TREASURY MONTHLY INTERMEDIATION SNAPSHOT

Name of institution: Regions Financial Corporation | **Submission date: February 29, 2012** | **Person to be contacted about this report: David Turner, Chief Financial Officer**

PART I. QUANTITATIVE OVERVIEW

SCHEDULE A: CONSUMER LENDING (Millions $)	2011		2012		
1. First Mortgage	**Nov**	**Dec**	**Jan**	**Key**	**Comments**
a. Average Loan Balance (Daily Average Total Outstanding)	$14,679	$14,595	$14,487	First and second residential 1-4 family mortgages, including residential mortgages held for sale.	**The mortgage division originated mortgage loans totaling $439 million in January 2012. Overall production decreased 24.26% from the prior month. New purchase originations decreased 27.69% from prior month, and refinancing originations decreased from the prior month 22.31%. Application activity in January increased 50.45% as compared to prior month.**
b. Total Originations	$601	$580	$439	Loan originations designated for the secondary market and those to be held in portfolio on Regions' balance sheet.	
(1) Refinancings	$405	$370	$287	Total originations designated as refinance status.	
(2) New Home Purchases	$196	$210	$152	Total originations designated as new purchase status.	
2. Home Equity					
a. Average Total Loan Balance	$13,165	$13,076	$12,970	Average balances include Home Equity loans and HELOCs.	**Home Equity average balances declined $105.9 million or 0.8% in January to $13 billion. The HELOAN portfolio declined $14.5 million or 1.04%, while HELOC balances declined $91.4 million or 0.8%. Portfolio run-off continues as payoffs/paydowns outpace production.**
b. Originations (New Lines+Line Increases)	$60	$58	$40	New Home Equity loans, lines and increases.	
c. Total Used and Unused Commitments	$21,552	$21,401	$21,182	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	$1,019	$970	$972	Regions Financial Corp was an Agent Bank until the current portfolio was acquired on June 30, 2011.	**Month end consumer credit card principal balances decreased by $21.6 million, or 2.2%, in January to $965 million. Average consumer credit card principal balances increased by $3.0 million, or 0.3%, in January to $972 million.**
b. New Account Originations (Initial Line Amt)	$36	$29	$28	Regions Financial Corp was an Agent Bank until the current portfolio was acquired on June 30, 2011.	
c. Total Used and Unused Commitments	$6,948	$6,996	$7,041		
4. Other Consumer					
a. Average Total Loan Balance	$3,036	$3,056	$3,085	Includes consumer direct, indirect, other revolving (i.e., overdraft lines) and student loans held for sale.	**January Other Consumer Lending balances increased by $28.5 million or 0.9% when compared to December. Balances are being favorably impacted by the re-entry of Indirect Lending that generated $101.2 million in new production for the month, offset by the continued run-off of the legacy Indirect Lending portfolio.**
b. Originations	$133	$131	$137	Includes direct and student lending origination activity.	

SCHEDULE B: COMMERCIAL LENDING (Millions $)

1. C & I	**Nov**	**Dec**	**Jan**	**Key**	**Comments**
a. Average Total Loan and Lease Balance	$36,089	$36,036	$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, initially strong at the beginning of 2011, slowed during the third quarter. Demand has gradually improved since that time. Despite the slowdown, loan production for full year 2011 exceeded production for 2010. After a strong credit production month in December, pipelines have been rebuilding. A challenge to growth has been higher than normal run-off levels. During 2011 and into 2012, demand has been more concentrated in the upper end of the market and in opportunities linked to specialized industries. We expect to see these current trends of improvement and demand concentrations continuing in 2012. Competition in the middle market has intensified, largely centered around pricing and we are seeing increased hold appetites for some competitors. Our focus continues to be on quality opportunities with a disciplined approach to pricing and credit risk.**
b. Renewal of Existing Accounts	$1,762	$2,572	$1,693	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	$1,417	$1,727	$1,006	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	$11,913	$11,474	$10,986	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 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	$724	$674	$432	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	$88	$186	$69	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]	**Nov**	**Dec**	**Jan**	**Key**	**Comments**
a. Average Total Loan Balance	$12,572	$12,460	$12,343	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 January 2012 NFIB survey reported the frequency of reported capital outlays improved for the third consecutive month, but that overall spending is "far short of normal". More firms continued 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.**
b. Originations	$624	$566	$442	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	**Nov**	**Dec**	**Jan**	**Key**	**Comments**
a. Mortgage Backed Securities	$2,692	($344)	($495)		**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	$40	$24	$51		
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]	$1,079	$1,091	$1,069	Reflects average margin receivables as recorded on the general ledger.	
3. Underwriting					
a. Total Equity Underwriting	$55	$25	$38	Total equity underwriting activity. Represents Regions' participation percentage.	**The Morgan Keegan Equity department participated in 7 offerings during November 2011, 3 during December 2011 and 5 during January 2012. Gross debt issuance for November 2011, December 2011, and January 2012 was $11.0 billion, $6.3 billion, and $3.6 billion respectively.**
b. Total Debt Underwriting	$1,610	$1,326	$390	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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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 January, new and renewed commitments decreased by $2.1 billion to $3.8 billion for the month, while average balances declined $0.7 billion from December to $78.5 billion.

The month over month decrease in new and renewed commitments was driven by a $0.8 billion decrease in C&I renewals, $0.7 billion decrease in C&I new commitments, $0.2 billion decrease in Commercial Real Estate renewals, and $0.1 billion decrease in Commercial Real Estate new commitments.

III. Consumer Lending

A. Mortgage Lending

The mortgage division originated mortgage loans totaling $439 million in January 2012. Overall production decreased 24.26% from the prior month. New purchase originations decreased 27.69% from prior month, and refinancing originations decreased from the prior month 22.31%. Application activity in January increased 50.45% 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%. January originations included approximately $53 million related to 315 loans refinanced under the Home Affordable Refinance Program. Total applications for the expanded program include $78 million related to 396 loans, of which $50 million related to 250 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 2,833 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 January, Regions completed 40 modifications totaling $5 million in unpaid principal. Regions currently services approximately $26 billion of Agency mortgages.

B. Home Equity Lending

Home Equity production decreased 30.7% to $40.5 million from prior month and decreased 35.4% versus same period prior year. Activities for January 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 $105.9 million or 0.8% in January to $13 billion. The HELOAN portfolio declined $14.5 million or 1.04%, while HELOC balances declined $91.4 million 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 $947 million and 40,000 business credit card accounts with balances of $129MM. Month end consumer credit card principal balances decreased by $21.6 million, or 2.2%, in January to $965 million. Average consumer credit card principal balances increased by $3.0 million, or 0.3%, in January to $972 million.

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D. Other Consumer Lending

Other Consumer Lending production increased 4.4% in January to $137.1 million from prior month and increased 11% versus same period prior year due to our re-entry into Indirect Auto Lending. Other Consumer Lending activities for January 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 $137.1 million above, totaled $3.8 million in January. Program to date 83,883 accounts have been established.

Overall, January Other Consumer Lending balances increased by $28.5 million or 0.9% when compared to December. Balances are being favorably impacted by the re-entry of Indirect Lending that generated $101.2 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 $36 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 2,883 trial period modifications for $424 million and of those 2,160 have been completed for $324 million.

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IV. Commercial Lending

A. Commercial and Industrial Lending

Loan demand, initially strong at the beginning of 2011, slowed during the third quarter. Demand has gradually improved since that time. Despite the slowdown, loan production for full year 2011 exceeded production for 2010. After a strong credit production month in December, pipelines have been rebuilding. Line utilization has held in the 43% range over the last five months. A challenge to growth has been higher than normal run-off levels. During 2011 and into 2012, demand has been more concentrated in the upper end of the market and in opportunities linked to specialized industries. We expect to see these current trends of improvement and demand concentrations continuing in 2012. Competition in the middle market has intensified, largely centered around pricing and we are seeing increased hold appetites for some competitors. Our focus continues to be on quality opportunities with a disciplined approach to pricing and credit risk. Commercial line utilization rates increased in January as compared to December.

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 January 2012 NFIB survey reported the frequency of reported capital outlays improved for the third consecutive month, but that overall spending is “far short of normal”. More firms continued 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 decreased in January as compared to December.

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 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 ($494.84) million, which consists of Government and Agency Fixed-Rate Mortgage-Backed Products. Asset-Backed security activity in December totaled $51.26 million of Non Agency Commercial Mortgage Backed products.

VI. Equity and Debt Activities at Morgan Keegan

The Morgan Keegan Equity department was involved in four equity offerings during the month of January and one closed-end fund. Wall Street actually priced 46 equity deals during January with REIT's leading the way followed by the oil & gas sector and the telecom sector. The IPO backlog is just over 100 transactions with technology, financials and energy stocks leading the filings respectfully. Anticipation is there for the IPO filing of Facebook. We expect the issue to file in February and price during the second quarter of this year.

January 2012 municipal debt issuance increased 34% over January 2011 and we expect this trend to continue through the first quarter as municipal issuers take advantage of historically low rates to refinance higher rate debt. Corporate issuance was up due to improving conditions in both the investment grade and non-investment grade markets. We expect February corporate Issuance to build steadily as the year progresses.