,876	91,527
Municipal	438,985				438,985		2,002
Total commercial	17,690,313	185,129	358,081	543,210	18,233,523	11,475	170,958
Commercial real estate:							
Construction and land development	3,172,537	57,891	268,675	326,566	3,499,103	1,916	200,864
Term	7,436,222	85,595	127,677	213,272	7,649,494	4,757	112,447
Total commercial real estate	10,608,759	143,486	396,352	539,838	11,148,597	6,673	313,311
Consumer:							
Home equity credit line	2,126,505	7,494	7,741	15,235	2,141,740		2,224
1-4 family residential	3,383,420	26,345	89,384	115,729	3,499,149	2,966	34,425
Construction and other consumer real estate	322,341	8,261	12,655	20,916	343,257	532	10,089
Bankcard and other revolving plans	290,879	3,912	2,145	6,057	296,936	1,572	311
Other	227,654	4,586	953	5,539	233,193		959
Total consumer loans	6,350,799	50,598	112,878	163,476	6,514,275	5,070	48,008
FDIC-supported loans	804,760	27,256	139,361	166,617	971,377	118,760	15,136
Total	$ 35,454,631	$ 406,469	$ 1,006,672	$ 1,413,141	$ 36,867,772	$ 141,978	$ 547,413

[1] *Represents nonaccrual loans that are not past due more than 30 days; however, full payment of principal and interest is still not expected.*

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Credit Quality Indicators

In addition to the past due and nonaccrual criteria, we also analyze loans using a loan grading system. We generally assign internal grades to loans with commitments less than $500,000 based on the performance of those loans. Performance-based grades follow our definitions of Pass, Special Mention, Substandard, and Doubtful, which are consistent with published definitions of regulatory risk classifications.

Definitions of Pass, Special Mention, Substandard, and Doubtful are summarized as follows:

Pass: A Pass asset is higher quality and does not fit any of the other categories described below. The likelihood of loss is considered remote.

Special Mention: A Special Mention asset has potential weaknesses that may be temporary or, if left uncorrected, may result in a loss. While concerns exist, the bank is currently protected and loss is considered unlikely and not imminent.

Substandard: A Substandard asset is inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Assets so classified have well defined weaknesses and are characterized by the distinct possibility that the bank may sustain some loss if deficiencies are not corrected.

Doubtful: A Doubtful asset has all the weaknesses inherent in a Substandard asset with the added characteristics that the weaknesses make collection or liquidation in full highly questionable.

We generally assign internal grades to commercial and commercial real estate loans with commitments equal to or greater than $500,000 based on financial/statistical models and loan officer judgment. For these larger loans, we assign one of fourteen probability of default grades (in order of declining credit quality) and one of twelve loss-given-default grades. The first ten of the fourteen probability of default grades indicate a Pass grade. The remaining four grades are: Special Mention, Substandard, Doubtful, and Loss. Loss indicates that the outstanding balance has been charged-off. We evaluate our credit quality information such as risk grades at least quarterly, or as soon as we identify information that might warrant an upgrade or downgrade. Risk grades are then updated as necessary.

For consumer loans, we generally assign internal risk grades similar to those described above based on payment performance. These are generally assigned with either a Pass or Substandard grade and are reviewed as we identify information that might warrant an upgrade or downgrade.

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Outstanding loan balances (accruing and nonaccruing) categorized by these credit quality indicators are summarized as follows:

(In thousands)	September 30, 2011					
	Pass	Special Mention	Sub-standard	Doubtful	Total loans	Total allowance
Loans held for sale	$ 140,954	$	$ 18,346	$	$ 159,300	$
Commercial:						
Commercial and industrial	$ 9,041,851	$ 218,042	$ 512,683	$ 14,697	$ 9,787,273	
Leasing	399,342		10,116		409,458	
Owner occupied	7,569,305	199,421	556,035	9,431	8,334,192	
Municipal	425,177	15,461			440,638	
Total commercial	17,435,675	432,924	1,078,834	24,128	18,971,561	$ 661,151
Commercial real estate:						
Construction and land development	1,761,014	217,839	497,019	966	2,476,838	
Term	6,978,372	258,644	502,697	3,916	7,743,629	
Total commercial real estate	8,739,386	476,483	999,716	4,882	10,220,467	311,709
Consumer:						
Home equity credit line	2,109,662	108	47,812	44	2,157,626	
1-4 family residential	3,723,268	6,709	154,395	246	3,884,618	
Construction and other consumer real estate	281,968	637	20,715	360	303,680	
Bankcard and other revolving plans	266,400	3,631	8,312		278,343	
Other	227,978	408	5,649	9	234,044	
Total consumer loans	6,609,276	11,493	236,883	659	6,858,311	150,101
FDIC-supported loans	529,954	43,559	227,006	11	800,530	25,942
Total	$ 33,314,291	$ 964,459	$ 2,542,439	$ 29,680	$ 36,850,869	$ 1,148,903

(In thousands)	December 31, 2010					
	Pass	Special Mention	Sub-standard	Doubtful	Total loans	Total allowance
Loans held for sale	$ 206,286	$	$	$	$ 206,286	$
Commercial:						
Commercial and industrial	$ 8,234,515	$ 254,369	$ 658,400	$ 19,717	$ 9,167,001	
Leasing	395,081	1,170	13,923		410,174	
Owner occupied	7,358,189	147,562	705,128	6,484	8,217,363	
Municipal	436,983		2,002		438,985	
Total commercial	16,424,768	403,101	1,379,453	26,201	18,233,523	$ 761,107
Commercial real estate:						

Construction and land development	1,921,110	470,431	1,093,772	13,790	3,499,103	
Term	6,768,022	252,814	624,196	4,462	7,649,494	
Total commercial real estate	8,689,132	723,245	1,717,968	18,252	11,148,597	487,235
Consumer:						
Home equity credit line	2,098,365	855	42,349	171	2,141,740	
1-4 family residential	3,313,875	7,274	177,963	37	3,499,149	
Construction and other consumer real estate	310,209	3,424	29,176	448	343,257	
Bankcard and other revolving plans	282,353	4,535	10,040	8	296,936	
Other	226,832	111	6,038	212	233,193	
Total consumer loans	6,231,634	16,199	265,566	876	6,514,275	154,326
FDIC-supported loans	646,476	45,431	278,044	1,426	971,377	37,673
Total	$ 31,992,010	$ 1,187,976	$ 3,641,031	$ 46,755	$ 36,867,772	$ 1,440,341

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Impaired Loans

Loans are considered impaired when, based on current information and events, it is probable that we will be unable to collect all amounts due in accordance with the contractual terms of the loan agreement, including scheduled interest payments. If a nonaccrual loan has a balance greater than $500,000 or if a loan is a TDR (including TDRs that subsequently default), we consider the loan to be impaired and estimate a specific reserve for the loan according to ASC 310. Beginning in the third quarter of 2011, we increased this threshold to $1,000,000. Smaller nonaccrual loans are pooled for ALLL estimation purposes. Our consideration of impairment also incorporates the same determining factors discussed previously under nonaccrual loans.

When loans are impaired, we estimate a specific reserve for the loan based on the projected present value of the loan s future cash flows discounted at the loan s effective interest rate, the observable market price of the loan, or the fair value of the loan s underlying collateral less the cost to sell. When we base the impairment amount on the fair value of the loan s underlying collateral, we generally charge off the portion of the balance that is impaired, such that these loans do not have a specific reserve in the ALLL. Payments received on impaired loans that are accruing are recognized in interest income, according to the contractual loan agreement. Payments received on impaired loans that are on nonaccrual are not recognized in interest income, but are applied as a reduction to the principal outstanding. Payments are recognized when cash is received.

Information on impaired loans is summarized as follows, including the average recorded investment and interest income recognized for the three and nine months ended September 30, 2011:

(In thousands)	September 30, 2011					Three Months Ended September 30, 2011		Nine Months Ended September 30, 2011	
	Unpaid principal balance	Recorded investment with no allowance	Recorded investment with allowance	Total recorded investment	Related allowance	Average recorded investment	Interest income recognized	Average recorded investment	Interest income recognized
Commercial:									
Commercial and industrial	$ 247,439	$ 87,778	$ 85,525	$ 173,303	$ 12,637	$ 176,884	$ 468	$ 194,582	$ 1,608
Leasing						240		124	
Owner occupied	301,079	148,384	94,995	243,379	7,452	269,455	634	297,808	2,066
Municipal						3,872		3,256	
Total commercial	548,518	236,162	180,520	416,682	20,089	450,451	1,102	495,770	3,674
Commercial real estate:									
Construction and land development	449,789	249,888	99,122	349,010	6,641	406,510	1,229	480,834	3,803
Term	435,832	232,159	143,857	376,016	7,199	387,178	2,082	412,378	6,381
Total commercial real estate	885,621	482,047	242,979	725,026	13,840	793,688	3,311	893,212	10,184
Consumer:									
Home equity credit line	1,702	1,374	226	1,600	3	1,133		1,265	1
1-4 family residential	122,606	61,685	42,206	103,891	7,804	103,983	353	106,439	977
Construction and other consumer real estate	15,594	4,446	6,818	11,264	945	12,034	29	12,744	51
Bankcard and other revolving plans								21	
Other	3,719	3,619	29	3,648	3	3,723		3,793	

Total consumer loans	143,621	71,124	49,279	120,403	8,755	120,873	382	124,262	1,029
FDIC-supported loans	376,757	58,181	74,572	132,753	7,851	133,911	12,661[1]	152,241	41,164[1]
Total	$ 1,954,517	$ 847,514	$ 547,350	$ 1,394,864	$ 50,535	$ 1,498,923	$ 17,456	$ 1,665,485	$ 56,051

[1] *Interest income recognized results primarily from accretion on impaired FDIC-supported loans.*

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(In thousands)	December 31, 2010				
		Recorded investment			
	Unpaid principal balance	with no allowance	with allowance	Total recorded investment	Related allowance
Commercial:					
Commercial and industrial	$ 322,674	$ 95,316	$ 114,959	$ 210,275	$ 38,021
Leasing					
Owner occupied	430,997	233,418	98,548	331,966	14,743
Municipal	2,002		2,002	2,002	473
Total commercial	755,673	328,734	215,509	544,243	53,237
Commercial real estate:					
Construction and land development	862,433	478,181	118,663	596,844	16,964
Term	500,956	251,745	154,813	406,558	20,581
Total commercial real estate	1,363,389	729,926	273,476	1,003,402	37,545
Consumer:					
Home equity credit line	5,160	3,152	630	3,782	180
1-4 family residential	138,965	91,721	23,811	115,532	5,456
Construction and other consumer real estate	27,308	16,682	1,369	18,051	465
Bankcard and other revolving plans	60		30	30	30
Other	629		533	533	204
Total consumer loans	172,122	111,555	26,373	137,928	6,335
FDIC-supported loans	547,566	131,680	48,110	179,790	6,989
Total	$ 2,838,750	$ 1,301,895	$ 563,468	$ 1,865,363	$ 104,106

Amounts at December 31, 2010 in the preceding table presenting the unpaid principal balance have been adjusted from balances previously reported as of this same date, for which the total was $2.7 billion. This clarification in reporting was made to properly reflect our accounting for these items. The change did not have an impact on the Company s balance sheet or results of operations.

Modified and Restructured Loans

Loans may be modified in the normal course of business for competitive reasons or to strengthen the Company s position. Loan modifications and restructurings may also occur when the borrower experiences financial difficulty and needs temporary or permanent relief from the original contractual terms of the loan. These modifications are structured on a loan-by-loan basis, and depending on the circumstances, may include extended payment terms, a modified interest rate, forgiveness of principal, or other concessions. Loans that have been modified to accommodate a borrower who is experiencing financial difficulties, and for which the Company has granted a concession that it would not otherwise consider, are considered a TDR.

We consider many factors in determining whether to agree to a loan modification involving concessions, and seek a solution that will both minimize potential loss to the Company and attempt to help the borrower. We evaluate borrowers current and forecasted future cash flows, their ability and willingness to make current contractual or proposed modified payments, the value of the underlying collateral (if applicable), the possibility of obtaining additional security or guarantees, and the potential costs related to a repossession or foreclosure and the subsequent sale of the collateral.

TDRs are classified as either accrual or nonaccrual loans. A loan on nonaccrual and restructured as a TDR will remain on nonaccrual status until the borrower has proven the ability to perform under the modified structure for a minimum of six months, and there is evidence that such payments can and are likely to continue as agreed. Performance prior to the restructuring, or significant events that coincide with the

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restructuring, are included in assessing whether the borrower can meet the new terms and may result in the loan being returned to accrual at the time of restructuring or after a shorter performance period. If the borrower s ability to meet the revised payment schedule is uncertain, the loan remains classified as a nonaccrual loan. A TDR loan that specifies an interest rate that at the time of the restructuring is greater than or equal to the rate the bank is willing to accept for a new loan with comparable risk may not be reported as a TDR or an impaired loan in the calendar years subsequent to the restructuring if it is in compliance with its modified terms.

Selected information on TDRs that includes the recorded investment on an accruing and nonaccruing basis by loan class and modification type is summarized in the following table. This information reflects all TDRs at September 30, 2011:

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(In thousands)	September 30, 2011 Recorded investment resulting from the following modification types:						
	Interest rate below market	Maturity or term extension	Principal forgiveness	Payment deferral	Other[1]	Multiple modification types[2]	Total
Accruing							
Commercial:							
Commercial and industrial	$ 306	$ 16,129	$	$ 3,280	$ 7,993	$ 4,567	$ 32,275
Leasing							
Owner occupied	1,896	15,518		2,478	12,639	9,265	41,796
Municipal							
Total commercial	2,202	31,647		5,758	20,632	13,832	74,071
Commercial real estate:							
Construction and land development	7,160	53,944	712		22,675	25,200	109,691
Term	3,801	31,513	3,044	24,059	33,060	111,553	207,030
Total commercial real estate	10,961	85,457	3,756	24,059	55,735	136,753	316,721
Consumer:							
Home equity credit line					34	73	107
1-4 family residential	3,291	1,673	224		2,635	29,265	37,088
Construction and other consumer real estate	18	598			637	984	2,237
Bankcard and other revolving plans							
Other		29					29
Total consumer loans	3,309	2,300	224		3,306	30,322	39,461
Total accruing	16,472	119,404	3,980	29,817	79,673	180,907	430,253
Nonaccruing							
Commercial:							
Commercial and industrial	3,720	3,386	37	1,413	826	17,661	27,043
Leasing							
Owner occupied	2,903	1,720	770	8,589	7,188	10,817	31,987
Municipal							
Total commercial	6,623	5,106	807	10,002	8,014	28,478	59,030
Commercial real estate:							
Construction and land development	15,360	4,661	36	4,386	7,485	97,233	129,161
Term	10,837	56		5,229	4,178	66,936	87,236
Total commercial real estate	26,197	4,717	36	9,615	11,663	164,169	216,397
Consumer:							
Home equity credit line	197						197
1-4 family residential	1,393	914	1,256	2,976	5,997	15,725	28,261
Construction and other consumer real estate	969	3,233				72	4,274
Bankcard and other revolving plans							
Other							

Total consumer loans	2,559	4,147	1,256	2,976	5,997	15,797	32,732
Total nonaccruing	35,379	13,970	2,099	22,593	25,674	208,444	308,159
Total	$ 51,851	$ 133,374	$ 6,079	$ 52,410	$ 105,347	$ 389,351	$ 738,412

[1] *Includes TDRs that resulted from other modification types including, but not limited to, a legal judgment awarded on different terms, a bankruptcy plan confirmed on different terms, a settlement that includes the delivery of collateral in exchange for debt reduction; etc.*

[2] *Includes TDRs that resulted from a combination of any of the previous modification types.*

At September 30, 2011, the recorded investment in loans modified with interest rates or other terms more favorable than market was $262.8 million. The net financial impact on interest income due to interest rate changes for accruing TDR loans is summarized in the following table:

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(In thousands)	September 30, 2011	
	Three months ended[1]	Nine months ended[1]
Commercial:		
Commercial and industrial	$ (24)	$ (110)
Leasing		
Owner occupied	(954)	(2,268)
Municipal		
Total commercial	(978)	(2,378)
Commercial real estate:		
Construction and land development	(25)	1,431
Term	(2,194)	(10,225)
Total commercial real estate	(2,219)	(8,794)
Consumer:		
Home equity credit line	(4)	(13)
1-4 family residential	(2,966)	(6,646)
Construction and other consumer real estate	(22)	(121)
Bankcard and other revolving plans		
Other		
Total consumer loans	(2,992)	(6,780)
Total decrease to interest income	$ (6,189)	$ (17,952)

[1] *Calculated based on the difference between the modified rate and the pre-modified rate applied to the recorded investment.*

On an ongoing basis, we monitor the performance of all TDR loans according to their restructured terms. Subsequent payment default is defined in terms of delinquency, when principal or interest payments are past due 90 days or more for commercial loans, or 60 days or more for consumer loans.

The recorded investment of accruing and nonaccruing loans modified as TDRs within the previous 12 months (October 1, 2010 to September 30, 2011) that had a payment default during the three and nine months ended September 30, 2011 is as follows:

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ZIONS BANCORPORATION AND SUBSIDIARIES

(In thousands)	Three Months Ended September 30, 2011			Nine Months Ended September 30, 2011		
	Accruing	Nonaccruing	Total	Accruing	Nonaccruing	Total
Commercial:						
Commercial and industrial	$ 1,105	$ 3,595	$ 4,700	$ 1,105	$ 3,595	$ 4,700
Leasing						
Owner occupied					1,100	1,100
Municipal						
Total commercial	1,105	3,595	4,700	1,105	4,695	5,800
Commercial real estate:						
Construction and land development	4,860					