TREASURY MONTHLY INTERMEDIATION SNAPSHOT

Name of institution: Regions Financial Corporation | **Submission date: January 31, 2012** | **Person to be contacted about this report: David Turner, Chief Financial Officer**

PART I. QUANTITATIVE OVERVIEW

SCHEDULE A: CONSUMER LENDING (Millions $)	Oct 2011	Nov 2011	Dec 2011	Key	Comments
1. First Mortgage					
a. Average Loan Balance (Daily Average Total Outstanding)	$14,679	$14,679	$14,595	First and second residential 1-4 family mortgages, including residential mortgages held for sale.	**The mortgage division originated mortgage loans totaling $580 million in December 2011. Overall production decreased 3.5% from the prior month. New purchase originations increased 7.3% from prior month, and refinancing originations decreased from the prior month 8.7%. Application activity in December decreased 8.2% as compared to prior month.**
b. Total Originations	$612	$601	$580	Loan originations designated for the secondary market and those to be held in portfolio on Regions' balance sheet.	
(1) Refinancings	$406	$405	$370	Total originations designated as refinance status.	
(2) New Home Purchases	$205	$196	$210	Total originations designated as new purchase status.	
2. Home Equity					
a. Average Total Loan Balance	$13,274	$13,165	$13,076	Average balances include Home Equity loans and HELOCs.	**Home Equity average balances declined $88.2 million or 0.7% in December to $13 billion. The HELOAN portfolio declined $11.4 million or 0.8%, while HELOC balances declined $76.8 million or 0.7%. Portfolio run-off continues as payoffs/paydowns outpace production.**
b. Originations (New Lines+Line Increases)	$58	$60	$58	New Home Equity loans, lines and increases.	
c. Total Used and Unused Commitments	$21,919	$21,552	$21,401	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	$1,018	$1,019	$970	Regions Financial Corp was an Agent Bank until the current portfolio was acquired on June 30, 2011.	**Excluding associated premiums, month end consumer credit card principal balances increased by $29.4 million, or 3.1%, in December to $987 million. Excluding associated premiums, average consumer credit card principal balances increased by $24.3 million, or 2.6%, in December to $970 million.**
b. New Account Originations (Initial Line Amt)	$35	$36	$29	Regions Financial Corp was an Agent Bank until the current portfolio was acquired on June 30, 2011.	
c. Total Used and Unused Commitments	$6,892	$6,948	$6,996		
4. Other Consumer					
a. Average Total Loan Balance	$3,010	$3,036	$3,056	Includes consumer direct, indirect, other revolving (i.e., overdraft lines) and student loans held for sale.	**December Other Consumer Lending balances increased by $20 million or 0.7% when compared to November. Balances are being favorably impacted by the re-entry of Indirect Lending that generated $95.3 million in new production for the month, offset by the continued run-off of the legacy Indirect Lending portfolio.**
b. Originations	$136	$133	$131	Includes direct and student lending origination activity.	

SCHEDULE B: COMMERCIAL LENDING (Millions $)					
1. C & I	**Oct**	**Nov**	**Dec**	**Key**	**Comments**
a. Average Total Loan and Lease Balance	$36,057	$36,089	$36,036	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 momentum throughout the second half of 2010. The momentum continued through the first half of 2011 and then moderated in the second half of the year. The demand has been more robust in the upper end of the market and in certain industries. We expect to see moderate demand continuing into 2012. This is in part due to competition from banks in general trying to expand C&I lending and in part to new bank entrants in our markets who have the primary objective of building market share. These factors have increased competition in loan pricing and structure. Our focus continues to be on quality opportunities with a disciplined approach to pricing and credit risk. Utilization rates decreased in December as compared to November.**
b. Renewal of Existing Accounts	$2,190	$1,762	$2,572	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	$825	$1,417	$1,727	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	$12,137	$11,913	$11,474	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.	**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. We are starting to see evidence of an increase in demand of financing for purchase of existing properties. Finally, competition for the construction opportunities that are available is increasing.**
b. Renewal of Existing Accounts	$734	$724	$674	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	$59	$88	$186	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	$12,628	$12,572	$12,460	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 remain stable at a relatively low level. While we are starting to see more signs of optimism from small business owners, it is generally not yet translating into action. The December 2011 NFIB survey reported that the percent of owners planning capital outlays in the next 3 – 6 months remains at a historically low levels and that more firms continue to report sales trending down vs. up. Until business owners see sales improvements along with more sustained economic and political stability, we expect them to continue to be reluctant to expand or hire. Small business line utilization rates increased in December as compared to November.**
b. Originations	$463	$624	$566	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	$373	$2,692	($344)		**Net purchase volume as captured in bond accounting system. Reflects settlement date. The Mortgage Backed securities consists of Government and Agency Fixed-Rate Mortgage-Backed Products. The Asset Backed securities consists of Non Agency Commercial Mortgage Backed products.**
b. Asset Backed Securities	$63	$40	$24		
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]	$1,075	$1,079	$1,091	Reflects average margin receivables as recorded on the general ledger.	
3. Underwriting					
a. Total Equity Underwriting	$47	$55	$25	Total equity underwriting activity. Represents Regions' participation percentage.	**The Morgan Keegan Equity department participated in 5 offerings during October 2011, 7 during November 2011, and 3 during December 2011. Gross debt issuance for October 2011, November 2011, and December 2011 was $7.3 billion, $11.0 billion, and $6.3 billion respectively.**
b. Total Debt Underwriting	$899	$1,610	$1,326	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.

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Reporting month(s): **December 2011**
Submission date: **January 31, 2012**
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 December 31, 2011, Regions had total consolidated assets of approximately $127 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 December, new and renewed commitments increased by $1.1 billion to $5.9 billion for the month, while average balances declined $0.7 billion from November to $79.2 billion.

The month over month increase in new and renewed commitments was driven by a $0.8 billion increase in C&I renewals and $0.3 billion increase in C&I new commitments.

III. Consumer Lending

A. Mortgage Lending

The mortgage division originated mortgage loans totaling $580 million in December 2011. Overall production decreased 3.5% from the prior month. New purchase originations increased 7.3% from prior month, and refinancing originations decreased from the prior month 8.7%. Application activity in December decreased 8.2% as compared to prior month.

Regions' mortgage division rolled out the U.S. Treasury sponsored Home Affordable Refinance Program (HARP) in 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. Effective December 1, 2011 Regions Mortgage took the lead in accepting applications for the newly implemented expanded HARP program, which offers relaxed product guidelines to include an unlimited loan-to-value for customers we currently service, Regions-serviced mortgages. The expanded program is now available to customers with non-Regions serviced mortgages providing a maximum loan-to-value of 125%. December originations included approximately $53 million related to 344 loans refinanced under the Home Affordable Refinance Program. December applications for the expanded program include $44 million related to 214 loans, of which $23 million related to 110 loans were new servicers.

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 2,783 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 December, Regions completed 71 modifications totaling $11 million in unpaid principal. Regions currently services approximately $26 billion of Agency mortgages.

B. Home Equity Lending

Home Equity production decreased 2.5% to $58.4 million from prior month and decreased 48.8% versus same period prior year. Activities for December included: daily pre-approved point of sale Equity 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 the traditional HELOC product but are NOT considered subprime borrowers.

Overall Home Equity average balances declined $88.2 million or 0.7% in December to $13.1 billion. The HELOAN portfolio declined $11.4 million or 0.8%, while HELOC balances declined $76.8 million or 0.7%. 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 $947 million and 40,000 business credit card accounts with balances of $129MM. Excluding associated premiums, month end consumer credit card principal balances increased by $29.4 million, or 3.1%, in December to $987 million. Excluding associated premiums, average consumer credit card principal balances increased by $24.3 million, or 2.6%, in December to $970 million.

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D. Other Consumer Lending

Other Consumer Lending production decreased 1% in December to $131.4 million from prior month and increased 10% versus same period prior year due to our re-entry into Indirect Auto Lending. Other Consumer Lending activities for December 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.

Regions' Ready Advance™ product, a short-term, small-dollar line of credit with limits ranging from $50 to $500, continues to be utilized by customers. New Ready Advance™ production, which is included in the $131.4 million above, totaled $3.9 million in December. Program to date 75,553 accounts have been established.

Overall, December Other Consumer Lending balances increased by $20 million or 0.7% when compared to November. Balances are being favorably impacted by the re-entry of Indirect Lending that generated $95.3 million 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. (1.74% for Regions vs. 4.43% nationally in the third quarter of 2011.) Since inception of the program, Regions has restructured more than $3.7 billion in mortgages, including $31 million in December 2011. Regions has assisted more than 42,000 homeowners with solutions.

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 2,783 trial period modifications for $417 million and of those 2,120 have been completed for $318 million.

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IV. Commercial Lending

A. Commercial and Industrial Lending

Loan demand, while somewhat soft by historical standards, picked up momentum throughout the second half of 2010. The momentum continued through the first half of 2011 and then moderated in the second half of the year. The demand has been more robust in the upper end of the market and in certain industries. We expect to see moderate demand continuing into 2012. This is in part due to competition from banks in general trying to expand C&I lending and in part to new bank entrants in our markets who have the primary objective of building market share. These factors have increased competition in loan pricing and structure. Our focus continues to be on quality opportunities with a disciplined approach to pricing and credit risk. Utilization rates decreased in December as compared to November.

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 remain stable at a relatively low level. While we are starting to see more signs of optimism from small business owners, it is generally not yet translating into action. The December 2011 NFIB survey reported that the percent of owners planning capital outlays in the next 3 – 6 months remains at a historically low levels and that more firms continue to report sales trending down vs. up. Until business owners see sales improvements along with more sustained economic and political stability, we expect them to continue to be reluctant to expand or hire. Small business line utilization rates increased in December as compared to November.

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. We are starting to finance some new homes and lots with our most creditworthy clients, while very selectively soliciting new homebuilder clients in stable markets.

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. We are starting to see evidence of an increase in demand of financing for purchase of existing properties. 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 December totaled -$344.27 million, which consists of Government and Agency Fixed-Rate Mortgage-Backed Products. Asset-Backed security activity in December totaled $23.62 million of Non Agency Commercial Mortgage Backed products.

VI. Equity and Debt Activities at Morgan Keegan

The heavily anticipated Zynga IPO unfortunately was not as successful as people had thought it would be. There were nine other IPO's that priced during December excluding closed-end funds. One IPO of note was the $1.1 billion Michael Kors offering which priced above their filing range and has continued to trade above that range. Morgan Keegan was involved in one IPO, Inergy Midstream, and two secondary offerings. The energy sector saw the most activity during December. Backlog sees the tech sector with the most IPO's filed and the energy sector with the highest dollar value. Morgan Keegan's backlog remains active with several IPO's looking to price the first quarter of 2012.

Municipal Debt issuance finished 2011 down 35% from 2010 issuance, despite a strong December. January municipal issuance is projected to be light, which is consistent with prior years. Corporate issuance was up in December, due to improving conditions in both the investment grade and non-investment grade markets. January Corporate issuance is projected to be slower than the fourth quarter of 2011, but to build steadily as the year progresses.