

REGIONS FINANCIAL CORP

Form 10-Q/A

June 09, 2009

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q/A

(Amendment No. 2)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended March 31, 2009

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: 000-50831

Regions Financial Corporation

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

63-0589368
(IRS Employer

Identification Number)

1900 Fifth Avenue North

Birmingham, Alabama
(Address of principal executive offices)

35203
(Zip code)

(205) 944-1300

(Registrant's telephone number, including area code)

NOT APPLICABLE

(Former name, former address and former fiscal year, if changed since last report)

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 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 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.

(Check one): Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a 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

The number of shares outstanding of each of the issuer's classes of common stock was 695,030,000 shares of common stock, par value \$.01, outstanding as of April 30, 2009.

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EXPLANATORY NOTE

This Amendment No. 2 on Form 10-Q/A (this Amendment) amends our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 as filed with the Securities and Exchange Commission on May 11, 2009 as previously amended by Amendment No. 1 filed on Form 10-Q/A on May 13, 2009 (Amendment No. 1). This Amendment is being made solely for the purpose of filing as Exhibit 32 the certification pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

This Quarterly Report on Form 10-Q/A has not been updated to reflect other events occurring after the filing date of the original Quarterly Report on Form 10-Q or Amendment No. 1 or to modify or update those disclosures affected by subsequent events.

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REGIONS FINANCIAL CORPORATION

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Table of Contents**PART I****FINANCIAL INFORMATION****Item 1. Financial Statements (Unaudited)****REGIONS FINANCIAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

| <i>(In millions, except share data)</i> | March 31 2009 | December 31 2008 | March 31 2008 |
|--|--------------------------|-----------------------------|--------------------------|
| Assets | | | |
| Cash and due from banks | \$ 2,429 | \$ 2,643 | \$ 3,061 |
| Interest-bearing deposits in other banks | 2,288 | 7,540 | 48 |
| Federal funds sold and securities purchased under agreements to resell | 418 | 790 | 852 |
| Trading account assets | 1,348 | 1,050 | 1,519 |
| Securities available for sale | 20,970 | 18,850 | 17,766 |
| Securities held to maturity | 45 | 47 | 50 |
| Loans held for sale (includes \$1,365 measured at fair value at March 31, 2009) | 1,956 | 1,282 | 757 |
| Loans, net of unearned income | 95,686 | 97,419 | 96,385 |
| Allowance for loan losses | (1,861) | (1,826) | (1,376) |
| Net loans | 93,825 | 95,593 | 95,009 |
| Other interest-earnings assets | 849 | 897 | 617 |
| Premises and equipment, net | 2,808 | 2,786 | 2,666 |
| Interest receivable | 426 | 458 | 549 |
| Goodwill | 5,551 | 5,548 | 11,510 |
| Mortgage servicing rights | 161 | 161 | 269 |
| Other identifiable intangible assets | 603 | 638 | 746 |
| Other assets | 8,303 | 7,965 | 8,830 |
| Total assets | \$ 141,980 | \$ 146,248 | \$ 144,249 |
| Liabilities and Stockholders Equity | | | |
| Deposits: | | | |
| Non-interest-bearing | \$ 19,988 | \$ 18,457 | \$ 18,182 |
| Interest-bearing | 73,548 | 72,447 | 71,005 |
| Total deposits | 93,536 | 90,904 | 89,187 |
| Borrowed funds: | | | |
| Short-term borrowings: | | | |
| Federal funds purchased and securities sold under agreements to repurchase | 2,828 | 3,143 | 8,451 |
| Other short-term borrowings | 6,525 | 12,679 | 8,717 |
| Total short-term borrowings | 9,353 | 15,822 | 17,168 |
| Long-term borrowings | 18,762 | 19,231 | 12,357 |
| Total borrowed funds | 28,115 | 35,053 | 29,525 |
| Other liabilities | 3,512 | 3,478 | 5,515 |
| Total liabilities | 125,163 | 129,435 | 124,227 |
| Stockholders equity: | | | |
| Preferred stock, cumulative perpetual participating, par value \$1.00 (liquidation preference \$1,000.00) per share, net of discount: | | | |
| Authorized 10,000,000 shares | | | |
| Issued 3,500,000 shares in 2008 | 3,316 | 3,307 | |

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Common stock, par value \$.01 per share:

| | | | |
|---|---------------|---------------|---------------|
| Authorized 1,500,000,000 shares | | | |
| Issued including treasury stock 738,570,609; 735,667,650 and 735,775,383 shares, respectively | 7 | 7 | 7 |
| Additional paid-in capital | 16,828 | 16,815 | 16,560 |
| Retained earnings (deficit) | (1,913) | (1,869) | 4,495 |
| Treasury stock, at cost 43,676,701; 44,301,693 and 41,054,113 shares, respectively | (1,415) | (1,425) | (1,371) |
| Accumulated other comprehensive income (loss), net | (6) | (22) | 331 |
| Total stockholders' equity | 16,817 | 16,813 | 20,022 |
| | | | |
| Total liabilities and stockholders' equity | \$ 141,980 | \$ 146,248 | \$ 144,249 |

See notes to consolidated financial statements.

Table of Contents**REGIONS FINANCIAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME**

| <i>(In millions, except per share data)</i> | Three Months Ended March 31 | |
|--|--|-------------|
| | 2009 | 2008 |
| Interest income on: | | |
| Loans, including fees | \$ 1,099 | \$ 1,529 |
| Securities: | | |
| Taxable | 239 | 200 |
| Tax-exempt | 7 | 10 |
| Total securities | 246 | 210 |
| Loans held for sale | 15 | 9 |
| Federal funds sold and securities purchased under agreements to resell | 1 | 7 |
| Trading account assets | 12 | 21 |
| Other interest-earning assets | 6 | 7 |
| Total interest income | 1,379 | 1,783 |
| Interest expense on: | | |
| Deposits | 366 | 503 |
| Short-term borrowings | 20 | 113 |
| Long-term borrowings | 184 | 149 |
| Total interest expense | 570 | 765 |
| Net interest income | 809 | 1,018 |
| Provision for loan losses | 425 | 181 |
| Net interest income after provision for loan losses | 384 | 837 |
| Non-interest income: | | |
| Service charges on deposit accounts | 269 | 272 |
| Brokerage, investment banking and capital markets | 217 | 273 |
| Mortgage income | 73 | 46 |
| Trust department income | 46 | 57 |
| Securities gains, net | 53 | 91 |
| SILO termination gains | 323 | |
| Other | 85 | 169 |
| Total non-interest income | 1,066 | 908 |
| Non-interest expense: | | |
| Salaries and employee benefits | 539 | 643 |
| Net occupancy expense | 107 | 107 |
| Furniture and equipment expense | 76 | 80 |
| Impairment of mortgage servicing rights | | 42 |
| Other | 336 | 378 |
| Total non-interest expense | 1,058 | 1,250 |
| Income before income taxes | 392 | 495 |
| Income taxes | 315 | 158 |
| Net income | \$ 77 | \$ 337 |

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| | | |
|--|-------|--------|
| Net income available to common shareholders | \$ 26 | \$ 337 |
| Weighted-average number of shares outstanding: | | |
| Basic | 693 | 695 |
| Diluted | 694 | 696 |
| Earnings per common share: | | |
| Basic | 0.04 | 0.48 |
| Diluted | 0.04 | 0.48 |
| Cash dividends declared per common share | 0.10 | 0.38 |

See notes to consolidated financial statements.

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REGIONS FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

| | Preferred Stock | | Common Stock | | Additional Paid-In Capital | Retained Earnings (Deficit) | Treasury Stock, At Cost | Accumulated Other Comprehensive Income (Loss) | Total |
|--|-----------------|----------|--------------|--------|----------------------------------|-----------------------------------|-------------------------------|---|-----------|
| | Shares | Amount | Shares | Amount | | | | | |
| <i>(In millions, except per share data)</i> | | | | | | | | | |
| BALANCE AT JANUARY 1, 2008 | | \$ | 694 | \$ 7 | \$ 16,545 | \$ 4,439 | \$ (1,371) | \$ 203 | \$ 19,823 |
| Cumulative effect of changes in accounting principles due to adoption of EITF 06-4, EITF 06-10 and FAS 158 (see Note 12) | | | | | | | (17) | | (17) |
| Comprehensive income: | | | | | | | | | |
| Net income | | | | | | 337 | | | 337 |
| Net change in unrealized gains and losses on securities available for sale, net of tax and reclassification adjustment* | | | | | | | | 24 | 24 |
| Net change in unrealized gains and losses on derivative instruments, net of tax and reclassification adjustment* | | | | | | | | 104 | 104 |
| Comprehensive income | | | | | | | | | 465 |
| Cash dividends declared \$0.38 per share | | | | | | (264) | | | (264) |
| Common stock transactions: | | | | | | | | | |
| Stock transactions with employees under compensation plans, net | | | 1 | | (1) | | | | (1) |
| Stock options exercised, net | | | | | 3 | | | | 3 |
| Amortization of unearned restricted stock | | | | | 13 | | | | 13 |
| BALANCE AT MARCH 31, 2008 | | \$ | 695 | \$ 7 | \$ 16,560 | \$ 4,495 | \$ (1,371) | \$ 331 | \$ 20,022 |
| BALANCE AT JANUARY 1, 2009 | 4 | \$ 3,307 | 691 | \$ 7 | \$ 16,815 | \$ (1,869) | \$ (1,425) | \$ (22) | \$ 16,813 |
| Comprehensive income: | | | | | | | | | |
| Net income | | | | | | 77 | | | 77 |
| Net change in unrealized gains and losses on securities available for sale, net of tax and reclassification adjustment* | | | | | | | | 52 | 52 |
| Net change in unrealized gains and losses on derivative instruments, net of tax and reclassification adjustment* | | | | | | | | (35) | (35) |
| Net change from defined benefit pension plans, net of tax* | | | | | | | | (1) | (1) |
| Comprehensive income | | | | | | | | | 93 |
| Cash dividends declared \$0.10 per share | | | | | | (70) | | | (70) |
| Preferred dividends | | | | | | (42) | | | (42) |
| Preferred stock transactions: | | | | | | | | | |
| Discount accretion | | | 9 | | | (9) | | | |
| Common stock transactions: | | | | | | | | | |
| Stock transactions with employees under compensation plans, net | | | 4 | | | | 10 | | 10 |
| Stock options exercised, net | | | | | 5 | | | | 5 |
| Amortization of unearned restricted stock | | | | | 8 | | | | 8 |
| BALANCE AT MARCH 31, 2009 | 4 | \$ 3,316 | 695 | \$ 7 | \$ 16,828 | \$ (1,913) | \$ (1,415) | \$ (6) | \$ 16,817 |

* See disclosure of reclassification adjustment amount and tax effect, as applicable, in Note 3 to the consolidated financial statements.

See notes to consolidated financial statements.

Table of Contents**REGIONS FINANCIAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS**

| <i>(In millions)</i> | Three Months Ended March 31 | |
|---|--|-------------|
| | 2009 | 2008 |
| Operating activities: | | |
| Net income | \$ 77 | \$ 337 |
| Adjustments to reconcile net cash provided by operating activities: | | |
| Provision for loan losses | 425 | 181 |
| Depreciation and amortization of premises and equipment | 68 | 66 |
| Impairment of mortgage servicing rights | | 42 |
| Provision for losses on other real estate, net | 19 | 4 |
| Net accretion of securities | (5) | (4) |
| Net amortization of loans and other assets | 64 | 48 |
| Net accretion of deposits and borrowings | (4) | (5) |
| Net securities gains | (53) | (91) |
| Loss on early extinguishment of debt | | 66 |
| Deferred income tax benefit | (139) | (22) |
| Excess tax benefits from share-based payments | | (1) |
| Originations and purchases of loans held for sale | (2,787) | (1,458) |
| Proceeds from sales of loans held for sale | 2,210 | 1,445 |
| Gain on sale of loans, net | (37) | (23) |
| Increase in trading account assets | (298) | (428) |
| Decrease (increase) in other interest-earning assets | 48 | (112) |
| Decrease in interest receivable | 32 | 65 |
| Increase in other assets | (285) | (1,040) |
| Increase in other liabilities | 32 | 339 |
| Other | 12 | 12 |
| Net cash used in operating activities | (621) | (579) |
| Investing activities: | | |
| Proceeds from sale of securities available for sale | 795 | 2,011 |
| Proceeds from maturity of: | | |
| Securities available for sale | 1,089 | 888 |
| Securities held to maturity | 2 | 1 |
| Purchases of: | | |
| Securities available for sale | (3,865) | (3,106) |
| Proceeds from sales of loans | | 81 |
| Net decrease (increase) in loans | 1,255 | (1,196) |
| Net purchases of premises and equipment | (90) | (121) |
| Net cash received from deposits assumed | 279 | |
| Net cash used in investing activities | (535) | (1,442) |
| Financing activities: | | |
| Net increase (decrease) in deposits | 2,354 | (5,585) |
| Net (decrease) increase in short-term borrowings | (6,469) | 6,047 |
| Proceeds from long-term borrowings | 100 | 1,841 |
| Payments on long-term borrowings | (560) | (806) |
| Cash dividends on common stock | (70) | (264) |
| Cash dividends on preferred stock | (42) | |
| Proceeds from exercise of stock options | 5 | 3 |
| Excess tax benefits from share-based payments | | 1 |

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| | | |
|---|----------|----------|
| Net cash (used in) provided by financing activities | (4,682) | 1,237 |
| Decrease in cash and cash equivalents | (5,838) | (784) |
| Cash and cash equivalents at beginning of year | 10,973 | 4,745 |
| Cash and cash equivalents at end of period | \$ 5,135 | \$ 3,961 |

See notes to consolidated financial statements.

Table of Contents**REGIONS FINANCIAL CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(Unaudited)****Three Months Ended March 31, 2009 and 2008****NOTE 1 Basis of Presentation**

Regions Financial Corporation (Regions or the Company) provides a full range of banking and bank-related services to individual and corporate customers through its subsidiaries and branch offices located primarily in Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, South Carolina, Tennessee, Texas and Virginia. The Company is subject to competition from other financial institutions, is subject to the regulations of certain government agencies and undergoes periodic examinations by those regulatory authorities.

The accounting and reporting policies of Regions and the methods of applying those policies that materially affect the consolidated financial statements conform with accounting principles generally accepted in the United States (GAAP) and with general financial services industry practices. The accompanying interim financial statements have been prepared in accordance with the instructions for Form 10-Q and, therefore, do not include all information and notes to the consolidated financial statements necessary for a complete presentation of financial position, results of operations and cash flows in conformity with GAAP. In the opinion of management, all adjustments, consisting of only normal and recurring items, necessary for the fair presentation of the consolidated financial statements have been included. These interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto in Regions Form 10-K for the year ended December 31, 2008.

Certain amounts in prior period financial statements have been reclassified to conform to the current period presentation. These reclassifications are immaterial and have no effect on net income, total assets or stockholders equity.

NOTE 2 Earnings per Common Share

The following table sets forth the computation of basic earnings per common share and diluted earnings per common share:

| <i>(In millions, except per share amounts)</i> | Three Months Ended March 31 | |
|--|--|-------------|
| | 2009 | 2008 |
| Numerator: | | |
| Net income | \$ 77 | \$ 337 |
| Preferred stock dividends | (51) | |
| Net income available to common shareholders | \$ 26 | \$ 337 |
| Denominator: | | |
| Weighted-average common shares outstanding basic | 693 | 695 |
| Common stock equivalents | 1 | 1 |
| Weighted-average common shares outstanding diluted | 694 | 696 |
| Earnings per common share: | | |
| Basic | \$ 0.04 | \$ 0.48 |
| Diluted | 0.04 | 0.48 |

The effect from the assumed exercise of 52.6 million and 53.3 million stock options for the three months ended March 31, 2009 and 2008, respectively, was not included in the above computations of diluted earnings per common share because such amounts would have had an antidilutive effect on earnings per common share.

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Comprehensive income is the total of net income and all other non-owner changes in equity. Items that are to be recognized under accounting standards as components of comprehensive income are displayed in the consolidated statements of changes in stockholders' equity.

In the calculation of comprehensive income, certain reclassification adjustments are made to avoid double-counting items that are displayed as part of net income for a period that also had been displayed as part of other comprehensive income in that period or earlier periods.

The disclosure of the reclassification amount is as follows:

| <i>(In millions)</i> | Three Months Ended March 31, 2009 | | |
|--|--|-------------------|-------------------|
| | Before Tax | Tax Effect | Net of Tax |
| Net income | \$ 392 | \$ (315) | \$ 77 |
| Net unrealized holding gains and losses on securities available for sale arising during the period | 134 | (48) | 86 |
| Less: reclassification adjustments for net securities gains realized in net income | 53 | (19) | 34 |
| Net change in unrealized gains and losses on securities available for sale | 81 | (29) | 52 |
| Net unrealized holding gains and losses on derivatives arising during the period | 39 | (15) | 24 |
| Less: reclassification adjustments for net gains realized in net income | 95 | (36) | 59 |
| Net change in unrealized gains and losses on derivative instruments | (56) | 21 | (35) |
| Net actuarial gains and losses arising during the period | 9 | (3) | 6 |
| Less: amortization of actuarial loss and prior service credit realized in net income | 11 | (4) | 7 |
| Net change from defined benefit plans | (2) | 1 | (1) |
| Comprehensive income | \$ 415 | \$ (322) | \$ 93 |

| <i>(In millions)</i> | Three Months Ended March 31, 2008 | | |
|--|--|-------------------|-------------------|
| | Before Tax | Tax Effect | Net of Tax |
| Net income | \$ 495 | \$ (158) | \$ 337 |
| Net unrealized holding gains and losses on securities available for sale arising during the period | 126 | (43) | 83 |
| Less: reclassification adjustments for net securities gains realized in net income | 91 | (32) | 59 |
| Net change in unrealized gains and losses on securities available for sale | 35 | (11) | 24 |
| Net unrealized holding gains and losses on derivatives arising during the period | 181 | (69) | 112 |
| Less: reclassification adjustments for net losses realized in net income | 13 | (5) | 8 |
| Net change in unrealized gains and losses on derivative instruments | 168 | (64) | 104 |
| Net actuarial gains and losses arising during the period | 1 | | 1 |
| Less: amortization of actuarial loss and prior service credit realized in net income | 1 | | 1 |
| Net change from defined benefit plans | | | |
| Comprehensive income | \$ 698 | \$ (233) | \$ 465 |

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Net periodic pension and other postretirement benefits cost included the following components for the three months ended March 31:

| <i>(In millions)</i> | Pension | | Other Postretirement Benefits | |
|------------------------------------|---------|-------|-------------------------------|------|
| | 2009 | 2008 | 2009 | 2008 |
| Service cost | \$ 1 | \$ 10 | \$ | \$ |
| Interest cost | 22 | 22 | | 1 |
| Expected return on plan assets | (22) | (30) | | |
| Amortization of prior service cost | | 1 | | |
| Amortization of actuarial loss | 11 | | | |
| | \$ 12 | \$ 3 | \$ | \$ 1 |

For 2009, benefit accruals in the Regions Financial Corporation Retirement Plan have been temporarily suspended. Matching contributions in the 401(k) plans will be temporarily suspended beginning in the second quarter of 2009.

NOTE 5 Share-Based Payments

Regions has long-term incentive compensation plans that permit the granting of incentive awards in the form of stock options, restricted stock awards and units, and stock appreciation rights. The terms of all awards issued under these plans are determined by the Compensation Committee of the Board of Directors, but no options may be granted after the tenth anniversary of the plans' adoption. Options and restricted stock usually vest based on employee service, generally within three years from the date of the grant. The contractual life of options granted under these plans ranges from seven to ten years from the date of grant. Upon adoption of a new long-term incentive plan in 2006, Regions amended all other open stock and long-term incentive plans, such that no new awards may be granted under those plans subsequent to the amendment date. The outstanding awards were unaffected by this plan amendment. Additionally, in connection with the AmSouth Bancorporation (AmSouth) merger, Regions assumed AmSouth's long-term incentive plans. The number of remaining share equivalents authorized for future issuance under long-term compensation plans was approximately 6.2 million share equivalents at March 31, 2009. Refer to Regions' Annual Report on Form 10-K for the year ended December 31, 2008 for further disclosures related to share-based payments issued by Regions.

During the first quarter of 2009, Regions made a stock option grant that vests based upon a service condition and a market condition. The fair value of these stock options was estimated on the date of the grant using a Monte-Carlo simulation. The simulation generates a defined number of stock price paths in order to develop a reasonable estimate of the range of future expected stock prices and minimize standard error. For all other grants that vest solely upon a service condition, the fair value of stock options is estimated at the date of the grant using a Black-Scholes option pricing model and related assumptions.

The following table summarizes the weighted-average assumptions used and the estimated fair values related to stock options granted during the three months ended March 31:

| | March 31 | |
|-------------------------|----------|----------|
| | 2009 | 2008 |
| Expected dividend yield | 1.85% | 6.93% |
| Expected volatility | 67.15% | 26.40% |
| Risk-free interest rate | 2.80% | 2.90% |
| Expected option life | 6.8 yrs. | 5.8 yrs. |
| Fair value | \$ 1.78 | \$ 2.48 |

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During 2009, expected volatility increased based upon increases in the historical volatility of Regions' stock price and the implied volatility measurements from traded options on the Company's stock. The expected option life increased due to changes in the employee grant base and employee exercise behavior. The expected dividend yield decreased based upon the market's expectation of reduced dividends in the near term.

The following table details the activity during the first three months of 2009 and 2008 related to stock options:

| | For the Three Months Ended March 31 2009 | | For the Three Months Ended March 31 2008 | |
|------------------------------------|---|--------------------------------|---|--------------------------------|
| | Number of Options | Wtd. Avg. Exercise Price | Number of Options | Wtd. Avg. Exercise Price |
| Outstanding at beginning of period | 52,955,298 | \$ 28.22 | 48,044,207 | \$ 29.71 |
| Granted | 4,063,209 | 3.29 | 9,100,305 | 21.94 |
| Exercised | | | (28,108) | 17.79 |
| Forfeited or cancelled | (1,179,861) | 31.87 | (1,041,864) | 31.45 |
| Outstanding at end of period | 55,838,646 | \$ 26.34 | 56,074,540 | \$ 28.42 |
| Exercisable at end of period | 43,097,681 | \$ 28.72 | 42,628,182 | \$ 29.20 |

During the first quarter of 2009, Regions granted restricted shares that vest based upon a service condition and a market condition. The fair value of these restricted shares was estimated on the date of the grant using a Monte-Carlo simulation. The assumptions related to this grant included expected volatility of 84.81%, expected dividend yield of 1.00%, and an expected term of 4.0 years based on the vesting term of the market condition. The risk-free rate is consistent with the assumption used to value stock options. For all other grants that vest solely upon a service condition, the fair value of the awards is estimated based upon the fair value of the underlying shares on the date of the grant.

The following table details the activity during the first three months of 2009 and 2008 related to restricted share awards and units:

| | For the Three Months Ended March 31 2009 | | For the Three Months Ended March 31 2008 | |
|-----------------------------------|---|---------------------------------------|---|---------------------------------------|
| | Shares | Wtd. Avg. Grant Date Fair Value | Shares | Wtd. Avg. Grant Date Fair Value |
| Non-vested at beginning of period | 4,123,911 | \$ 27.67 | 3,651,054 | \$ 32.60 |
| Granted | 2,939,701 | 2.76 | 1,440,598 | 22.04 |
| Vested | (200,102) | 33.50 | (112,451) | 34.03 |
| Forfeited | (78,068) | 27.67 | (242,175) | 32.48 |
| Non-vested at end of period | 6,785,442 | \$ 16.71 | 4,737,026 | \$ 29.36 |

NOTE 6 Business Segment Information

Regions' segment information is presented based on Regions' key segments of business. Each segment is a strategic business unit that serves specific needs of Regions' customers. The Company's primary segment is General Banking/Treasury, which represents the Company's branch network, including consumer and commercial banking functions, and has separate management that is responsible for the operation of that business unit. This segment also includes the Company's Treasury function, including the Company's securities portfolio and other wholesale funding activities. Prior to year-end 2008, Regions had reported an Other segment that

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included merger charges and the parent company. Regions realigned to include the parent company with General Banking/Treasury as parent company transactions essentially support the Treasury function. The 2008 amounts presented below have been adjusted to conform to the 2009 presentation.

In addition to General Banking/Treasury, Regions has designated as distinct reportable segments the activity of its Investment Banking/Brokerage/Trust and Insurance divisions. Investment Banking/Brokerage/Trust includes trust activities and all brokerage and investment activities associated with Morgan Keegan. Insurance includes all business associated with commercial insurance and credit life products sold to consumer customers.

The reportable segment designated Merger Charges includes merger charges related to the AmSouth acquisition for the periods presented. These amounts are excluded from other reportable segments because management reviews the results of the other reportable segments excluding these items.

The following tables present financial information for each reportable segment for the period indicated.

| <i>(In millions)</i> | General Banking/ Treasury | Investment Banking/ Brokerage/ Trust | Insurance | Merger Charges | Total Company |
|--|---------------------------------|---|-----------|-------------------|------------------|
| Three months ended March 31, 2009 | | | | | |
| Net interest income | \$ 792 | \$ 16 | \$ 1 | \$ | \$ 809 |
| Provision for loan losses | 425 | | | | 425 |
| Non-interest income | 784 | 253 | 29 | | 1,066 |
| Non-interest expense | 787 | 248 | 23 | | 1,058 |
| Income tax expense | 305 | 8 | 2 | | 315 |
| Net income | \$ 59 | \$ 13 | \$ 5 | \$ | \$ 77 |
| Average assets | \$ 139,534 | \$ 3,549 | \$ 480 | \$ | \$ 143,563 |

| <i>(In millions)</i> | General Banking/ Treasury | Investment Banking/ Brokerage/ Trust | Insurance | Merger Charges | Total Company |
|--|---------------------------------|---|-----------|-------------------|------------------|
| Three months ended March 31, 2008 | | | | | |
| Net interest income | \$ 997 | \$ 20 | \$ 1 | \$ | \$ 1,018 |
| Provision for loan losses | 181 | | | | 181 |
| Non-interest income | 571 | 305 | 32 | | 908 |
| Non-interest expense | 875 | 276 | 23 | 76 | 1,250 |
| Income tax expense (benefit) | 166 | 18 | 3 | (29) | 158 |
| Net income (loss) | \$ 346 | \$ 31 | \$ 7 | \$ (47) | \$ 337 |
| Average assets | \$ 137,870 | \$ 3,677 | \$ 328 | \$ | \$ 141,875 |

NOTE 7 Goodwill

Goodwill allocated to each reportable segment as of March 31, 2009, December 31, 2008, and March 31, 2008 is presented as follows:

| <i>(In millions)</i> | March 31 2009 | December 31 2008 | March 31 2008 |
|--------------------------|------------------|---------------------|------------------|
| General Banking/Treasury | \$ 4,691 | \$ 4,691 | \$ 10,668 |

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| | | | |
|------------------------------------|----------|----------|-----------|
| Investment Banking/Brokerage/Trust | 740 | 740 | 728 |
| Insurance | 120 | 117 | 114 |
| Balance at end of period | \$ 5,551 | \$ 5,548 | \$ 11,510 |

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In December 2008, Regions evaluated each reporting unit's goodwill for impairment. As a result, Regions recorded a goodwill impairment charge of \$6.0 billion in the General Banking/Treasury reporting unit. During the first quarter of 2009, Regions assessed the indicators of impairment noting there had been no significant changes since the year-end evaluation. Thus, Regions concluded that goodwill was not impaired as of March 31, 2009. Regions will continue to monitor and test goodwill as appropriate.

NOTE 8 Loan Servicing

Effective January 1, 2009, the Company made an election allowed by Statement of Financial Accounting Standards No. 156, Accounting for Servicing of Financial Assets, an Amendment of FASB Statement No. 140 (FAS 156) to prospectively change the policy for accounting for residential mortgage servicing rights from the amortization method to the fair value measurement method. Under the fair value measurement method, servicing assets are measured at fair value each period with changes in fair value recorded as a component of mortgage banking income. The adoption did not have a material impact on the consolidated financial statements.

The fair value of mortgage servicing rights is calculated using various assumptions including future cash flows, market discount rates, expected prepayment rates, servicing costs and other factors. A significant change in prepayments of mortgages in the servicing portfolio could result in significant changes in the valuation adjustments, thus creating potential volatility in the carrying amount of mortgage servicing rights. Concurrent with the election to use the fair value measurement method, Regions began using various derivative instruments to mitigate the income statement effect of changes in the fair value of its mortgage servicing rights. During the first three months of 2009, Regions recognized a \$1.0 million loss associated with changes in mortgage servicing rights and the aforementioned derivatives, which is included in mortgage income.

An analysis of mortgage servicing rights for the three months ended March 31, 2009, is presented below:

(In millions)

| | |
|--|------------|
| Carrying value, January 1, 2009 | \$ 161 |
| Additions | 19 |
| Increase (decrease) in fair value: | |
| Due to change in valuation inputs or assumptions | (9) |
| Other changes(1) | (10) |
| Carrying value, March 31, 2009 | \$ 161 |

(1) Represents economic amortization associated with borrower repayments.

Data and assumptions used in the fair value calculation related to residential mortgage servicing rights (excluding related derivative instruments) for the three months ended March 31, 2009 are as follows:

(Dollars in millions)

| | |
|--|-----------|
| Unpaid principal balance | \$ 22,341 |
| Weighted-average prepayment speed (CPR) | 37.33 |
| Estimated impact on fair value of a 10% increase | \$ (9) |
| Estimated impact on fair value of a 20% increase | \$ (18) |
| Weighted-average discount rate | 10.63% |
| Estimated impact on fair value of a 10% increase | \$ (3) |
| Estimated impact on fair value of a 20% increase | \$ (6) |
| Weighted-average coupon interest rate | 6.06% |
| Weighted-average remaining maturity (months) | 278 |
| Weighted-average servicing fee (basis points) | 28.8 |

The sensitivity calculations above are hypothetical and should not be considered to be predictive of future performance. Changes in fair value based on adverse changes in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, the

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effect of an adverse variation in a particular assumption on the fair value of the mortgage servicing rights is calculated without changing any other assumption; while in reality, changes in one factor may result in changes in another which may magnify or counteract the effect of the change.

The derivative instruments utilized by Regions would serve to reduce the estimated impacts to fair value included in the table above.

NOTE 9 Derivative Financial Instruments and Hedging Activities

Regions enters into derivative financial instruments to manage interest rate risk, facilitate asset/liability management strategies and manage other exposures. These derivative instruments primarily include interest rate swaps, options on interest rate swaps, interest rate caps and floors, Eurodollar futures, forward rate contracts and forward sale commitments. All derivative financial instruments are recognized on the consolidated balance sheets as other assets or other liabilities at fair value as required by Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities as amended (FAS 133). Regions enters into master netting agreements with counterparties and/or requires collateral based on counterparty credit ratings to cover exposures.

Interest rate swaps are agreements to exchange interest payments based upon notional amounts. Interest rate swaps subject Regions to market risk associated with changes in interest rates, as well as the credit risk that the counterparty will fail to perform. Option contracts involve rights to buy or sell financial instruments on a specified date or over a period at a specified price. These rights do not have to be exercised. Some option contracts such as interest rate floors, involve the exchange of cash based on changes in specified indices. Interest rate floors are contracts to hedge interest rate declines based on a notional amount. Interest rate floors subject Regions to market risk associated with changes in interest rates, as well as the credit risk that the counterparty will fail to perform. Forward rate contracts are commitments to buy or sell financial instruments at a future date at a specified price or yield. Regions primarily enters into forward rate contracts on market instruments, which expose Regions to market risk associated with changes in the value of the underlying financial instrument, as well as the credit risk that the counterparty will fail to perform. Eurodollar futures are futures contracts on Eurodollar deposits. Eurodollar futures subject Regions to market risk associated with changes in interest rates. Because futures contracts are cash settled daily, there is minimal credit risk associated with Eurodollar futures.

The following table presents the fair value of derivative instruments on a gross basis as of March 31, 2009:

| | Asset Derivatives | | Liability Derivatives | |
|--|------------------------|-----------------|------------------------|-----------------|
| | Balance Sheet Location | Fair Value | Balance Sheet Location | Fair Value |
| <i>(In millions)</i> | | | | |
| Derivatives designated as hedging instruments under FAS 133: | | | | |
| Interest rate swaps | Other assets | \$ 575 | Other liabilities | \$ 2 |
| Interest rate options | Other assets | 97 | Other liabilities | |
| Eurodollar futures(1) | Other assets | | Other liabilities | |
| Total derivatives designated as hedging instruments under FAS 133 | | \$ 672 | | \$ 2 |
| Derivatives not designated as hedging instruments under FAS 133: | | | | |
| Interest rate swaps | Other assets | \$ 2,373 | Other liabilities | \$ 2,264 |
| Interest rate options | Other assets | 56 | Other liabilities | 35 |
| Interest rate futures and forward commitments | Other assets | 40 | Other liabilities | 26 |
| Other contracts | Other assets | 5 | Other liabilities | 4 |
| Total derivatives not designated as hedging instruments under FAS 133 | | \$ 2,474 | | \$ 2,329 |
| Total derivatives | | \$ 3,146 | | \$ 2,331 |

(1) Changes in fair value are cash-settled daily.

Table of Contents**HEDGING DERIVATIVES**

Derivatives entered into to manage interest rate risk and facilitate asset/liability management strategies are designated as hedging derivatives under FAS 133. Derivative financial instruments that qualify under FAS 133 in a hedging relationship are classified, based on the exposure being hedged, as either fair value or cash flow hedges. The Company formally documents all hedging relationships between hedging instruments and the hedged items, as well as its risk management objective and strategy for entering into various hedge transactions. The Company performs periodic assessments to determine whether the hedging relationship has been highly effective in offsetting changes in fair values or cash flows of hedged items and whether the relationship is expected to continue to be highly effective in the future.

When a hedge is terminated or hedge accounting is discontinued because the hedged item no longer meets the definition of a firm commitment, or because it is probable that the forecasted transaction will not occur by the end of the specified time period, the derivative will continue to be recorded in the consolidated balance sheets at its fair value, with changes in fair value recognized currently in other non-interest income. Any asset or liability that was recorded pursuant to recognition of the firm commitment is removed from the consolidated balance sheets and recognized currently in other non-interest income. Gains and losses that were accumulated in other comprehensive income pursuant to the hedge of a forecasted transaction are recognized immediately in other non-interest income.

The following table presents the effect of derivative instruments on the income statement for the three months ended March 31, 2009:

| Derivatives in | | | | | |
|------------------------------|--|--|---|--|--|
| FAS 133 Fair Value | Location of Gain (Loss) Recognized in Income on Derivatives | Amount of Gain (Loss) Recognized in Income on Derivatives | Hedged Items in FAS 133 Fair Value Hedge Relationships | Location of Gain (Loss) Recognized in Income on Related Hedged Item | Amount of Gain (Loss) Recognized in Income on Related Hedged Item |
| Hedging Relationships | | | | | |
| <i>(In millions)</i> | | | | | |
| Interest rate swaps | Other non-interest expense | \$ (5) | Debt | Other non-interest expense | \$ 5 |
| Interest rate swaps | Interest expense | 34 | Debt | Interest expense | 1 |
| Total | | \$ 29 | | | \$ 6 |

| Derivatives in FAS 133 Cash Flow Hedging Relationships | | | | | |
|--|--|---|---|--|--|
| Amount of Gain (Loss) Recognized in OCI on Derivatives (Effective Portion)(1) | Location of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) | Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)(2) | Location of Gain (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing) | Amount of Gain (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)(2) | |
| | | | | | |
| <i>(In millions)</i> | | | | | |
| \$ (17) | Interest income | \$ 64 | | \$ | |
| (9) | Interest income | 33 | Interest income | (4) | |
| (3) | Interest income | 2 | | | |
| Total | | \$ 99 | | \$ (4) | |

- (1) After-tax
- (2) Pre-tax

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FAIR VALUE HEDGES

Fair value hedge relationships mitigate exposure to the change in fair value of an asset, liability or firm commitment. Under the fair value hedging model, gains or losses attributable to the change in fair value of the derivative instrument, as well as the gains and losses attributable to the change in fair value of the hedged item, are recognized in earnings in the period in which the change in fair value occurs. Hedge ineffectiveness is recognized to the extent the changes in fair value of the derivative do not offset the changes in fair value of the hedged item as other non-interest expense. The corresponding adjustment to the hedged asset or liability is included in the basis of the hedged item, while the corresponding change in the fair value of the derivative instrument is recorded as an adjustment to other assets or other liabilities, as applicable.

Regions enters into interest rate swap agreements to manage interest rate exposure on the Company's fixed-rate borrowings. These agreements involve the receipt of fixed-rate amounts in exchange for floating-rate interest payments over the life of the agreements. As of March 31, 2009, the total notional amount of the Company's interest rate swaps designated in fair value hedges was \$5.6 billion.

CASH FLOW HEDGES

Cash flow hedge relationships mitigate exposure to the variability of future cash flows or other forecasted transactions. For cash flow hedge relationships, the effective portion of the gain or loss related to the derivative instrument is recognized as a component of other comprehensive income. Ineffectiveness is measured by comparing the change in fair value of the respective derivative instrument and the change in fair value of a perfectly effective hypothetical derivative instrument. Ineffectiveness will be recognized in earnings only if it results from an overhedge. The ineffective portion of the gain or loss related to the derivative instrument, if any, is recognized in earnings as other non-interest expense during the period of change. Amounts recorded in other comprehensive income are recognized in earnings in the period or periods during which the hedged item impacts earnings.

Regions enters into interest rate swap agreements to manage overall cash flow changes related to interest rate risk exposure on prime-based loans. The agreements effectively modify the Company's exposure to interest rate risk by utilizing receive fixed/pay prime interest rate swaps. As of March 31, 2009, the total notional amount of the Company's interest rate swaps designated in cash flow hedges on prime loans was \$3.1 billion.

Regions enters into interest rate swap agreements to manage overall cash flow changes related to interest rate risk exposure on LIBOR-based loans. The agreements effectively modify the Company's exposure to interest rate risk by utilizing receive fixed/pay LIBOR interest rate swaps. As of March 31, 2009, the total notional amount of the Company's interest rate swaps hedging cash flows on LIBOR loans was \$4.3 billion.

Regions issues long-term fixed-rate debt for various funding needs. Regions enters into receive LIBOR/pay-fixed forward starting swaps to hedge risks of changes in the projected quarterly interest payments attributable to changes in the benchmark interest rate (LIBOR) during the time leading up to the probable issuance date of the new long term fixed-rate debt. As of March 31, 2009, the total notional amount of the Company's forward-starting swaps was \$1.0 billion.

Regions enters into interest rate option contracts to protect cash flows through the maturity date of the hedging instrument on the designated one-month LIBOR floating-rate loans from adverse extreme market interest rate changes. As of March 31, 2009, the total notional amount of the Company's interest rate options was \$3.5 billion.

Regions purchases Eurodollar futures to hedge the variability in future cash flows based on forecasted resets of one-month LIBOR-based floating rate loans due to changes in the benchmark interest rate. As of March 31, 2009, the total notional amount of the Company's Eurodollar futures was \$5.0 billion.

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Regions realized an after-tax benefit of \$20.1 million in accumulated other comprehensive income at March 31, 2009, related to terminated cash flow hedges of loan and debt instruments which will be amortized into earnings in conjunction with the recognition of interest payments through 2011. Regions recognized pre-tax income of \$9.3 million during the first quarter of 2009 related to this amortization.

Regions expects to reclassify out of other comprehensive income and into earnings approximately \$242.3 million in pre-tax income due to the receipt of interest payments on all cash flow hedges within the next twelve months. Of this amount, \$24.9 million relates to the amortization of discontinued cash flow hedges. The maximum length of time over which Regions is hedging its exposure to the variability in future cash flows for forecasted transactions is approximately 3 years as of March 31, 2009.

TRADING DERIVATIVES

Derivative contracts that do not qualify for hedge accounting are classified as trading with gains and losses related to the change in fair value recognized in earnings during the period.

The Company also maintains a derivatives trading portfolio of interest rate swaps, option contracts, and futures and forward commitments used to meet the needs of its customers. The portfolio is used to generate trading profit and help clients manage market risk. The Company is subject to the credit risk that a counterparty will fail to perform. The contracts in this portfolio do not qualify for hedge accounting and are marked-to-market through earnings and included in other assets and other liabilities. As of March 31, 2009, the total notional amount of the Company's derivatives trading portfolio was \$67.3 billion.

In the normal course of business, Morgan Keegan enters into underwriting and forward and future commitments on U.S. Government and municipal securities. As of March 31, 2009, the contractual amounts of forward and future commitments was approximately \$8.4 million. The brokerage subsidiary typically settles its position by entering into equal but opposite contracts and, as such, the contract amounts do not necessarily represent future cash requirements. Settlement of the transactions relating to such commitments is not expected to have a material effect on the subsidiary's financial position. Transactions involving future settlement give rise to market risk, which represents the potential loss that can be caused by a change in the market value of a particular financial instrument. The exposure to market risk is determined by a number of factors, including size, composition and diversification of positions held, the absolute and relative levels of interest rates, and market volatility.

Regions enters into interest rate lock commitments, which are commitments to originate mortgage loans whereby the interest rate on the loan is determined prior to funding and the customers have locked into that interest rate. Fair value is based on fees currently charged to enter into similar agreements and, for fixed-rate commitments, considers the difference between current levels of interest rates and the committed rates. At March 31, 2009, Regions had \$1.4 billion in notional amounts of rate lock commitments. Regions manages market risk on interest rate lock commitments and mortgage loans held for sale with corresponding forward sale commitments, which are recorded at fair value with changes in fair value recorded in mortgage income. At March 31, 2009, Regions had \$2.5 billion in notional amounts related to these forward rate commitments.

On January 1, 2009, Regions made an election allowed by FAS 156 and began accounting for mortgage servicing rights at fair market value with any changes to fair value being recorded within mortgage income. Concurrent with the election to use the fair value measurement method, Regions began using various derivative instruments to mitigate the income statement effect of changes in the fair value of its mortgage servicing rights. As of March 31, 2009, the total notional amount related to these forward rate commitments was \$2.1 billion.

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The following table presents information for derivatives not designated as hedging instruments under FAS 133 for the period ended March 31, 2009:

| Derivatives Not Designated as Hedging | Location of Gain (Loss) Recognized in Income on Derivatives | Amount of Gain (Loss) Recognized in Income on Derivatives (In millions) |
|---|--|--|
| Instruments under FAS 133 | | |
| Interest rate swaps | Brokerage income | \$ 43 |
| Interest rate options | Brokerage income | (37) |
| Interest rate options | Mortgage income | 17 |
| Interest rate futures and forward commitments | Brokerage income | (1) |
| Interest rate futures and forward commitments | Mortgage income | (6) |
| Other contracts | Brokerage income | 1 |
| | | \$ 17 |

Credit risk, defined as all positive exposures not collateralized with cash or other assets, at March 31, 2009, totaled approximately \$1.5 billion. This amount represents the net credit risk on all trading and other derivative positions held by Regions.

CREDIT DERIVATIVES

Regions has both bought and sold credit protection in the form of participations on interest rate swaps (swap participations). These swap participations, which meet the definition of credit derivatives, were entered into in the ordinary course of business to serve the credit needs of customers. Credit derivatives, whereby Regions has purchased credit protection, entitle Regions to receive a payment from the counterparty when the customer fails to make payment on any amounts due to Regions upon early termination of the swap transaction and have maturities between 2012 and 2026. Credit derivatives whereby Regions has sold credit protection have maturities between 2009 and 2015. For contracts where Regions sold credit protection, Regions would be required to make payment to the counterparty when the customer fails to make payment on any amounts due to the counterparty upon early termination of the swap transaction. Regions bases the current status of the prepayment/performance risk on bought and sold credit derivatives on recently issued internal risk ratings consistent with the risk management practices of unfunded commitments.

Regions' maximum potential amount of future payments under these contracts is approximately \$64.3 million. This scenario would only occur if variable interest rates were at zero percent and all counterparties defaulted with zero recovery. The fair value of sold protection at March 31, 2009, was immaterial. In transactions where Regions has sold credit protection, recourse to collateral associated with the original swap transaction is available to offset some or all of Regions' obligation.

CONTINGENT FEATURES

Certain Regions' derivative instruments contain provisions that require Regions' debt to maintain an investment grade credit rating from each of the major credit rating agencies. If Regions' debt were to fall below investment grade, it would be in violation of these provisions, and the counterparties to the derivative instruments could request immediate payment or demand immediate and ongoing full overnight collateralization on derivative instruments in net liability positions. The aggregate fair value of all derivative instruments with credit-risk-related contingent features that are in a liability position on March 31, 2009, was \$726.4 million, for which Regions had posted collateral of \$427.3 million in the normal course of business. If the credit-risk-related contingent features underlying these agreements were triggered on March 31, 2009, Regions would be required to post an additional \$299.1 million of collateral to its counterparties.

Table of Contents**NOTE 10 Fair Value Measurements**

Regions adopted Statement of Financial Accounting Standards No. 157, Fair Value Measurements (FAS 157), as of January 1, 2008. FAS 157 establishes a framework for using fair value to measure assets and liabilities and defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) as opposed to the price that would be paid to acquire the asset or received to assume the liability (an entry price). Under FAS 157, a fair value measure should reflect the assumptions that market participants would use in pricing the asset or liability, including the assumptions about the risk inherent in a particular valuation technique, the effect of a restriction on the sale or use of an asset and the risk of nonperformance. FAS 157 requires disclosures that stratify balance sheet amounts measured at fair value based on inputs the Company uses to derive fair value measurements. These strata include:

Level 1 valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume),

Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market, and

Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on Company-specific data. These unobservable assumptions reflect the Company's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

ITEMS MEASURED AT FAIR VALUE ON A RECURRING BASIS

Trading account assets (net of certain short-term borrowings), securities available for sale, mortgage loans held for sale, mortgage servicing rights, and derivatives are recorded at fair value on a recurring basis.

The following tables present financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2009 and 2008, respectively:

| March 31, 2009 | Level 1 | Level 2 | Level 3 | Fair Value |
|-------------------------------|----------------------|---------|---------|------------|
| | <i>(In millions)</i> | | | |
| ASSETS: | | | | |
| Trading account assets, net | \$ 113 | \$ 302 | \$ 333 | \$ 748 |
| Securities available for sale | 1,791 | 19,090 | 89 | 20,970 |
| Mortgage loans held for sale | | 1,365 | | 1,365 |
| Mortgage servicing rights | | | 161 | 161 |
| Derivative assets(1) | | 1,820 | 30 | 1,850 |
| LIABILITIES: | | | | |
| Derivative liabilities(1) | | 899 | | 899 |

- (1) Derivative assets and liabilities include approximately \$1.4 billion related to legally enforceable master netting agreements that allow the Company to settle positive and negative positions. Derivative assets and liabilities are also presented excluding cash collateral received of \$427 million and cash collateral posted of \$100 million with counterparties.

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| March 31, 2008 | Level 1 | Level 2 | Level 3 | Fair Value |
|-------------------------------|----------------------|---------|---------|------------|
| | <i>(In millions)</i> | | | |
| ASSETS: | | | | |
| Trading account assets, net | \$ (114) | \$ 598 | \$ 158 | \$ 642 |
| Securities available for sale | 3,225 | 14,430 | 111 | 17,766 |
| Mortgage loans held for sale | | 695 | | 695 |
| Derivative assets(1) | | 2,508 | 18 | 2,526 |
| LIABILITIES: | | | | |
| Derivative liabilities(1) | | 1,754 | | 1,754 |

(1) Derivative assets include portfolio netting adjustments of approximately \$3 million, which represent the credit risk resulting from derivative transactions and consider the impact of legally enforceable master netting agreements that allow the Company to settle positive and negative positions. Derivative assets and liabilities are also presented excluding cash collateral held of \$280 million and cash collateral placed of \$170 million with counterparties.

Assets and liabilities in all levels could result in volatile and material price fluctuations. Realized and unrealized gains and losses on Level 3 assets represent only a portion of the risk to market fluctuations in Regions' consolidated balance sheets. Further, net trading account assets and net derivatives included in Levels 1, 2 and 3 are used by the Asset and Liability Management Committee of the Company in a holistic approach to managing price fluctuation risks.

The following tables illustrate a rollforward for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3). The table does not reflect the change in fair value attributable to any related economic hedges the Company used to mitigate the interest rate risk associated with these assets.

| <i>(In millions)</i> | Fair Value Measurements Using Significant Unobservable Inputs Three Months Ended March 31, 2009 (Level 3 measurements only) | | | |
|---|--|--|--|----------------------------|
| | Trading Account Assets, net | Securities Available for Sale | Mortgage Servicing Rights | Net Derivatives |
| | Beginning balance, January 1, 2009 | \$ 275 | \$ 95 | \$ 161 |
| Total gains (losses) realized and unrealized: | | | | |
| Included in earnings(1) | 70 | | (19) | 3 |
| Included in other comprehensive income | | | | |
| Purchases and issuances | (30,815) | | 19 | |
| Settlements | 30,719 | (6) | | (28) |
| Transfers in and/or out of Level 3, net | 84 | | | |
| Ending balance, March 31, 2009 | \$ 333 | \$ 89 | \$ 161 | \$ 30 |

(1) Brokerage income from trading account assets, net, primarily represents gains/(losses) on disposition, which inherently includes commission on security transactions during the period.

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| <i>(In millions)</i> | Fair Value Measurements Using Significant Unobservable Inputs Three Months Ended March 31, 2008 (Level 3 measurements only) | | |
|---|--|-------------------------------------|--------------------|
| | Trading Account Assets, net | Securities Available for Sale | Net Derivatives |
| Beginning balance, January 1, 2008 | \$ 109 | \$ 73 | \$ 8 |
| Total gains (losses) realized and unrealized: | | | |
| Included in earnings | (4) | | 11 |
| Included in other comprehensive income | | (8) | |
| Purchases and issuances | 1,408 | 49 | 1 |
| Settlements | (1,355) | (3) | (2) |
| Ending balance, March 31, 2008 | \$ 158 | \$ 111 | \$ 18 |

The following tables detail the presentation of both realized and unrealized gains and losses recorded in earnings for Level 3 assets:

| <i>(In millions)</i> | Total Gains and Losses (Level 3 measurements only) Three Months Ended March 31, 2009 | | |
|---|--|---------------------------------|--------------------|
| | Trading Account Assets, net(1) | Mortgage Servicing Rights | Net Derivatives |
| Classifications of gains (losses) both realized and unrealized included in earnings for the period: | | | |
| Brokerage, investment banking and capital markets | \$ 70 | \$ | \$ (37) |
| Mortgage income | | (19) | 40 |
| Total realized and unrealized gains and (losses) | \$ 70 | \$ (19) | \$ 3 |

- (1) Brokerage income from trading account assets, net, primarily represents gains/(losses) on disposition, which inherently includes commission on security transactions during the period.

| <i>(In millions)</i> | Total Gains and Losses (Level 3 measurements only) Three Months Ended March 31, 2008 | | |
|---|--|-------------------------------------|--------------------|
| | Trading Account Assets, net | Securities Available for Sale | Net Derivatives |
| Classifications of gains (losses) both realized and unrealized included in earnings for the period: | | | |
| Interest income | \$ 1 | \$ | \$ |
| Brokerage and investment banking | (5) | | |
| Mortgage income | | | 3 |
| Other income | | | 8 |
| Other comprehensive income | | (8) | |
| Total realized and unrealized gains and (losses) | \$ (4) | \$ (8) | \$ 11 |

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The following tables detail the presentation of only unrealized gains and losses recorded in earnings for Level 3 assets:

| <i>(In millions)</i> | Three Months Ended March 31, 2009 | | |
|--|-----------------------------------|---------------------------------|--------------------|
| | Trading Account Assets, net | Mortgage Servicing Rights | Net Derivatives |
| The amount of total gains and losses for the period included in earnings, attributable to the change in unrealized gains (losses) relating to assets and liabilities still held at March 31, 2009: | | | |
| Brokerage, investment banking and capital markets | \$ (1) | \$ | \$ 4 |
| Mortgage income | | | 40 |
| Total unrealized gains and (losses) | \$ (1) | \$ | \$ 44 |

| <i>(In millions)</i> | Three Months Ended March 31, 2008 | | |
|--|--------------------------------------|-------------------------------------|--------------------|
| | Trading Account Assets, net | Securities Available for Sale | Net Derivatives |
| The amount of total gains and losses for the period included in earnings, attributable to the change in unrealized gains (losses) relating to assets and liabilities still held at March 31, 2008: | | | |
| Mortgage income | \$ | \$ | \$ 3 |
| Other income | | | 8 |
| Other comprehensive income | | (8) | |
| Total unrealized gains and (losses) | \$ | \$ (8) | \$ 11 |

ITEMS MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS

From time to time, certain assets may be recorded at fair value on a non-recurring basis. These non-recurring fair value adjustments typically are a result of the application of lower of cost or fair value accounting or a write-down occurring during the period.

The following table presents the carrying value of those assets measured at fair value on a non-recurring basis, and gains and losses recognized during the period. The carrying values in this table represent only those assets marked to fair value during the quarter ended March 31, 2009. The table does not reflect the change in fair value attributable to any related economic hedges the Company used to mitigate the interest rate risk associated with these assets.

| <i>(In millions)</i> | Carrying Value as of March 31, 2009 | | | | Fair value adjustments for the three months ended March 31, 2009 |
|---|-------------------------------------|---------|---------|-------|---|
| | Level 1 | Level 2 | Level 3 | Total | |
| Loans held for sale | \$ | \$ 60 | \$ | \$ 60 | \$ (31) |
| Foreclosed property and other real estate | | 164 | | 164 | (27) |

FAIR VALUE OPTION

Regions adopted Statement of Financial Accounting Standards No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (FAS 159), as of January 1, 2008. FAS 159 allows an entity the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on a contract-by-contract basis. FAS 159 requires the difference between the carrying value before

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election of the fair value option and the fair value of these financial instruments be recorded as an adjustment to beginning retained earnings in the period of adoption. There was no material effect of adoption on the consolidated financial statements.

Regions elected the fair value option for residential mortgage loans held for sale originated after January 1, 2008. This election allows for a more effective offset of the changes in fair values of the loans and the derivative instruments used to economically hedge them without the burden of complying with the requirements for hedge accounting under FAS 133 (R). Regions has not elected the fair value option for other loans held for sale primarily because they are not economically hedged using derivative instruments. Fair values of mortgage loans held for sale are based on traded market prices of similar assets where available and/or discounted cash flows at market interest rates, adjusted for securitization activities that include servicing values and market conditions. At March 31, 2009 and 2008, loans held for sale for which the fair value option was elected had an aggregate fair value of \$1.4 billion and \$695 million, respectively, and an aggregate outstanding principal balance of \$1.3 billion and \$686 million, respectively, and were recorded in loans held for sale in the consolidated balance sheets. Interest income on mortgage loans held for sale is recognized based on contractual rates and is reflected in interest income on loans held for sale in the consolidated statements of income. Net gains (losses) resulting from changes in fair value of these loans of \$19.9 million and \$9.5 million was recorded in mortgage income in the consolidated statements of income during the first three months of 2009 and 2008, respectively. These changes in fair value are mostly offset by economic hedging activities. An immaterial portion of these amounts was attributable to changes in instrument-specific credit risk.

NOTE 11 Commitments and Contingencies**COMMERCIAL COMMITMENTS**

Regions issues off-balance sheet financial instruments in connection with lending activities. The credit risk associated with these instruments is essentially the same as that involved in extending loans to customers and is subject to Regions' normal credit approval policies and procedures. Regions measures inherent risk associated with these instruments by recording a reserve for unfunded commitments based on an assessment of the likelihood that the guarantee will be funded and the creditworthiness of the customer or counterparty. Collateral is obtained based on management's assessment of the customer.

Credit risk associated with these instruments as of March 31 is represented by the contractual amounts indicated in the following table:

| <i>(In millions)</i> | 2009 | 2008 |
|-------------------------------------|-------------|-------------|
| Unused commitments to extend credit | \$ 35,697 | \$ 38,459 |
| Standby letters of credit | 7,518 | 8,145 |
| Commercial letters of credit | 15 | 33 |

Unused commitments to extend credit To accommodate the financial needs of its customers, Regions makes commitments under various terms to lend funds to consumers, businesses and other entities. These commitments include (among others) revolving credit agreements, term loan commitments and short-term borrowing agreements. Many of these loan commitments have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of these commitments are expected to expire without being funded, the total commitment amounts do not necessarily represent future liquidity requirements. However, the current lack of liquidity in the broader market and the current credit environment has resulted in increased fundings of commitments to extend credit.

Standby letters of credit Standby letters of credit are also issued to customers, which commit Regions to make payments on behalf of customers if certain specified future events occur. Regions has recourse against the customer for any amount required to be paid to a third party under a standby letter of credit. Historically, a large

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percentage of standby letters of credit expired without being funded. The current lack of liquidity in the broader market and the current credit environment has resulted in increased fundings of standby letters of credit. The contractual amount of standby letters of credit represents the maximum potential amount of future payments Regions could be required to make and represents Regions' maximum credit risk. At March 31, 2009 and 2008, Regions had \$116 million and \$140 million, respectively, of liabilities associated with standby letter of credit agreements, with related assets of \$107 million and \$130 million, respectively.

Commercial letters of credit Commercial letters of credit are issued to facilitate foreign or domestic trade transactions for customers. As a general rule, drafts will be drawn when the goods underlying the transaction are in transit.

The reserve for all of these off-balance sheet financial instruments was \$74 million and \$56 million at March 31, 2009 and 2008, respectively.

LEGAL

Regions and its affiliates are subject to litigation, including the litigation discussed below, and claims arising in the ordinary course of business. Punitive damages are routinely claimed in these cases. Regions continues to be concerned about the general trend in litigation involving large damage awards against financial service company defendants. Regions evaluates these contingencies based on information currently available, including advice of counsel and assessment of available insurance coverage. Although it is not possible to predict the ultimate resolution or financial liability with respect to these litigation contingencies, management is currently of the opinion that the outcome of pending and threatened litigation would not have a material effect on Regions' business, consolidated financial position or results of operations, except to the extent indicated in the discussion below.

In late 2007 and during 2008, Regions and certain of its affiliates were named in class-action lawsuits filed in federal and state courts on behalf of investors who purchased shares of certain Regions Morgan Keegan Select Funds (the Funds) and shareholders of Regions. The complaints contain various allegations, including claims that the Funds and the defendants misrepresented or failed to disclose material facts relating to the activities of the Funds. No class has been certified and at this stage of the lawsuits Regions cannot determine the probability of a material adverse result or reasonably estimate a range of potential exposures, if any. However, it is possible that an adverse resolution of these matters may be material to Regions' business, consolidated financial position or results of operations. In addition, the Company has received requests for information from the Securities and Exchange Commission (SEC) Staff regarding the matters subject to the litigation described above.

Certain of the shareholders in these Funds and other interested parties have entered into arbitration proceedings and individual civil claims, in lieu of participating in the class actions. Although it is not possible to predict the ultimate resolution or financial liability with respect to these contingencies, management is currently of the opinion that the outcome of these proceedings would not have a material effect on Regions' business, consolidated financial position or results of operations.

In March 2009, Morgan Keegan & Company, Inc. ("Morgan Keegan"), a wholly-owned subsidiary of Regions, received a Wells Notice from the Securities and Exchange Commission's Atlanta Regional Office related to auction rate securities ("ARS") indicating that the SEC staff intends to recommend that the Commission take civil action against Morgan Keegan. We believe the SEC investigation is part of its industry-wide effort to provide liquidity to purchasers of ARS following the February 2008 collapse of the market for those securities. The notice indicates that the SEC's investigation of Morgan Keegan relates to the adequacy of disclosure of the liquidity risks associated with ARS and whether the firm sold a significant volume of ARS after its ability to support auctions was diminished. A Wells Notice is not a formal allegation or proof of wrongdoing. Morgan Keegan has cooperated extensively with the SEC and initiated a voluntary program to repurchase ARS it underwrote and sold to the firm's retail customers. Regions and Morgan Keegan will work to resolve the matter.

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by continuing to cooperate fully with the SEC. Although it is not possible to predict the ultimate resolution or financial liability with respect to this matter, management is currently of the opinion that the outcome of this matter will not have a material effect on Regions' business, consolidated financial position or results of operations.

In April 2009, Regions, Regions Financing Trust III (the "Trust") and certain of Regions' current and former directors, were named in a purported class-action lawsuit filed in the U.S. District Court for the Southern District of New York on behalf of the purchasers of trust preferred securities offered by the Trust. The complaint alleges that defendants made statements in Regions' registration statement, prospectus and year-end filings which were materially false and misleading. Although it is not possible to predict the ultimate resolution or financial liability with respect to this matter, management is currently of the opinion that the outcome of this matter will not have a material effect on Regions' business, consolidated financial position or results of operations.

NOTE 12 Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board ("FASB") issued FAS 157, which provides guidance for using fair value to measure assets and liabilities, but does not expand the use of fair value in any circumstance. FAS 157 also requires expanded disclosures about the extent to which a company measures assets and liabilities at fair value, the information used to measure fair value, and the effect of fair value measurements on an entity's financial statements. This statement applies when other standards require or permit assets and liabilities to be measured at fair value. FAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years, with early adoption permitted. Regions adopted FAS 157 on January 1, 2008, and the effect of adoption on the consolidated financial statements was not material. Additionally, in February 2008, the FASB issued FSP 157-2, "Effective Date of FASB Statement No. 157" ("FSP 157-2"), which delays the effective date of FAS 157 for non-recurring, non-financial instruments to fiscal years beginning after November 15, 2008. Regions implemented the provisions of FSP 157-2 as of January 1, 2009. See Note 10, "Fair Value Measurements" for additional information about the impact of the adoption of FAS 157 and FAS 157-2.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141 (revised 2007), "Business Combinations" ("FAS 141(R)"). FAS 141(R) requires the acquiring entity in a business combination to recognize all (and only) the assets acquired and liabilities assumed in the transaction; establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed; and requires the acquirer to disclose to investors and other users all of the information needed to evaluate and understand the nature and financial effect of the business combination. FAS 141(R) is effective for fiscal years beginning after December 15, 2008. Regions adopted FAS 141(R) as of January 1, 2009, and the adoption did not have a material impact on Regions' consolidated financial statements. However, the adoption of FAS 141(R) could have a material impact to the consolidated financial statements for prospective business combinations.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 160, "Noncontrolling Interests in Consolidated Financial Statements" ("FAS 160"), which requires all entities to report noncontrolling (minority) interests in subsidiaries as equity in the consolidated financial statements. Additionally, FAS 160 requires that transactions between an entity and noncontrolling interests be treated as equity transactions. FAS 160 is effective for fiscal years beginning after December 15, 2008. Regions adopted FAS 160 on January 1, 2009, and the adoption did not have a material impact on the consolidated financial statements.

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161, "Disclosures about Derivative Instruments and Hedging Activities" ("FAS 161"). FAS 161 requires entities to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("FAS 133") and its related interpretations, and (c) how

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derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. FAS 161 is effective for fiscal years and interim periods beginning after November 15, 2008, and early adoption is permitted. Regions adopted FAS 161 on January 1, 2009. Refer to Note 9, Derivative Financial Instruments and Hedging Activities for additional information.

In June 2008, the FASB issued FASB Staff Position No. EITF 03-6-1, Determining Whether Instruments Granted in Share-Based Payments Transactions Are Participating Securities (FSP EITF 03-6-1). FSP EITF 03-6-1 requires that instruments granted in share-based payment transactions, that are considered to be participating securities, should be included in the earnings allocation in computing earnings per share (EPS) under the two-class method described in FASB Statement No. 128, Earnings per Share . FSP EITF 03-6-1 is effective for fiscal years beginning after December 15, 2008 with all prior period EPS data being adjusted retrospectively. Early adoption is not permitted. Regions adopted FSP EITF 03-6-1 on January 1, 2009, and the adoption did not have a material impact on the consolidated financial statements.

In December 2008, the FASB issued FASB Staff Position No. 132(R)-1, Employers' Disclosures about Postretirement Benefit Plan Assets (FSP 132(R)-1). This FSP amends FASB Statement No. 132(R), Employer's Disclosures about Pensions and Other Postretirement Benefits (FAS 132(R)), to require additional annual disclosures about assets held in an employer's defined benefit pension or other postretirement plan. This FSP is applicable to an employer that is subject to the disclosure requirements of FAS 132(R) and is generally effective for fiscal years ending after December 15, 2009. Regions is in the process of reviewing the potential impact of FSP 132(R)-1; however, the adoption of FSP 132(R)-1 is not expected to have a material impact to the consolidated financial statements.

In January 2009, the FASB issued FASB Staff Position No. EITF 99-20-1, Amendments to the Impairment Guidance of EITF Issue No. 99-20 (FSP EITF 99-20-1). This FSP amends the impairment guidance in EITF Issue No. 99-20, Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets, to achieve more consistent determination of whether an other-than-temporary impairment has occurred. Additionally, the FSP retains and emphasizes the objective of an other than-temporary impairment assessment and the related disclosure requirements in FASB Statement No. 115, Accounting for Certain Investments in Debt and Equity Securities , and other related guidance. This FSP is effective for interim and annual reporting periods ending after December 15, 2008, and is applied prospectively. Regions adopted FSP EITF 99-20-1 as of December 31, 2008, and the effect of adoption on the consolidated financial statements was not material.

In April 2009, the FASB issued FASB Staff Position No. 141(R)-1, Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies (FSP FAS 141(R)-1) to address certain implementation issues related to the accounting for assets and liabilities arising from contingencies under FAS 141(R). FSP 141(R)-1 requires that assets acquired and liabilities assumed in a business combination arising from contingencies should be recognized at fair value on the acquisition date if fair value can be determined during the measurement period. This FSP is effective for acquisitions where the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Regions is in the process of reviewing the potential impact of FSP 141(R)-1. The adoption of FSP 141(R)-1 could have a material impact to the consolidated financial statements for business combinations entered into after the effective date of FSP 141(R)-1.

In April 2009, the FASB issued FASB Staff Position No. 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly (FSP 157-4) to provide additional guidance for estimating fair value in accordance with FAS 157 when the volume and level of activity for the asset or liability have significantly decreased. This FSP also includes guidance on identifying circumstances that indicate a transaction is not orderly. This FSP emphasizes that even if there has been a significant decrease in the volume and level of activity for the asset or liability and regardless of the valuation technique(s) used, the objective of a fair value measurement remains the same. This

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FSP is effective for interim and annual reporting periods ending after June 15, 2009, and early adoption is permitted for periods ending after March 15, 2009. Regions is in the process of reviewing the potential impact of FSP 157-4, and the effect of adoption is not expected to have a material impact to the consolidated financial statements.

In April 2009, the FASB issued FASB Staff Position No. 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* (FSP 107-1 and APB 28-1) to require disclosures about fair value of financial instruments for interim reporting periods as well as in annual financial statements. This FSP also amends APB Opinion No. 28, *Interim Financial Reporting* , to require those disclosures in summarized financial information at interim reporting periods. This FSP is effective for interim reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. Regions is in the process of reviewing the potential impact of FSP 107-1 and APB 28-1, and the effect of adoption is not expected to have a material impact to the consolidated financial statements.

In April 2009, the FASB issued FSP 115-2 and 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* , which modifies and expands other-than-temporary impairment guidance for debt securities from Staff Accounting Bulletin Topic 5M, *Other Than Temporary Impairment of Certain Investments In Debt and Equity Securities* . This FSP addresses the unique features of debt securities and clarifies the interaction of the factors that should be considered when determining whether a debt security is other-than-temporarily impaired. This FSP expands and increases the frequency of existing disclosures about other-than-temporary impairments for debt and equity securities. This FSP does not amend existing recognition and measurement guidance for other-than-temporary impairments. The FSP is effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. Earlier adoption for periods ending before March 15, 2009 is not permitted. Regions is in the process of reviewing the potential impact of FSP 115-2 and 124-2, and the effect of adoption is not expected to have a material impact to the consolidated financial statements.

NOTE 13 Subsequent Event

On May 7, 2009, the final results of the Federal Reserve's Supervisory Capital Assessment Program were released to the Company. Regions is required to submit a capital plan to its regulators by June 8, 2009 detailing the steps to be utilized to increase total Tier 1 Common by \$2.5 billion, of which at least \$0.4 billion must be new Tier 1 equity. Regions is seeking to raise the full amount of additional capital through a range of actions which could include liability management strategies, equity issuances and asset dispositions. If Regions is able to raise the full amount through these actions, the Company would not need to rely on the U.S. government for any additional capital. However, if necessary, the government's programs do allow the conversion of up to \$2.1 billion of the \$3.5 billion of preferred stock that was issued under the Capital Purchase Program during 2008 into convertible preferred stock available under the Capital Assistance Program. Capital raising actions must be completed by November 9, 2009.

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PART II

OTHER INFORMATION

Item 6. Exhibits

The following is a list of exhibits including items incorporated by reference

- 3.1 Restated Certificate of Incorporation filed as Exhibit 3.1 to Form 10-Q Quarterly Report filed by registrant on August 3, 2007, incorporated herein by reference
- 3.2 Certificate of Designations filed as Exhibit 3.1 to Form 8-K Current Report filed by registrant on November 18, 2008, incorporated herein by reference
- 3.3 By-laws as restated filed as Exhibit 3.2 to Form 8-K Current Report filed by registrant on April 22, 2008, Incorporated herein by reference
- 10.1 Amendment Number One to the Regions Financial Corporation Post 2006 Supplemental Executive Retirement Plan, filed as Exhibit 10.2 to Form 8-K Current Report filed by registrant on February 27, 2009 incorporated herein by reference
- 10.2 Amendment Number One to the Regions Financial Corporation Supplemental 401(K) Plan, filed as Exhibit 10.4 to Form 8-K Current Report filed by registrant on February 27, 2009 incorporated herein by reference
- 10.3 Form of performance-based stock option grant agreement and award notice under Regions Financial Corporation 2006 Long Term Incentive Plan incorporated herein by reference
- 10.4 Form of performance-based stock option grant agreement and award notice under AmSouth Bancorporation 2006 Long Term Incentive Compensation Plan incorporated herein by reference
- 10.5 Form of performance-based restricted stock agreement and award notice under AmSouth Bancorporation 2006 Long Term Incentive Compensation Plan and Regions Financial Corporation 2006 Long Term Incentive Plan incorporated herein by reference
- 12 Computation of Ratio of Earnings to Fixed Charges incorporated herein by reference
- 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
- 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
- 32 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*

* filed herewith

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by undersigned thereunto duly authorized.

Regions Financial Corporation

DATE: June 9, 2009

/s/ **HARDIE B. KIMBROUGH, JR.**
Hardie B. Kimbrough, Jr.
Executive Vice President and Controller
(Chief Accounting Officer and Authorized Officer)