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**RECORD LOW SHORT-TERM INTEREST RATES BENEFIT
MOST COLORADO SMALL BUSINESSES, DESPITE CONTINUING ECONOMIC SLOWDOWN**
– *Vectra Bank Colorado Small Business Index rises slightly to 77.1* –

DENVER -- Colorado joined virtually all U.S. states in experiencing rising unemployment rates and continuing job losses in June, according to Vectra Bank Colorado economist Jeff Thredgold, who reported that the Vectra Bank Colorado Small Business Index for Colorado measured 77.7 in June, up slightly from a revised 77.6 in May.

Colorado's unemployment rate was estimated at 7.6 percent in the latest month, up from the 7.4 percent rate of the prior month. "While Colorado's unemployment level is painful, it is significantly below the average unemployment rate of 10 percent in the Western United States," noted Thredgold.

Total Colorado employment fell by 97,600 jobs during the past 12 months, a greater loss versus the previous month's level.

"However, year-over-year job-loss pain might be nearing a bottom point," Thredgold said. "Also, in contrast to some periods, the silver lining for Colorado businesses at this point of the recession is that financing costs are basically at record lows, and inflationary pressures are also at their lowest levels in 60 years."

The U.S. economy lost an estimated 467,000 net jobs in June, worse than the 365,000 decline expected. Job losses in April and May were revised to show 8,000 fewer positions eliminated. The U.S. unemployment rate rose to a 26-year high of 9.5 percent.

STEADY AT THE WHEEL

The Federal Reserve, this nation's central bank, has undertaken a series of unprecedented steps during the past 24 months to address the U.S. and global recessions. Many of these actions were nowhere to be found in an operating manual.

The Federal Reserve reduced its key short-term interest rate—the federal funds rate—to a record low target of 0.00 percent to 0.25 percent on Dec. 16, 2008. The rate has not changed since that time. Most forecasts suggest that the Fed is likely to keep the rate at its current level for most, if not all, of 2009.

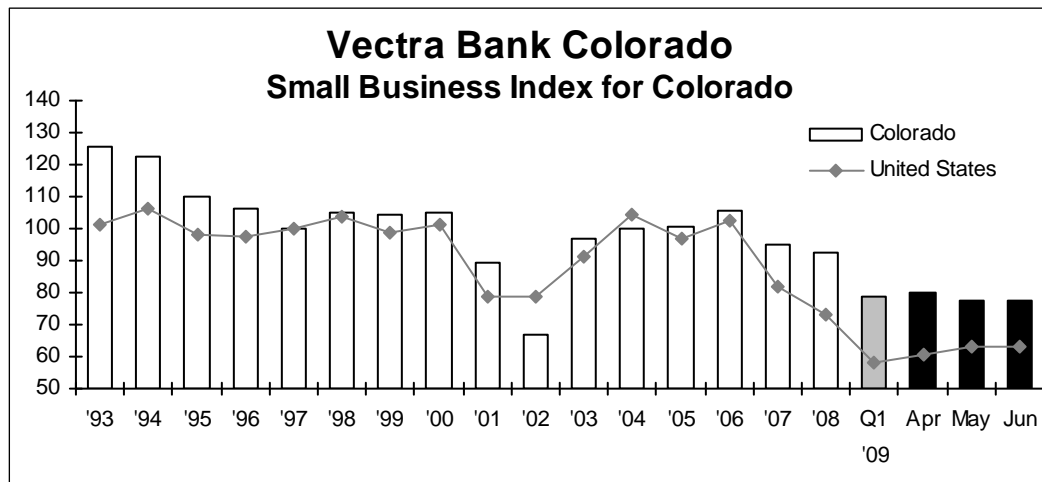
In addition, the Fed has provided massive liquidity, various loan guarantees, financial market supports and other forms of monetary assistance in order to help stabilize the U.S. and global economies and help the U.S. economy return to positive economic growth. The Fed refers to such actions as "quantitative easing."

Most economic forecasters see a return to positive U.S economic growth no later than the end of the year. The Fed's own forecast sees a similar return to modest growth. Greater attention is now being paid to the process whereby the Fed will reverse certain policies and reduce excess monetary accommodation as a means of minimizing potentially higher inflation pressures beyond 2010. Financial markets refer to such policy reversals as an "exit strategy."

The Small Business Index assumes that most small businesses are net borrowers. As a result, they have benefited from extremely low short-term borrowing costs during 2009, although credit has been more difficult to obtain for many borrowers, both large and small. Such low borrowing costs are likely to continue indefinitely.

In addition, performance of the U.S. economy is a component of the Small Business Index. A return to positive, if modest, U.S. economic growth would be a positive contributor to the Index.

The Vectra Bank Colorado Small Business Index for Colorado was 77.7 in June, up slightly from the revised



77.6 for May. 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 held steady in June at 63.2, exactly the same as in May.

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, up from the 7.4 percent rate of the prior month and significantly higher than the 4.7 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 97,600 jobs (down 4.1 percent), which compares to a revised loss of 88,700 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 had a negative impact upon Colorado small businesses and therefore the Index.

NATIONAL EMPLOYMENT

The U.S. Department of Labor reported a net loss of 467,000 jobs in June, the 18th monthly decline in a row and worse than the previously estimated loss near 365,000 jobs. Previously reported job losses during April and May were revised to show the net loss of 8,000 fewer jobs. The U.S. economy has now lost 6.5 million jobs since the recession began in December 2007, with more than half of the losses during the past six months.

The U.S. unemployment rate rose to 9.5 percent in June, the highest in 26 years, versus 9.4 percent in May. As in Colorado, the current 9.5 percent jobless rate is significantly higher than the 5.6 percent rate of one year

ago. The average hourly wage was unchanged at \$18.53 hourly, although that rate has risen by 2.7 percent during the past 12 months.

Goods-producing employment continued to decline sharply in June, with a net loss of 223,000 jobs. Manufacturing employment fell by 136,000 positions, while construction lost another 79,000 jobs.

Service-providing employment also declined in June by 244,000 positions. The professional & business services sector lost 118,000 jobs, while the retail trade sector lost 21,000 jobs in June. The government sector lost 52,000 jobs, while the education & health services sector added 34,000 positions in June.

The net decline of nearly 3.1 million jobs during 2008 was the worst year since 1945. The loss of nearly 3.4 million jobs during 2009's first six months has already surpassed the 2008 total. The net decline of 6.5 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 continue in coming months as the U.S. economy struggles with the worst recession in the post-WWII period. Note, however, that most forecasters see the recession concluding before the end of the year, with a consensus view that slightly positive GDP could 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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