



FOR IMMEDIATE RELEASE
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LIKELY END OF U.S. RECESSION WILL BENEFIT COLORADO SMALL BUSINESSES
– Vectra Bank Colorado Small Business Index rises slightly to 78.2 –

DENVER -- Recent economic reports have been sufficiently upbeat to encourage Vectra Bank Colorado's corporate economist, Jeff Thredgold, to declare an end to what he terms the "Great Recession" -- the longest, deepest, and most painful U.S. recession since the Great Depression, lasting since December 2007.

In line with other factors, the Vectra Bank Colorado Small Business Index for Colorado measured 78.2 in July, up from 77.7 in June, thanks to clear improvement in the U.S. economy, Thredgold said, adding, "This is in spite of the fact that the state continues to shed jobs."

Colorado's unemployment rate was estimated at 7.6 percent in the latest month, unchanged from the prior month's 7.6 percent rate. Total employment fell by 104,400 jobs during the past 12 months.

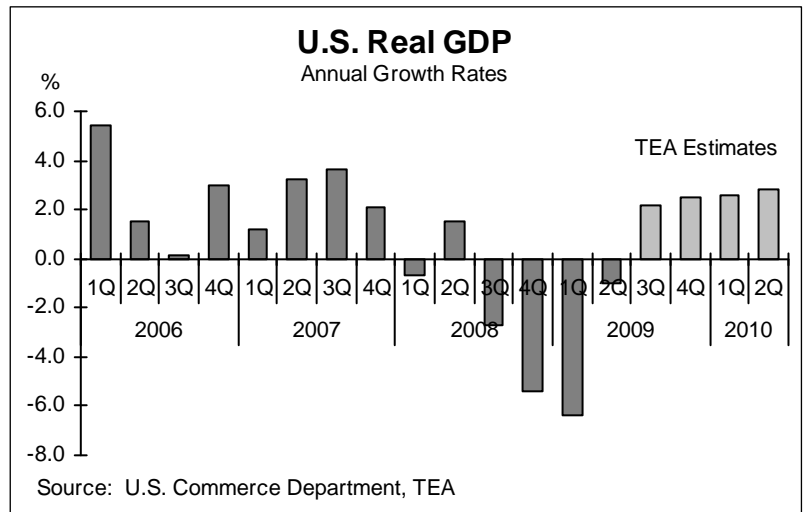
"In the next few months, I think we'll see Colorado's negative employment trend begin to reverse itself, especially now that the broader U.S. economy is showing signs of growth," Thredgold said. "But it will likely be 2010 before we see any significant job gains."

The U.S. economy lost an estimated 247,000 net jobs in July, less than the 325,000 decline expected. In addition, job losses in May and June were revised to show 43,000 fewer positions eliminated. The U.S. unemployment rate dipped to 9.4 percent in July from a 26-year high of 9.5 percent in June.

OVER & DONE WITH

The "Great Recession" is no more ... it's over ... it has very likely run its course.

While this is good news, it *does not* mean that all of our problems with housing, foreclosures, bankruptcies, etc. are now behind us. It does not mean that impending challenges with commercial real estate



valuations and financing are behind us. It does not mean that the nation's unemployment rate and overall job losses will immediately stop rising to even more painful levels ... but a very likely return to positive U.S. economic growth this quarter, next quarter and throughout 2010 is a precondition to dealing with all of the serious issues noted above.

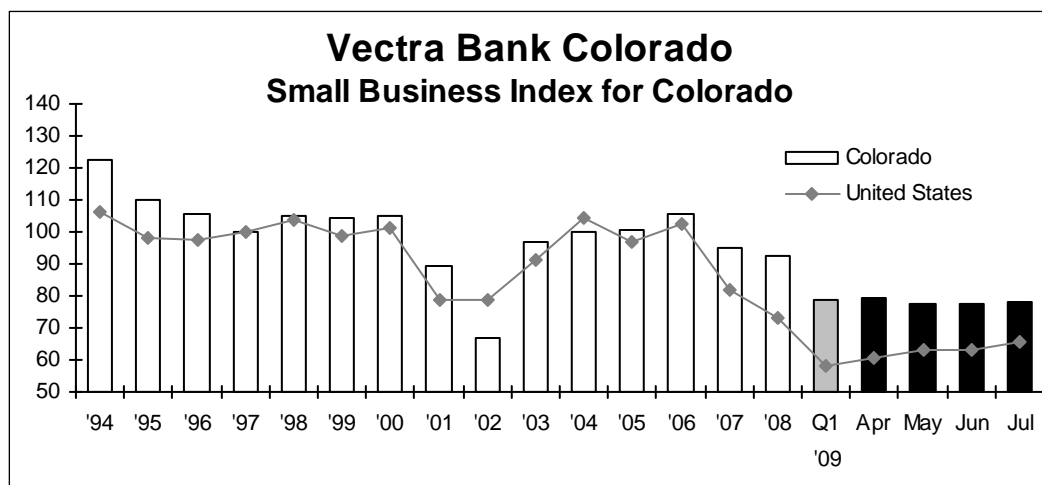
Second-quarter 2009 economic data released on July 31 by the U.S. Commerce Department contained many favorable tidbits. The American economy did contract again during 2009's second quarter.

However, the modest 1.0 percent real (after inflation) annual rate of decline was much better than the revised 6.4 percent real annual rate of decline during 2009's first quarter, the worst quarter in 27 years (see chart). The U.S. economy has now recorded four consecutive quarters of economic contraction, the only such occurrence since recordkeeping began in 1947.

In addition, the vast majority of forecasting economists expect that U.S. GDP (the broadest measure of all goods produced and services provided in the American economy) will turn positive this quarter, with growth continuing at a positive if not exactly blockbuster pace.

U.S. economic performance is a component of the Colorado Small Business Index. Stronger (or less weak) U.S. economic growth is a positive contributor to the Index and will lead to stronger regional and state performance during the next 12 to 18 months.

The Vectra Bank Colorado Small Business Index for Colorado was 78.2 in July 2009, up from 77.7 in June



2009. The Index measures business conditions from the viewpoint of the Colorado small business owner or manager.

A higher Index number is

associated with more favorable business "conditions" for Colorado's small businesses. The Index uses 100.0

for calendar year 1997 as its base year. The Index also includes revisions to various historical and new forecast components as they become available.

The U.S. Small Business Index also rose in July to 65.5, up from a revised 63.0 in June.

IN COLORADO

The Colorado unemployment rate—the most heavily weighted component of the Vectra Bank Colorado Small Business Index for Colorado—was estimated at 7.6 percent in the most recent month, unchanged from the 7.6 percent rate of the prior month. The 7.6 percent rate exceeds the 4.8 percent rate of 12 months ago. A higher Colorado jobless rate is a positive contributor to the Index as it suggests greater access to labor for small businesses.

The state's unemployment rate averaged 4.9 percent in 2008, 3.9 percent in 2007, 4.4 percent in 2006, 5.1 percent in 2005, and 5.3 percent during the period 2001-2004. The Colorado unemployment rate averaged 2.7 percent during calendar year 2000, the lowest average annual rate on record. Colorado's unemployment rate averaged 3.3 percent during 1997-1999 and 4.8 percent during the period 1990-1996.

The last 12 months have seen an estimated decline in Colorado employment of 104,400 jobs (down 4.4 percent), which compares to a revised loss of 97,400 jobs in the prior year-over-year period. Colorado added 18,000 jobs in 2008, added an average of 44,600 jobs annually during 2004 to 2007, lost an average of 37,000 jobs in both 2002 and 2003, and gained 13,100 jobs in 2001.

These job totals compare to gains averaging 77,000 new jobs annually during the 1993-2000 period. More recently, job declines, leading to slower income creation and weaker retail sales, have a negative impact upon Colorado small businesses and therefore the Index.

NATIONAL EMPLOYMENT

The U.S. Department of Labor reported a net loss of 247,000 jobs in July 2009, the 19th monthly decline in a row, but less than the estimated loss near 325,000 jobs. Previously reported job losses during May and June were revised to show the net loss of 43,000 fewer jobs. The U.S. economy has now lost 6.7 million jobs since the "Great Recession" began in December 2007, with more than half of the losses during 2009's first seven months.

The U.S. unemployment rate declined to 9.4 percent in July, versus 9.5 percent in June, a 26-year high. The current 9.4 percent jobless rate compares to the 5.8 percent rate of one year ago. The average hourly wage rose 0.2 percent (three cents) to \$18.56 hourly, a rise of 2.5 percent during the past 12 months.

Goods-producing employment continued to decline in July, with a net loss of 128,000 jobs. Manufacturing employment fell by 52,000 positions, while construction lost another 76,000 jobs.

Service-providing employment also declined in July by 119,000 positions. The professional & business services sector lost 38,000 jobs, while the retail trade sector lost 44,000 jobs in July. The government sector added 7,000 jobs, while the education & health services sector added 17,000 positions in July.

The net decline of nearly 3.1 million jobs during 2008 was the worst year since 1945. The loss of nearly 3.6 million jobs during 2009's first seven months has already surpassed the 2008 total. The net decline of 6.7 million jobs is a painful contrast to the average gain of 1.9 million net new jobs annually during 2005 to 2007. Such job losses are likely to lessen in coming months as the U.S. economy likely emerges from the worst recession in the post-Depression period. Most forecasters see the recession now concluding, with a consensus view that slightly positive GDP will be achieved in the current quarter.

With assets of \$2.78 billion, Vectra Bank Colorado is a proactive, customer-focused organization dedicated to real relationship banking. Part of the Zions Bancorporation family of banks, Vectra serves Colorado's small, middle-market and corporate business clients with 39 locations throughout Colorado, and one in Farmington, New Mexico.

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