Zions Bancorporation (ZION)

Updated May 14th, 2025, by Patrick Neuwirth

Key Metrics

Current Price:	$50	**5 Year CAGR Estimate:**	12.0%	**Market Cap:**	$7.3 B
Fair Value Price:	$58	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date[1]:**	08/15/25
% Fair Value:	86%	**5 Year Valuation Multiple Estimate:**	3.2%	**Dividend Payment Date[1]:**	08/29/25
Dividend Yield:	3.4%	**5 Year Price Target**	$78	**Years Of Dividend Growth:**	12
Dividend Risk Score:	C	**Sector:**	Financials	**Rating:**	Hold

Overview & Current Events

Zions Bancorporation (ZION) is a bank holding company that operates full-service banking offices in 11 western states in the U.S. The company also offers a range of investment, mortgage, insurance, and electronic commerce services. Zions primarily focuses on providing banking services to small and midsize businesses, with the majority of its loans focused on commercial and commercial real estate lending. The company was formerly known as ZB, National Association and changed its name to Zions Bancorporation, National Association in September 2018. Zions Bancorporation is an $7.3 billion company that was founded in 1873 and has 9,400 employees.

On April 21st, 2025, Zions Bancorporation released its first quarter 2025 results for the period ending March 31st, 2025. For the quarter, the company reported net earnings of $169 million, a decrease from $200 million in the prior quarter, but an increase compared with net earnings of $143 million in the same quarter of 2024. Earnings per diluted share were $1.13, compared to $0.96 for the year-ago quarter and $1.34 in the previous quarter.

The company's net interest income was $624 million, up from $586 million in the prior-year quarter and $627 million in the fourth quarter of 2024. Results were supported by continued net interest margin (NIM) improvement and solid revenue generation, although the efficiency ratio deteriorated modestly due to rising expenses. However, challenges persist, including a notable increase in classified loans, particularly in commercial real estate (CRE). The net interest margin (NIM) was 3.10%, up from 2.94% in the first quarter of 2024 and 3.05% in the prior quarter.

Noninterest income was $171 million, up from $156 million in the same quarter of the previous year, but down from $193 million in the fourth quarter of 2024. Noninterest expense increased slightly to $538 million, compared to $509 million in the prior quarter and $526 million in the same quarter of 2024. Total loans and leases were $59.9 billion, marking a 3.1% increase year-over-year. The provision for credit losses was $18 million, compared to $13 million in the prior-year quarter and $41 million in the previous quarter, with net charge-offs at an annualized 0.11% of loans. The allowance for credit losses was 1.24% of loans and leases, slightly down from 1.27% in the same quarter of 2024.

The efficiency ratio was 66.6%, compared to 67.9% in the same quarter last year and 62.0% in the previous quarter, reflecting some deterioration in operating efficiency as expense growth outpaced revenue. Total deposits were $75.7 billion, compared to $76.2 billion in the prior quarter, with customer deposits showing modest growth. The estimated Common Equity Tier 1 (CET1) capital ratio improved to 10.8%, up from 10.4% in the year-ago period but slightly below 10.9% in the prior quarter. Management remains cautiously optimistic for 2025 but noted increased economic uncertainty due to potential impacts from tariffs and trade policy.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$1.20	$1.99	$2.83	$4.08	$4.16	$3.02	$6.79	$5.79	$4.35	$4.95	***$5.30***	***$7.09***
DPS	$0.22	$0.28	$0.44	$1.04	$1.28	$1.36	$1.44	$1.59	$1.59	$1.64	***$1.72***	***$2.20***
Shares[2]	204	203	198	188	165	164	152	150	150	150	***147***	***147***

[1] Estimated date

[2] In millions.

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The company has grown earnings by 17.1% per year since 2015 and 11.9% over the past five years. After the above-average growth EPS in 2021 and the decline in EPS for 2022 due to the absence of loan loss provision recoveries that occurred that year ($276 million), we expect earnings to increase by 6% per year for the next five years and key business drivers such as loan growth and NII to return to historical levels. The company has been able to increase its dividend for 12 consecutive years. Over the last five years, the average annual dividend growth rate is 4.8%. In November 2024, the company increased its quarterly dividend by 4.9% from $0.41 to $0.43 per share.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	23.7	14.4	15.6	12.7	11.2	11.8	8.0	9.3	9.5	10.8	***9.4***	***11.0***
Avg. Yld.	1.9%	1.0%	1.0%	2.0%	2.7%	3.8%	2.6%	3.2%	3.5%	3.2%	***3.4%***	***2.8%***

During the past decade shares of Zions Bancorporation have traded with an average price-to-earnings ratio of about 13 and today, it stands at 9.4. We are using 11 times earnings as a fair value baseline, implying the potential for a valuation tailwind. The company's dividend yield is currently 3.4% which is above the average yield of 2.4% over the past decade.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	10%	18%	14%	16%	25%	31%	45%	21%	29%	29%	***32%***	***31%***

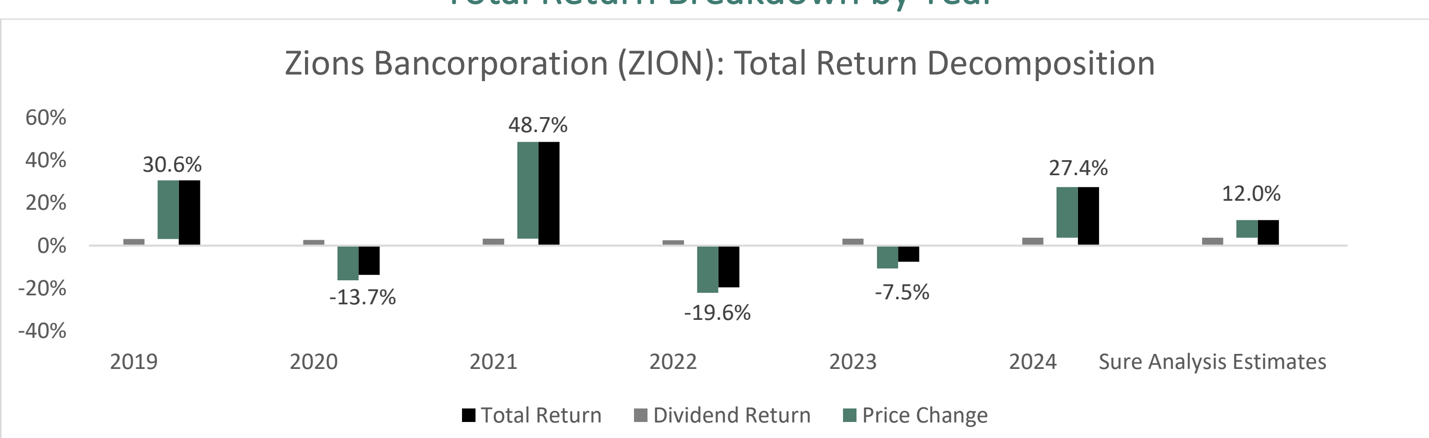
During the past five years, the company's dividend payout ratio has averaged around 31%. Zions Bancorporation's dividend is comfortably covered by earnings. Given the expected earnings growth, there is room for the dividend to continue to grow at least at the same pace and keep the payout ratio around the same levels which is safe.

Zions Bancorporation is a strong collection of community banks with local decision-making, a focus on commercial banking, and a strong credit performance. The local "ownership" helps the company to spot local market opportunities and better understand specific regional challenges. Zions Bancorporation is one of only three banks to have averaged 16 or more Greenwich Excellence Awards since 2009. Roughly 2/3 of revenue is from commercial customers. The bank has completed its digital banking replacement project (called FutureCore) to improve its customer experience and lower operating costs. The new digital banking should strengthen Zions' competitive position, and reduces its risk profile.

Final Thoughts & Recommendation

Zions Bancorporation is an old and well-established regional bank active in 11 western states with a solid earnings track record and a dividend yield of 3.4%. We estimate total return potential of 12.0% per year for the stock over the next five years based on a 6% earnings-per-share growth, the dividend yield, and a valuation tailwind. Recent results reaffirm the bank's strong credit profile, though management has flagged growing macroeconomic uncertainty. Shares earn a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	2,072	2,383	2,609	2,782	2,834	2,790	2,923	3,152	3,115	3,130
SG&A Exp.	1,032	1,040	1,081	1,146	1,185	1,131	1,171	1,324	1,400	1,412
D&A Exp.	86	123	179	193	188	86	(14)	110	140	124
Net Profit	309	469	592	884	816	539	1,129	907	680	784
Net Margin	14.9%	19.7%	22.7%	31.8%	28.8%	19.3%	38.6%	28.8%	21.8%	25.0%
Free Cash Flow	307	400	759	1,047	580	548	423	1,280	772	1,051
Income Tax	142	236	344	259	237	133	317	245	206	228

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	59,665	63,239	66,288	68,746	69,172	81,479	93,200	89,540	87,200	88,780
Cash & Equivalents	6,906	2,148	1,330	1,233	1,448	1,617	10,878	1,997	2,204	3,501
Goodwill & Int.	1,030	1,022	1,016	1,015	1,014	1,016	1,015	1,065	1,059	1,052
Total Liabilities	52,157	55,605	58,609	61,168	61,819	73,593	85,737	84,650	81,510	82,650
Long-Term Debt	811	1,034	3,982	5,224	2,719	1,332	1,008	7,747	2,063	3,471
Total Equity	6,679	6,924	7,113	7,012	6,787	7,320	7,023	4,453	5,251	6,058
LTD/E Ratio	0.11	0.14	0.52	0.69	0.37	0.17	0.14	1.58	0.36	0.57

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.5%	0.8%	0.9%	1.3%	1.2%	0.7%	1.3%	1.0%	0.8%	0.9%
Return on Equity	4.7%	6.9%	8.4%	12.5%	11.8%	7.6%	15.7%	15.8%	12.9%	13.3%
ROIC	3.7%	5.5%	5.8%	7.2%	7.1%	5.6%	12.8%	8.6%	6.7%	9.0%
Shares Out.	204	203	198	188	165	164	152	150	148	147.2
Revenue/Share	10.17	11.67	12.44	13.47	15.20	16.85	18.24	20.98	21.08	21.26
FCF/Share	1.51	1.96	3.62	5.07	3.11	3.31	2.64	8.52	5.23	7.14

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.