TREASURY MONTHLY INTERMEDIATION SNAPSHOT

Name of institution: Regions Financial Corporation | **Submission date: September 30, 2011** | **Person to be contacted about this report: David Turner, Chief Financial Officer**

PART I. QUANTITATIVE OVERVIEW

SCHEDULE A: CONSUMER LENDING (Millions $)

	2011				
1. First Mortgage	**Jun**	**Jul**	**Aug**	**Key**	**Comments**
a. Average Loan Balance (Daily Average Total Outstanding)	$14,911	$14,835	$14,750	First and second residential 1-4 family mortgages, including residential mortgages held for sale.	The mortgage division originated mortgage loans totaling $489 million in August 2011. Overall production increased 1.4% from the prior month. New purchase originations decreased 5.3% from prior month, and refinancing originations increased from the prior month 11.5%. Application activity in August increased 72% as compared to prior month.
b. Total Originations	$496	$483	$489	Loan originations designated for the secondary market and those to be held in portfolio on Regions' balance sheet.	
(1) Refinancings	$173	$192	$214	Total originations designated as refinance status.	
(2) New Home Purchases	$324	$291	$276	Total originations designated as new purchase status.	
2. Home Equity					
a. Average Total Loan Balance	$13,644	$13,545	$13,451	Average balances include Home Equity loans and HELOCs.	Home Equity average balances declined $93.7MM or 0.7% in August to $13.5B. The HELOAN portfolio declined $1.7MM or 0.1%, while HELOC balances declined $92MM or 0.8%. Portfolio run-off continues as payoffs/paydowns outpace production.
b. Originations (New Lines+Line Increases)	$97	$72	$81	New Home Equity loans, lines and increases.	
c. Total Used and Unused Commitments	$22,566	$22,405	$22,241	Total portfolio of Home Equity loans and funded and unfunded HELOCs. Funded portion included in average balance above.	
3. US Card - Managed					
a. Average Total Loan Balance - Managed	$38	$1,128	$1,128	Regions Financial Corp was an Agent Bank until the current portfolio was acquired on June 30, 2011.	Regions completed its purchase of the Regions-branded credit card portfolio from FIA Card Services, effective June 30, 2011. The transaction acquired the portfolio of over 500,000 existing Regions consumer credit card accounts with balances of $947MM and 40,000 business credit card accounts with balances of $129MM. Month end consumer credit card principal balances increased by $4.1MM, or 0.4%, in August to $952MM. Average consumer credit card principal balances increased by $1.6MM, or 0.2%, in August to $943MM.
b. New Account Originations (Initial Line Amt)	$0	$20	$31	Regions Financial Corp was an Agent Bank until the current portfolio was acquired on June 30, 2011.	
c. Total Used and Unused Commitments	$5,424	$6,709	$6,786		
4. Other Consumer					
a. Average Total Loan Balance	$2,892	$2,923	$2,975	Includes consumer direct, indirect, other revolving (i.e., overdraft lines) and student loans held for sale.	August Other Consumer Lending balances increased by $52.2MM or 1.8% when compared to July. Balances are being favorably impacted by the re-entry of Indirect Lending that generated $96.7MM in new production for the month, offset by the continued run-off of the legacy Indirect Lending portfolio.
b. Originations	$157	$141	$159	Includes direct and student lending origination activity.	

SCHEDULE B: COMMERCIAL LENDING (Millions $)					
1. C & I	**Jun**	**Jul**	**Aug**	**Key**	**Comments**
a. Average Total Loan and Lease Balance	$35,797	$35,928	$35,883	Average outstanding funded balances (net of deferred fees and costs) for commercial related loans and leases. Also includes owner-occupied commercial real estate mortgage and construction loans made to operating businesses.	**Loan demand, while somewhat soft by historical standards, picked up some momentum throughout the second half of 2010 and continued through the first half of 2011. The demand has been more robust in the upper end of the market and in certain industries. We are seeing less loan demand in 3Q and expect this trend to continue for the remainder of 2011. Furthermore, loan pricing has intensified across all lending segments and we continue to have more conservative leverage positions on the deals we're underwriting. Parallel to increasing demand during this time frame, line utilization has also increased. Utilization rates increased in August as compared to July. However, it does appear that utilization rates have begun to stabilize.**
b. Renewal of Existing Accounts	$2,949	$2,068	$2,048	Renewal of existing funded and unfunded commitments for commercial and owner-occupied real estate related loans based upon posting date of renewal. Also includes letters of credit.	
c. New Commitments	$1,703	$1,132	$1,314	New funded and unfunded commitments for commercial and owner-occupied real estate related loans based upon posting date of the commitment. Also includes letters of credit and leases. Variable Rate Demand Note (VRDN) fundings are excluded from new commitment activity.	
2. Commercial Real Estate					
a. Average Total Loan and Lease Balance	$14,489	$13,656	$12,975	Average outstanding funded balances (net of deferred fees and costs) for commercial investor-owned real estate related loans. Also includes Commercial loans held for sale.	**Regions' focus in the commercial real estate market is to take a realistic and aggressive approach to identifying problems, understand the global financial position of our commercial real estate clients, and seek improvements to loan structures (such as additional security or principal curtailments) as appropriate. In addition, we are selectively originating new loans to the right clients that meet our profitability and credit quality hurdles. Also, as homebuilders sell existing inventory, we continue to convert lot loans to residential construction loans, in turn, reducing our land and lot portfolio. While production levels are somewhat increasing, they remain far below what we would expect in normal market conditions. Construction starts are at a multi-generational low and developers continue to remain cautious, however, pipelines appear to be rebuilding in the multi-family sector. The demand for financing for purchase of existing properties also remains limited as transaction volume remains low. Finally, competition for the construction opportunities that are available is increasing.**
b. Renewal of Existing Accounts	$1,288	$687	$871	Renewal of existing funded and unfunded commitments for commercial investor-owned real estate related loans based upon posting date of renewal. Also includes letters of credit.	
c. New Commitments	$151	$95	$63	New funded and unfunded commitments for commercial investor-owned real estate related loans based upon posting date of the commitment. Also includes letters of credit. Variable Rate Demand Note (VRDN) fundings are excluded from new commitment activity.	
SCHEDULE C: MEMORANDA - SMALL BUSINESS LENDING (Millions $)					
4. Small Business Loans[3]					
a. Average Total Loan Balance	$12,868	$12,920	$12,856	Average outstanding funded balances (net of deferred fees and costs) for commercial and commercial real estate related loans made to small business clients, which we generally define as clients with revenues up to $20 million. These balances are reflected as components of C&I, Commercial Real Estate and First Mortgage reported above.	**We expect small business demand to improve only modestly as consumer spending continues to remain weak, and the economic recovery remains sluggish. The August 2011 NFIB survey states that the percentage of small business owners expecting capital outlays in the next 3 - 6 months is 20%, which is a recession level reading. More business owners continue to expect conditions to worsen in the short term vs. those who expect improvements. We still believe business owners will remain cautious about adding jobs and expansion even as sales and profits pick up. Small business line utilization rates decreased in August as compared to July.**
b. Originations	$672	$574	$674	New and renewed production of funded and unfunded commitments made to small business clients, which we generally define as clients with revenues up to $20 million. These originations are reflected as components of C&I and Commercial Real Estate reported above.	
SCHEDULE D: OTHER INTERMEDIATION ACTIVITIES (Millions $)					
1. MBS/ABS Net Purchased Volume					
a. Mortgage Backed Securities	-$1,422	$27	$479		**Net purchase volume as captured in bond accounting system. Reflects settlement date. Consists of Government and Agency Fixed-Rate Mortgage-Backed Products. The Asset Backed securities consist of Agency Commercial Mortgage Backed products.**
b. Asset Backed Securities	$30	$52	$25		
2. Secured Lending (Repo, PB, Margin Lending)					
a. Average Total Matched Book (Repo/Reverse Repo)[1]	N/A	N/A	N/A		
b. Average Total Debit Balances[2]	$1,208	$1,186	$1,125	Reflects average margin receivables as recorded on the general ledger.	
3. Underwriting					
a. Total Equity Underwriting	$93	$57	$36	Total equity underwriting activity. Represents Regions' participation percentage.	**The Morgan Keegan Equity department participated in 9 offerings June 2011, 6 durning July 2011, and 3 during August 2011. Gross debt issuance for June, July, and August was $9.7 billion, $7.9 billion, and $4.9 billion respectively.**
b. Total Debt Underwriting	$1,245	$830	$710	Debt issuances delivered monthly. Represents Regions' participation percentage.	

Notes:
1. Not applicable if matched book activity does not exceed $50 billion.
2. Applicable only for institutions offering prime brokerage or other margin lending services to clients.
3. Memoranda: these loans are already accounted for in either consumer lending, commercial lending, or a combination of both, and include loans guaranteed by the Small Business Administration and/or any other loans that are internally classified as small business loans.

TREASURY MONTHLY INTERMEDIATION SNAPSHOT

Name of institution: **Regions Financial Corporation**
Reporting month(s): **August 2011**
Submission date: **September 30, 2011**
Person to be contacted regarding this report: **David Turner, Chief Financial Officer**

PART II. QUALITATIVE OVERVIEW

Please provide a brief overview of the intermediation activity during the month. This discussion should include a general commentary on the lending environment, loan demand, any changes in lending standards and terms, and any other intermediation activity.

I. Company Description

Regions Financial Corporation ("Regions" or the "Company") is a financial holding company headquartered in Birmingham, Alabama, which operates throughout the South, Midwest and Texas. Regions provides traditional commercial, retail and mortgage banking services, as well as other financial services in the fields of investment banking, asset management, trust, securities brokerage, insurance and other specialty financing. At June 30, 2011, Regions had total consolidated assets of approximately $130 billion.

Regions conducts its banking operations through Regions Bank, its brokerage and investment banking business through Morgan Keegan & Company, Inc. ("Morgan Keegan"), and its insurance brokerage business through Regions Insurance Group, Inc.

II. Overall Summary

In August, new and renewed commitments increased by $0.4 billion to $5.1 billion for the month, while average balances declined $0.9 billion from July to $81.2 billion.

The month over month increase in new and renewed commitments was driven by a $0.2 billion increase in C&I commitments and a $0.2 billion increase in Commercial Real Estate renewals.

III. Consumer Lending

A. Mortgage Lending

The mortgage division originated mortgage loans totaling $489 million in August 2011. Overall production increased 1.4% from the prior month. New purchase originations decreased 5.3% from prior month, and refinancing originations increased from the prior month 11.5%. Application activity in August increased 72% as compared to prior month.

Regions' mortgage division rolled out the U.S. Treasury sponsored Home Affordable Refinance Program (HARP) in late March 2009, which provides borrowers who have an existing loan owned or securitized by Fannie Mae or Freddie Mac, the ability to refinance to more beneficial financing terms with no new or additional mortgage insurance required, even if their current loan-to-value ratio is higher than it was on the original loan. The loan-to-value ratio cannot exceed 125%. August originations included approximately $34.8 million related to 212 loans refinanced under the Home Affordable Refinance Program.

Regions' has implemented the U. S. Treasury sponsored Home Affordable Modification Program (HMP) for FNMA/FHLMC loans serviced by Regions. This program is designed to assist mortgage borrowers who have an existing loan owned or securitized by Fannie Mae or Freddie Mac, and who are in imminent danger of default or are already in default to obtain modified financing terms prescribed by the program. On March 26, 2010, the U.S. Treasury announced program modifications to the existing HMP program. These program modifications are designed to expand flexibility for mortgage servicers and originators to assist more unemployed homeowners and to help more people who owe more on their mortgage than their home is worth because their local markets saw large declines in home values. In accordance with the program guidelines, Regions has distributed approximately 2,598 modification packages to eligible borrowers subject to a ninety-day trial period. The first modifications under this program were seen in July 2009. In the month of August, Regions completed 58 modifications totaling $8.8 million in unpaid principal. Regions currently services approximately $ 26.3 billion of Agency mortgages.

B. Home Equity Lending

Home Equity production increased 12.5% to $80.6MM from prior month due in part to seasonality but decreased 26.8% versus same period prior year. Activities for August included: daily pre-approved point of sale Equity offers at DDA account opening, pre-approved direct mail offer with lead lists to the branches, payment savings/utilization mailing to existing customers as well as continued momentum from targeting the lending needs of customers that do not qualify for the traditional HELOC product but are NOT considered subprime borrowers.

Overall Home Equity average balances declined $93.7MM or 0.7% in August to $13.5B. The HELOAN portfolio declined $1.7MM or 0.1%, while HELOC balances declined $92MM or 0.8%. Portfolio run-off continues as payoffs/paydowns outpace production.

C. US Card – Managed

Regions completed its purchase of the Regions-branded credit card portfolio from FIA Card Services, effective June 30, 2011. The transaction acquired the portfolio of over 500,000 existing Regions consumer credit card accounts with balances of $947MM and 40,000 business credit card accounts with balances of $129MM. Month end consumer credit card principal balances increased by $4.1MM, or 0.4%, in August to $952MM. Average consumer credit card principal balances increased by $1.6MM, or 0.2%, in August to $943MM.

D. Other Consumer Lending

Other Consumer Lending production increased 12.4% in August to $158.6MM from prior month and increased 160% versus same period prior year due to our re-entry into Indirect Auto Lending. Other Consumer Lending activities for August included: daily pre-approved point of sale Auto/Unsecured LOC offers at DDA account opening; pre-approved direct mail offer with lead lists to the branches, and continued momentum from targeting the lending needs of customers that do not qualify for traditional credit products but are NOT considered subprime borrowers.

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Regions' Ready Advance™ product, a short-term, small-dollar line of credit with limits ranging from $50 to $500, continues to gain momentum. New Ready Advance™ production, which is included in the $158.6MM above, totaled $5.3MM in August. Program to date 46,374 accounts have been established.

Overall, August Other Consumer Lending balances increased by $52.2MM or 1.8% when compared to July. Balances are being favorably impacted by the re-entry of Indirect Lending that generated $96.7MM in new production for the month, offset by the continued run-off of the legacy Indirect Lending portfolio.

E. Customer Assistance Program

Regions' continues to work to meet the unique needs of financially troubled borrowers to stem foreclosures and keep customers in their homes. Well before the full effects of the credit crisis were realized, Regions launched an extensive Customer Assistance Program (CAP) for troubled borrowers. As unemployment levels continue to be elevated and the housing crisis lingers our goal remains the same - to ensure customers who encounter financial difficulty know they have options and that Regions wants to work with them.

As a result, Regions has taken steps including renegotiating the terms of mortgages and home equity loans, keeping families in their homes and allowing Regions to maintain a foreclosure rate well below industry average for residential first mortgages. Overall, the number of Regions serviced first mortgage loans in the foreclosure process is less than half the national average (1.87% for Regions vs. 4.43% nationally in the second quarter of 2011). Since inception of the program, Regions has restructured more than $3.5 billion in mortgages, including $45 million in August 2011. Regions has assisted more than 39,000 homeowners with solutions.

In addition, Regions introduced the U.S. Treasury sponsored Home Affordable Modification Program for loans serviced on behalf of Fannie Mae and Freddie Mac back in late March 2009. To date, we have initiated 2,598 trial period modifications for $391.5 million and of those 1,916 have been completed for $289 million.

IV. Commercial Lending

A. Commercial and Industrial Lending

Loan demand, while somewhat soft by historical standards, picked up some momentum throughout the second half of 2010 and continued through the first half of 2011. The demand has been more robust in the upper end of the market and in certain industries. Outstanding loan balances decreased $45 million in August as compared to July levels. We are seeing less loan demand in 3Q and expect this trend to continue for the remainder of 2011. Furthermore, loan pricing has intensified across all lending segments and we continue to have more conservative leverage positions on the deals we're underwriting.

Parallel to increasing demand during this time frame, line utilization has also increased. Utilization rates increased in August as compared to July. However, it does appear that utilization rates have begun to stabilize.

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Regions defines small business, in general, as clients with revenues up to $20 million. Small business lending activity is reflected within our Commercial and Industrial, Commercial Real Estate and First Mortgage outstanding loan balances and production.

We expect small business demand to improve only modestly as consumer spending continues to remain weak, and the economic recovery remains sluggish. The August 2011 NFIB survey states that the percentage of small business owners expecting capital outlays in the next 3 - 6 months is 20%, which is a recession level reading. More business owners continue to expect conditions to worsen in the short term vs. those who expect improvements. We still believe business owners will remain cautious about adding jobs and expansion even as sales and profits pick up. Small business line utilization rates decreased in August as compared to July.

B. Commercial Real Estate Lending

Regions' focus in the commercial real estate market is to take a realistic and aggressive approach to identifying problems, understand the global financial position of our commercial real estate clients, and seek improvements to loan structures (such as additional security or principal curtailments) as appropriate. In addition, we are selectively originating new loans to the right clients that meet our profitability and credit quality hurdles. Also, as homebuilders sell existing inventory, we continue to convert lot loans to residential construction loans, in turn, reducing our land and lot portfolio.

While production levels are somewhat increasing, they remain far below what we would expect in normal market conditions. Construction starts are at a multi-generational low and developers continue to remain cautious, however, pipelines appear to be rebuilding in the multi-family sector. The demand for financing for purchase of existing properties also remains limited as transaction volume remains low. Finally, competition for the construction opportunities that are available is increasing.

V. Treasury Activities

Management of interest rate risk is among the most fundamental tenets in banking. Banking institutions utilize the Available for Sale investment portfolio as a primary tool to balance the inherent interest rate risk arising from core banking activities. Agency Mortgage-Backed securities provided an efficient means to offset asset sensitivity and maintain the desired liquidity profile, while offering a compelling risk adjusted return on the use of capital. Mortgage-Backed security activity in August totaled $478.76 million, which consists of Government and Agency Fixed-Rate Mortgage-Backed Products. Asset-Backed security activity in August totaled $25.38 million, which consisted of Agency Commercial Mortgage Backed products.

VI. Equity and Debt Activities at Morgan Keegan

August 2011 saw Wall Street price 12 Equity offerings with a paltry $2.8b raised, making it the worst month on record except for August 2002. Morgan Keegan was fortunate to be involved in three deals.

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The month was riddled with IPOs being withdrawn or postponed (17 deals) with the technology sector being hardest hit. Interesting to note that the last week of August saw 21 offerings file registration statements with the SEC. Seven of those filings were IPO's and of those, four were in the technology sector. Municipal Debt issuance continues to trail last year's pace – as of the end of August it was down 42% from this time in 2010. The downgrade of the U.S. credit rating coupled with uncertainty regarding the Obama Administration's proposals regarding tax exempt bonds have slowed new municipal issuance. As a result, we expect September municipal issuance to continue to lag 2010's pace. Corporate issuance has slowed due to seasonality and spread volatility – and we expect this to continue at least through September.