# Regions Financial Corporation and Subsidiaries

# Financial Supplement

# First Quarter 2012

**Regions Financial Corporation and Subsidiaries**
**Financial Supplement to First Quarter 2012 Earnings Release**

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**Regions Financial Corporation and Subsidiaries**
**Financial Supplement to First Quarter 2012 Earnings Release**

**Consolidated Balance Sheets (unaudited)**

| *($ amounts in millions)* | Quarter Ended **3/31/12** | 12/31/11 | 9/30/11 | 6/30/11 | 3/31/11 |
|---|---|---|---|---|---|
| Assets: | | | | | |
| Cash and due from banks | **$ 2,036** | $ 2,132 | $ 2,000 | $ 2,271 | $ 2,042 |
| Interest-bearing deposits in other banks | **5,270** | 4,913 | 6,009 | 5,452 | 4,937 |
| Federal funds sold and securities purchased under agreements to resell | **167** | 200 | 254 | 251 | 341 |
| Trading account assets | **1,127** | 1,266 | 1,462 | 1,223 | 1,284 |
| Securities available for sale | **27,177** | 24,471 | 24,635 | 23,828 | 24,702 |
| Securities held to maturity | **15** | 16 | 18 | 21 | 22 |
| Loans held for sale | **1,054** | 1,193 | 1,012 | 1,141 | 1,552 |
| Loans, net of unearned income | **76,720** | 77,594 | 79,447 | 81,176 | 81,371 |
| Allowance for loan losses | **(2,530)** | (2,745) | (2,964) | (3,120) | (3,186) |
| Net loans | **74,190** | 74,849 | 76,483 | 78,056 | 78,185 |
| Other interest-earning assets | **1,054** | 1,085 | 1,081 | 1,207 | 1,214 |
| Premises and equipment, net | **2,350** | 2,375 | 2,399 | 2,481 | 2,528 |
| Interest receivable | **397** | 361 | 422 | 354 | 441 |
| Goodwill | **4,816** | 4,816 | 5,561 | 5,561 | 5,561 |
| Mortgage servicing rights (MSRs) | **199** | 182 | 182 | 268 | 282 |
| Other identifiable intangible assets | **420** | 449 | 478 | 420 | 358 |
| Other assets | **8,010** | 8,742 | 7,766 | 8,374 | 8,307 |
| Total assets | **$ 128,282** | $ 127,050 | $ 129,762 | $ 130,908 | $ 131,756 |
| Liabilities and stockholders' equity: | | | | | |
| Deposits: | | | | | |
| Non-interest-bearing | **$ 29,707** | $ 28,266 | $ 28,296 | $ 28,148 | $ 27,480 |
| Interest-bearing | **67,431** | 67,361 | 67,642 | 68,183 | 68,889 |
| Total deposits | **97,138** | 95,627 | 95,938 | 96,331 | 96,369 |
| Borrowed funds: | | | | | |
| Short-term borrowings: | | | | | |
| Federal funds purchased and securities sold under agreements to repurchase | **2,287** | 2,333 | 1,969 | 1,740 | 2,218 |
| Other short-term borrowings | **621** | 734 | 974 | 982 | 964 |
| Total short-term borrowings | **2,908** | 3,067 | 2,943 | 2,722 | 3,182 |
| Long-term borrowings | **7,196** | 8,110 | 10,140 | 11,646 | 12,197 |
| Total borrowed funds | **10,104** | 11,177 | 13,083 | 14,368 | 15,379 |
| Other liabilities | **3,506** | 3,747 | 3,478 | 3,321 | 3,389 |
| Total liabilities | **110,748** | 110,551 | 112,499 | 114,020 | 115,137 |
| Stockholders' equity: | | | | | |
| Preferred stock, Series A | **3,429** | 3,419 | 3,409 | 3,399 | 3,389 |
| Common stock | **15** | 13 | 13 | 13 | 13 |
| Additional paid-in capital | **19,939** | 19,060 | 19,059 | 19,052 | 19,047 |
| Retained earnings (deficit) | **(4,395)** | (4,527) | (3,913) | (4,000) | (4,043) |
| Treasury stock, at cost | **(1,394)** | (1,397) | (1,397) | (1,399) | (1,400) |
| Accumulated other comprehensive income (loss), net | **(60)** | (69) | 92 | (177) | (387) |
| Total stockholders' equity | **17,534** | 16,499 | 17,263 | 16,888 | 16,619 |
| Total liabilities and stockholders' equity | **$ 128,282** | $ 127,050 | $ 129,762 | $ 130,908 | $ 131,756 |

**Consolidated Statements of Operations (unaudited)**

| | Quarter Ended | | | | |
|---|---|---|---|---|---|
| *($ amounts in millions, except per share data)* | **3/31/12** | 12/31/11 | 9/30/11 | 6/30/11 | 3/31/11 |
| Interest income on: | | | | | |
| Loans, including fees | **$ 812** | $ 854 | $ 867 | $ 856 | $ 867 |
| Securities: | | | | | |
| Taxable | **174** | 166 | 177 | 208 | 207 |
| Tax-exempt | - | - | - | - | - |
| Total securities | **174** | 166 | 177 | 208 | 207 |
| Loans held for sale | **7** | 7 | 7 | 9 | 13 |
| Trading account assets | **1** | 1 | - | - | - |
| Other interest-earning assets | **3** | 3 | 4 | 3 | 3 |
| Total interest income | **997** | 1,031 | 1,055 | 1,076 | 1,090 |
| Interest expense on: | | | | | |
| Deposits | **88** | 95 | 112 | 126 | 139 |
| Short-term borrowings | **-** | (2) | - | - | 1 |
| Long-term borrowings | **82** | 89 | 93 | 94 | 95 |
| Total interest expense | **170** | 182 | 205 | 220 | 235 |
| Net interest income | **827** | 849 | 850 | 856 | 855 |
| Provision for loan losses | **117** | 295 | 355 | 398 | 482 |
| Net interest income after provision for loan losses | **710** | 554 | 495 | 458 | 373 |
| Non-interest income: | | | | | |
| Service charges on deposit accounts | **254** | 263 | 310 | 308 | 287 |
| Capital markets and investment income | **28** | 19 | (5) | 19 | 31 |
| Mortgage income | **77** | 57 | 68 | 50 | 45 |
| Trust department income | **49** | 49 | 49 | 51 | 50 |
| Securities gains (losses), net | **12** | 7 | (1) | 24 | 82 |
| Other | **104** | 112 | 92 | 91 | 85 |
| Total non-interest income | **524** | 507 | 513 | 543 | 580 |
| Non-interest expense: | | | | | |
| Salaries and employee benefits | **442** | 392 | 383 | 401 | 428 |
| Net occupancy expense | **94** | 95 | 95 | 98 | 100 |
| Furniture and equipment expense | **64** | 63 | 70 | 72 | 70 |
| Goodwill impairment | **-** | 253 | - | - | - |
| Other | **313** | 321 | 302 | 385 | 334 |
| Total non-interest expense | **913** | 1,124 | 850 | 956 | 932 |
| Income (loss) before income taxes | **321** | (63) | 158 | 45 | 21 |
| Income tax expense (benefit) | **82** | 18 | 17 | (34) | (29) |
| Income (loss) from continuing operations | **239** | (81) | 141 | 79 | 50 |
| Discontinued operations: | | | | | |
| Income (loss) from discontinued operations before income taxes | **(65)** | (472) | 24 | 4 | 36 |
| Income tax expense (benefit) | **(25)** | (5) | 10 | (26) | 17 |
| Income (loss) from discontinued operations, net of tax | **(40)** | (467) | 14 | 30 | 19 |
| Net income (loss) | **$ 199** | $ (548) | $ 155 | $ 109 | $ 69 |
| Income (loss) from continuing operations available to common shareholders (1) | **$ 185** | $ (135) | $ 87 | $ 25 | $ (2) |
| Net income (loss) available to common shareholders (1) | **$ 145** | $ (602) | $ 101 | $ 55 | $ 17 |
| Weighted-average shares outstanding--during quarter: | | | | | |
| Basic | **1,282** | 1,259 | 1,259 | 1,258 | 1,257 |
| Diluted | **1,283** | 1,259 | 1,261 | 1,260 | 1,259 |
| Actual shares outstanding--end of quarter | **1,412** | 1,259 | 1,259 | 1,259 | 1,256 |
| Earnings (loss) per common share from continuing operations (1): | | | | | |
| Basic | **$0.14** | $(0.11) | $0.07 | $0.02 | $(0.00) |
| Diluted | **$0.14** | $(0.11) | $0.07 | $0.02 | $(0.00) |
| Earnings (loss) per common share (1): | | | | | |
| Basic | **$0.11** | $(0.48) | $0.08 | $0.04 | $0.01 |
| Diluted | **$0.11** | $(0.48) | $0.08 | $0.04 | $0.01 |
| Cash dividends declared per common share | **$0.01** | $0.01 | $0.01 | $0.01 | $0.01 |
| Taxable-equivalent net interest income from continuing operations | **$839** | $858 | $859 | $864 | $864 |

(1) Includes preferred stock dividends and accretion

**Selected Ratios and Other Information from Continuing Operations**

| | As of and for Quarter Ended | | | | |
|---|---|---|---|---|---|
| | **3/31/12** | 12/31/11 | 9/30/11 | 6/30/11 | 3/31/11 |
| Return on average assets from continuing operations | **0.59%** | (0.43%) | 0.26% | 0.08% | (0.01%) |
| Return on average assets from continuing operations, excluding goodwill impairment and regulatory charge related tax benefit (non-GAAP)* (1) | **0.59%** | 0.37% | 0.26% | 0.03% | (0.01%) |
| Return on average common equity | **4.38%** | (17.39%) | 2.92% | 1.66% | 0.51% |
| Return on average tangible common stockholders' equity (non-GAAP)* (1) | **7.08%** | (30.12%) | 5.05% | 2.88% | 0.89% |
| Return on average tangible common stockholders' equity, excluding goodwill impairment and regulatory charge related tax benefit (non-GAAP)* (1) | **7.08%** | 6.45% | 5.05% | 5.14% | 0.89% |
| Efficiency ratio from continuing operations (non-GAAP) (1) | **67.9%** | 64.6% | 61.8% | 63.6% | 68.3% |
| Common equity per share | **$9.99** | $10.39 | $11.00 | $10.71 | $10.53 |
| Tangible common book value per share (non-GAAP) (1) | **$6.42** | $6.37 | $6.38 | $6.15 | $6.00 |
| Stockholders' equity to total assets | **13.67%** | 12.99% | 13.30% | 12.90% | 12.61% |
| Tangible common stockholders' equity to tangible assets (non-GAAP) (1) | **7.35%** | 6.57% | 6.48% | 6.18% | 5.98% |
| Tier 1 Common risk-based ratio (non-GAAP) (1) (2) | **9.6%** | 8.5% | 8.2% | 7.9% | 7.9% |
| Tier 1 Capital (2) | **14.3%** | 13.3% | 12.8% | 12.6% | 12.5% |
| Tier 1 Capital adjusted for retirement of Series A preferred stock (1) (2) | **10.6%** | 9.4% | 9.1% | 8.8% | 8.8% |
| Total Risk-Based Capital (2) | **18.0%** | 16.9% | 16.5% | 16.2% | 16.5% |
| Leverage (2) | **11.0%** | 9.9% | 9.7% | 9.5% | 9.4% |
| Allowance for credit losses as a percentage of loans, net of unearned income (3) | **3.42%** | 3.64% | 3.84% | 3.95% | 4.01% |
| Allowance for loan losses as a percentage of loans, net of unearned income | **3.30%** | 3.54% | 3.73% | 3.84% | 3.92% |
| Allowance for loan losses to non-performing loans, excluding loans held for sale | **1.18x** | 1.16x | 1.09x | 1.12x | 1.03x |
| Net interest margin (FTE) from continuing operations | **3.09%** | 3.08% | 3.04% | 3.07% | 3.09% |
| Loans, net of unearned income, to total deposits | **79.0%** | 81.1% | 82.8% | 84.3% | 84.4% |
| Net charge-offs as a percentage of average loans* | **1.73%** | 2.16% | 2.52% | 2.71% | 2.37% |
| Non-accrual loans, excluding loans held for sale as a percentage of loans | **2.80%** | 3.06% | 3.41% | 3.43% | 3.79% |
| Non-performing assets (excluding loans 90 days past due) as a percentage of loans, foreclosed properties and non-performing loans held for sale | **3.42%** | 3.83% | 4.23% | 4.39% | 4.78% |
| Non-performing assets (including loans 90 days past due) as a percentage of loans, foreclosed properties and non-performing loans held for sale | **3.97%** | 4.40% | 4.75% | 4.98% | 5.42% |
| Associate headcount (4) | **23,619** | 23,707 | 23,713 | 23,966 | 24,356 |
| Total branch outlets | **1,722** | 1,726 | 1,767 | 1,769 | 1,771 |
| ATMs | **2,070** | 2,083 | 2,130 | 2,132 | 2,144 |

*Annualized

(1) See reconciliation of GAAP to non-GAAP Financial Measures on pages 16-19
(2) Current quarter Tier 1 Common, Tier 1, Total Risk-Based Capital and Leverage ratios are estimated
(3) The allowance for credit losses reflects the allowance related to both loans on the balance sheet and exposure related to unfunded commitments and standby letters of credit
(4) Excludes Morgan Keegan Associates

**Consolidated Average Daily Balances and Yield/Rate Analysis from Continuing Operations**

| *($ amounts in millions; yields on taxable-equivalent basis)* | Quarter Ended 3/31/12 Average Balance | Income/ Expense | Yield/ Rate | 12/31/11 Average Balance | Income/ Expense | Yield/ Rate |
|---|---|---|---|---|---|---|
| Assets | | | | | | |
| Interest-earning assets: | | | | | | |
| Federal funds sold and securities purchased under agreements to resell | $ - | $ - | - % | $ - | $ - | - % |
| Trading account assets | **182** | **2** | **4.42** | 175 | 1 | 2.27 |
| Securities: | | | | | | |
| Taxable | **25,659** | **173** | **2.71** | 24,731 | 166 | 2.66 |
| Tax-exempt | **33** | **-** | **-** | 32 | - | - |
| Loans held for sale | **1,047** | **7** | **2.69** | 1,057 | 7 | 2.63 |
| Loans, net of unearned income: | | | | | | |
| Commercial and industrial | **24,748** | **258** | **4.19** | 24,310 | 263 | 4.29 |
| Commercial real estate mortgage - owner-occupied | **11,077** | **130** | **4.72** | 11,404 | 140 | 4.87 |
| Commercial real estate construction - owner-occupied | **311** | **4** | **5.17** | 346 | 5 | 5.73 |
| Commercial investor real estate mortgage | **9,492** | **85** | **3.60** | 10,357 | 91 | 3.49 |
| Commercial investor real estate construction | **994** | **8** | **3.24** | 1,152 | 9 | 3.10 |
| Residential first mortgage | **13,651** | **149** | **4.39** | 13,925 | 153 | 4.36 |
| Home equity lending | **12,845** | **113** | **3.54** | 13,172 | 118 | 3.55 |
| Indirect | **1,908** | **25** | **5.27** | 1,825 | 25 | 5.43 |
| Consumer credit card | **952** | **30** | **12.67** | 1,002 | 37 | 14.65 |
| Other consumer | **1,190** | **22** | **7.44** | 1,209 | 22 | 7.22 |
| Total loans, net of unearned income | **77,168** | **824** | **4.29** | 78,702 | 863 | 4.35 |
| Other interest-earning assets | **5,140** | **3** | **0.23** | 5,690 | 4 | 0.28 |
| Total interest-earning assets | **109,229** | **1,009** | **3.72** | 110,387 | 1,041 | 3.74 |
| Allowance for loan losses | **(2,745)** | | | (2,901) | | |
| Cash and due from banks | **1,987** | | | 1,974 | | |
| Other non-earning assets | **15,285** | | | 15,440 | | |
| | **$ 123,756** | | | $ 124,900 | | |
| Liabilities and Stockholders' Equity | | | | | | |
| Interest-bearing liabilities: | | | | | | |
| Savings accounts | **$ 5,362** | **1** | **0.08** | $ 5,153 | 1 | 0.08 |
| Interest-bearing transaction accounts | **19,657** | **6** | **0.12** | 18,602 | 7 | 0.15 |
| Money market accounts | **23,488** | **12** | **0.21** | 23,308 | 13 | 0.22 |
| Time deposits | **19,053** | **69** | **1.46** | 19,774 | 74 | 1.48 |
| Total interest-bearing deposits (1) | **67,560** | **88** | **0.52** | 66,837 | 95 | 0.56 |
| Federal funds purchased and securities sold under agreements to repurchase | **1,572** | **-** | **-** | 1,912 | (2) | (0.41) |
| Other short-term borrowings | **63** | **-** | **-** | 77 | - | - |
| Long-term borrowings | **7,585** | **82** | **4.35** | 9,630 | 90 | 3.71 |
| Total interest-bearing liabilities (3) | **76,780** | **170** | **0.89** | 78,456 | 183 | 0.93 |
| Net interest spread | | | **2.83** | | | 2.81 |
| Non-interest-bearing deposits (1) (3) | **28,501** | | | 28,318 | | |
| Other liabilities | **2,745** | | | 2,569 | | |
| Stockholders' equity | **15,730** | | | 15,557 | | |
| | **$ 123,756** | | | $ 124,900 | | |
| Net interest income/margin FTE basis (2) | | **$ 839** | **3.09 %** | | $ 858 | 3.08 % |

(1) Total deposit costs from continuing operations may be calculated by dividing total interest expense on deposits by the sum of interest-bearing deposits and non-interest bearing deposits. The rates for total deposit costs from continuing operations equal 0.37% and 0.40% for the quarters ended March 31, 2012 and December 31 2011, respectively.

(2) Including both continuing and discontinued operations, the net interest income and margin on a taxable equivalent basis is $846 million and 3.07%, respectively, for the quarter ended March 31, 2012.

(3) Total funding costs from continuing operations may be calculated by dividing total interest expense on interest-bearing liablities by the sum of interest-bearing liabilites and non-interest bearing deposits. The rates for total funding costs from continuing operations equal 0.65% and 0.68% for the quarters ended March 31, 2012 and December 31 2011, respectively.

**Consolidated Average Daily Balances and Yield/Rate Analysis from Continuing Operations**

| | Quarter Ended | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 9/30/11 | | | 6/30/11 | | | 3/31/11 | | |
| *($ amounts in millions; yields on taxable-equivalent basis)* | Average Balance | Income/ Expense | Yield/ Rate | Average Balance | Income/ Expense | Yield/ Rate | Average Balance | Income/ Expense | Yield/ Rate |
| Assets | | | | | | | | | |
| Interest-earning assets: | | | | | | | | | |
| Federal funds sold and securities purchased under agreements to resell | $ - | $ - | - % | $ - | $ - | - % | $ 17 | $ - | - % |
| Trading account assets | 182 | 1 | 2.18 | 164 | 1 | 2.45 | 143 | 1 | 2.84 |
| Securities: | | | | | | | | | |
| Taxable | 24,098 | 177 | 2.91 | 24,765 | 208 | 3.37 | 24,755 | 207 | 3.39 |
| Tax-exempt | 31 | - | - | 33 | - | - | 30 | - | - |
| Loans held for sale | 847 | 7 | 3.28 | 1,141 | 9 | 3.16 | 1,486 | 13 | 3.55 |
| Loans, net of unearned income | | | | | | | | | |
| Commercial and industrial | 23,953 | 249 | 4.12 | 23,506 | 249 | 4.25 | 22,890 | 246 | 4.36 |
| Commercial real estate mortgage - owner-occupied | 11,661 | 163 | 5.55 | 11,826 | 161 | 5.46 | 12,012 | 163 | 5.50 |
| Commercial real estate construction - owner-occupied | 376 | 4 | 4.22 | 404 | 4 | 3.97 | 438 | 5 | 4.63 |
| Commercial investor real estate mortgage | 11,395 | 100 | 3.48 | 12,607 | 108 | 3.44 | 13,393 | 113 | 3.42 |
| Commercial investor real estate construction | 1,411 | 9 | 2.53 | 1,805 | 12 | 2.67 | 2,100 | 14 | 2.70 |
| Residential first mortgage | 14,207 | 160 | 4.47 | 14,329 | 164 | 4.59 | 14,692 | 168 | 4.64 |
| Home equity lending | 13,454 | 119 | 3.51 | 13,745 | 119 | 3.47 | 14,053 | 120 | 3.46 |
| Indirect | 1,755 | 25 | 5.65 | 1,681 | 24 | 5.73 | 1,627 | 24 | 5.98 |
| Consumer credit card | 1,095 | 24 | 8.70 | 12 | - | - | - | - | - |
| Other consumer | 1,206 | 22 | 7.24 | 1,191 | 22 | 7.41 | 1,207 | 22 | 7.39 |
| Total loans, net of unearned income | 80,513 | 875 | 4.31 | 81,106 | 863 | 4.27 | 82,412 | 875 | 4.31 |
| Other interest-earning assets | 6,544 | 4 | 0.24 | 5,662 | 3 | 0.21 | 4,573 | 3 | 0.27 |
| Total interest-earning assets | 112,215 | 1,064 | 3.76 | 112,871 | 1,084 | 3.85 | 113,416 | 1,099 | 3.93 |
| Allowance for loan losses | (3,150) | | | (3,200) | | | (3,209) | | |
| Cash and due from banks | 1,972 | | | 2,027 | | | 1,980 | | |
| Other non-earning assets | 15,549 | | | 15,740 | | | 15,800 | | |
| | $ 126,586 | | | $ 127,438 | | | $ 127,987 | | |
| Liabilities and Stockholders' Equity | | | | | | | | | |
| Interest-bearing liabilities: | | | | | | | | | |
| Savings accounts | $ 5,148 | 1 | 0.08 | $ 5,107 | 1 | 0.08 | $ 4,837 | 1 | 0.08 |
| Interest-bearing transaction accounts | 16,651 | 7 | 0.17 | 13,898 | 7 | 0.20 | 13,228 | 7 | 0.21 |
| Money market accounts | 24,571 | 18 | 0.29 | 26,805 | 20 | 0.30 | 27,815 | 21 | 0.31 |
| Time deposits | 21,369 | 86 | 1.60 | 22,507 | 98 | 1.75 | 22,971 | 110 | 1.94 |
| Total interest-bearing deposits (1) | 67,739 | 112 | 0.66 | 68,317 | 126 | 0.74 | 68,851 | 139 | 0.82 |
| Federal funds purchased and securities sold under agreements to repurchase | 1,604 | - | - | 1,752 | 1 | 0.23 | 1,937 | 1 | 0.21 |
| Other short-term borrowings | 148 | - | - | 122 | - | - | 401 | - | - |
| Long-term borrowings | 10,786 | 93 | 3.42 | 11,726 | 93 | 3.18 | 12,857 | 95 | 3.00 |
| Total interest-bearing liabilities (2) | 80,277 | 205 | 1.01 | 81,917 | 220 | 1.08 | 84,046 | 235 | 1.13 |
| Net interest spread | | | 2.75 | | | 2.77 | | | 2.80 |
| Non-interest-bearing deposits (1) (2) | 28,408 | | | 27,806 | | | 26,405 | | |
| Other liabilities | 2,496 | | | 2,455 | | | 2,362 | | |
| Stockholders' equity | 15,405 | | | 15,260 | | | 15,174 | | |
| | $ 126,586 | | | $ 127,438 | | | $ 127,987 | | |
| Net interest income/margin FTE basis | | $ 859 | 3.04 % | | $ 864 | 3.07 % | | $ 864 | 3.09 % |

(1) Total deposit costs from continuing operations may be calculated by dividing total interest expense on deposits by the sum of interest-bearing deposits and non-interest bearing deposits. The rates for total deposit costs from continuing operations equal 0.46%, 0.53% and 0.59% for the quarters ended September 30, 2011, June 30, 2011 and March 31, 2011, respectively.

(2) Total funding costs from continuing operations may be calculated by dividing total interest expense on interest-bearing liablities by the sum of interest-bearing liabilities and non-interest bearing deposits. The rates for total funding costs from continuing operations equal 0.75%, 0.80% and 0.86% for the quarters ended September 30, 2011, June 30, 2011 and March 31, 2011, respectively.

## Loans

| ($ amounts in millions) | 3/31/12 | 12/31/11 | 9/30/11 | 6/30/11 | 3/31/11 | 3/31/12 vs. 12/31/11 | | 3/31/12 vs. 3/31/11 | |
|---|---|---|---|---|---|---|---|---|---|
| | Quarter Ended | | | | | | | | |
| Commercial and industrial | **$ 25,098** | $ 24,522 | $ 24,273 | $ 23,644 | $ 23,149 | $ 576 | 2.3% | $ 1,949 | 8.4% |
| Commercial real estate mortgage - owner-occupied | **10,931** | 11,166 | 11,537 | 11,797 | 11,889 | (235) | -2.1% | (958) | -8.1% |
| Commercial real estate construction - owner-occupied | **281** | 337 | 356 | 377 | 430 | (56) | -16.6% | (149) | -34.7% |
| Total commercial | **36,310** | 36,025 | 36,166 | 35,818 | 35,468 | 285 | 0.8% | 842 | 2.4% |
| Commercial investor real estate mortgage | **9,156** | 9,702 | 10,696 | 11,836 | 12,932 | (546) | -5.6% | (3,776) | -29.2% |
| Commercial investor real estate construction | **955** | 1,025 | 1,188 | 1,595 | 1,895 | (70) | -6.8% | (940) | -49.6% |
| Total investor real estate | **10,111** | 10,727 | 11,884 | 13,431 | 14,827 | (616) | -5.7% | (4,716) | -31.8% |
| Residential first mortgage | **13,611** | 13,784 | 14,083 | 14,306 | 14,404 | (173) | -1.3% | (793) | -5.5% |
| Home equity - first lien | **5,760** | 5,884 | 5,954 | 6,011 | 6,100 | (124) | -2.1% | (340) | -5.6% |
| Home equity - second lien | **6,882** | 7,137 | 7,362 | 7,582 | 7,774 | (255) | -3.6% | (892) | -11.5% |
| Indirect | **1,938** | 1,848 | 1,774 | 1,704 | 1,626 | 90 | 4.9% | 312 | 19.2% |
| Consumer credit card | **939** | 987 | 1,024 | 1,134 | - | (48) | -4.9% | 939 | NM |
| Other consumer | **1,169** | 1,202 | 1,200 | 1,190 | 1,172 | (33) | -2.7% | (3) | -0.3% |
| **Total Loans** | **$ 76,720** | $ 77,594 | $ 79,447 | $ 81,176 | $ 81,371 | $ (874) | -1.1% | $ (4,651) | -5.7% |

| ($ amounts in millions) | 1Q12 | 4Q11 | 3Q11 | 2Q11 | 1Q11 | 1Q12 vs. 4Q11 | | 1Q12 vs. 1Q11 | |
|---|---|---|---|---|---|---|---|---|---|
| | Average Balances | | | | | | | | |
| Commercial and industrial | **$ 24,748** | $ 24,310 | $ 23,953 | $ 23,506 | $ 22,889 | $ 438 | 1.8% | $ 1,859 | 8.1% |
| Commercial real estate mortgage - owner-occupied | **11,077** | 11,404 | 11,661 | 11,826 | 12,012 | (327) | -2.9% | (935) | -7.8% |
| Commercial real estate construction - owner-occupied | **311** | 346 | 375 | 404 | 438 | (35) | -10.1% | (127) | -29.0% |
| Total commercial | **36,136** | 36,060 | 35,989 | 35,736 | 35,339 | 76 | 0.2% | 797 | 2.3% |
| Commercial investor real estate mortgage | **9,492** | 10,357 | 11,395 | 12,607 | 13,393 | (865) | -8.4% | (3,901) | -29.1% |
| Commercial investor real estate construction | **994** | 1,152 | 1,411 | 1,805 | 2,100 | (158) | -13.7% | (1,106) | -52.7% |
| Total investor real estate | **10,486** | 11,509 | 12,806 | 14,412 | 15,493 | (1,023) | -8.9% | (5,007) | -32.3% |
| Residential first mortgage | **13,651** | 13,925 | 14,207 | 14,329 | 14,692 | (274) | -2.0% | (1,041) | -7.1% |
| Home equity - first lien | **5,835** | 5,927 | 6,003 | 6,066 | 6,162 | (92) | -1.6% | (327) | -5.3% |
| Home equity - second lien | **7,010** | 7,245 | 7,451 | 7,678 | 7,891 | (235) | -3.2% | (881) | -11.2% |
| Indirect | **1,908** | 1,825 | 1,755 | 1,681 | 1,628 | 83 | 4.5% | 280 | 17.2% |
| Consumer credit card | **952** | 1,002 | 1,095 | 13 | - | (50) | -5.0% | 952 | NM |
| Other consumer | **1,190** | 1,209 | 1,207 | 1,191 | 1,207 | (19) | -1.6% | (17) | -1.4% |
| **Total Loans** | **$ 77,168** | $ 78,702 | $ 80,513 | $ 81,106 | $ 82,412 | $ (1,534) | -1.9% | $ (5,244) | -6.4% |

## Loan Portfolio Balances by Percentage

| | Quarter Ended | | | | |
|---|---|---|---|---|---|
| | **3/31/12** | 12/31/11 | 9/30/11 | 6/30/11 | 3/31/11 |
| Commercial and industrial | **32.7%** | 31.6% | 30.6% | 29.1% | 28.5% |
| Commercial real estate mortgage - owner-occupied | **14.2%** | 14.4% | 14.5% | 14.5% | 14.6% |
| Commercial real estate construction - owner-occupied | **0.4%** | 0.4% | 0.4% | 0.5% | 0.5% |
| Total commercial | **47.3%** | 46.4% | 45.5% | 44.1% | 43.6% |
| Commercial investor real estate mortgage | **11.9%** | 12.5% | 13.5% | 14.6% | 15.9% |
| Commercial investor real estate construction | **1.3%** | 1.3% | 1.5% | 2.0% | 2.3% |
| Total investor real estate | **13.2%** | 13.8% | 15.0% | 16.6% | 18.2% |
| Residential first mortgage | **17.8%** | 17.8% | 17.7% | 17.6% | 17.7% |
| Home equity - first lien | **7.5%** | 7.6% | 7.5% | 7.4% | 7.5% |
| Home equity - second lien | **9.0%** | 9.2% | 9.3% | 9.3% | 9.6% |
| Indirect | **2.5%** | 2.4% | 2.2% | 2.1% | 2.0% |
| Consumer credit card | **1.2%** | 1.3% | 1.3% | 1.4% | - |
| Other consumer | **1.5%** | 1.5% | 1.5% | 1.5% | 1.4% |
| **Total Loans** | **100.0%** | 100.0% | 100.0% | 100.0% | 100.0% |

## Deposits

| *($ amounts in millions)* | Quarter Ended 3/31/12 | 12/31/11 | 9/30/11 | 6/30/11 | 3/31/11 | 3/31/12 vs. 12/31/11 | | 3/31/12 vs. 3/31/11 | |
|---|---|---|---|---|---|---|---|---|---|
| **Customer Deposits** | | | | | | | | | |
| Interest-free deposits | **$ 29,707** | $ 28,266 | $ 28,296 | $ 28,148 | $ 27,480 | $ 1,441 | 5.1% | $ 2,227 | 8.1% |
| Interest-bearing checking | **19,805** | 19,388 | 18,317 | 15,982 | 13,365 | 417 | 2.2% | 6,440 | 48.2% |
| Savings | **5,632** | 5,159 | 5,155 | 5,118 | 5,064 | 473 | 9.2% | 568 | 11.2% |
| Money market - domestic | **23,513** | 23,053 | 23,284 | 24,650 | 27,261 | 460 | 2.0% | (3,748) | -13.7% |
| Money market - foreign | **271** | 378 | 423 | 476 | 533 | (107) | -28.3% | (262) | -49.2% |
| Low-cost deposits | **78,928** | 76,244 | 75,475 | 74,374 | 73,703 | 2,684 | 3.5% | 5,225 | 7.1% |
| Time deposits | **18,207** | 19,378 | 20,455 | 21,947 | 22,656 | (1,171) | -6.0% | (4,449) | -19.6% |
| Total customer deposits | **97,135** | 95,622 | 95,930 | 96,321 | 96,359 | 1,513 | 1.6% | 776 | 0.8% |
| **Corporate Treasury Deposits** | | | | | | | | | |
| Time deposits | **3** | 5 | 8 | 10 | 10 | (2) | -40.0% | (7) | -70.0% |
| **Total Deposits** | **$ 97,138** | $ 95,627 | $ 95,938 | $ 96,331 | $ 96,369 | $ 1,511 | 1.6% | $ 769 | 0.8% |

| *($ amounts in millions)* | Average Balances 1Q12 | 4Q11 | 3Q11 | 2Q11 | 1Q11 | 1Q12 vs. 4Q11 | | 1Q12 vs. 1Q11 | |
|---|---|---|---|---|---|---|---|---|---|
| **Customer Deposits** | | | | | | | | | |
| Interest-free deposits | **$ 28,501** | $ 28,318 | $ 28,408 | $ 27,806 | $ 26,405 | $ 183 | 0.6% | $ 2,096 | 7.9% |
| Interest-bearing checking | **19,657** | 18,602 | 16,651 | 13,898 | 13,228 | 1,055 | 5.7% | 6,429 | 48.6% |
| Savings | **5,362** | 5,153 | 5,148 | 5,107 | 4,837 | 209 | 4.1% | 525 | 10.9% |
| Money market - domestic | **23,166** | 22,951 | 24,098 | 26,302 | 27,276 | 215 | 0.9% | (4,110) | -15.1% |
| Money market - foreign | **322** | 357 | 473 | 503 | 540 | (35) | -9.8% | (218) | -40.4% |
| Low-cost deposits | **77,008** | 75,381 | 74,778 | 73,616 | 72,286 | 1,627 | 2.2% | 4,722 | 6.5% |
| Time deposits | **19,049** | 19,767 | 21,359 | 22,496 | 22,956 | (718) | -3.6% | (3,907) | -17.0% |
| Total customer deposits | **96,057** | 95,148 | 96,137 | 96,112 | 95,242 | 909 | 1.0% | 815 | 0.9% |
| **Corporate Treasury Deposits** | | | | | | | | | |
| Time deposits | **4** | 7 | 10 | 10 | 15 | (3) | -42.9% | (11) | -73.3% |
| **Total Deposits** | **$ 96,061** | $ 95,155 | $ 96,147 | $ 96,122 | $ 95,257 | $ 906 | 1.0% | $ 804 | 0.8% |

## Deposits by Percentage

| | Quarter Ended 3/31/12 | 12/31/11 | 9/30/11 | 6/30/11 | 3/31/11 |
|---|---|---|---|---|---|
| **Customer Deposits** | | | | | |
| Interest-free deposits | **30.6%** | 29.5% | 29.5% | 29.2% | 28.5% |
| Interest-bearing checking | **20.4%** | 20.3% | 19.1% | 16.6% | 13.9% |
| Savings | **5.8%** | 5.4% | 5.4% | 5.3% | 5.2% |
| Money market - domestic | **24.2%** | 24.1% | 24.3% | 25.6% | 28.3% |
| Money market - foreign | **0.3%** | 0.4% | 0.4% | 0.5% | 0.6% |
| Low-cost deposits | **81.3%** | 79.7% | 78.7% | 77.2% | 76.5% |
| Time deposits | **18.7%** | 20.3% | 21.3% | 22.8% | 23.5% |
| Total customer deposits | **100.0%** | 100.0% | 100.0% | 100.0% | 100.0% |
| **Corporate Treasury Deposits** | | | | | |
| Time deposits | **-** | - | - | - | - |
| **Total Deposits** | **100.0%** | 100.00% | 100.0% | 100.0% | 100.0% |

**Pre-Tax Pre-Provision Income from Continuing Operations (non-GAAP)**

| *($ amounts in millions)* | Quarter Ended 3/31/12 | 12/31/11 | 9/30/11 | 6/30/11 | 3/31/11 | 1Q12 vs. 4Q11 | | 1Q12 vs. 1Q11 | |
|---|---|---|---|---|---|---|---|---|---|
| Income (loss) from continuing operations available to common shareholders (GAAP) | **$ 185** | $ (135) | $ 87 | $ 25 | $ (2) | $ 320 | NM | $ 187 | NM |
| Preferred dividends (GAAP) | **54** | 54 | 54 | 54 | 52 | - | - | 2 | 3.8% |
| Income tax expense (benefit) (GAAP) | **82** | 18 | 17 | (34) | (29) | 64 | NM | 111 | NM |
| Income (loss) from continuing operations before income taxes (GAAP) | **321** | (63) | 158 | 45 | 21 | 384 | NM | 300 | NM |
| Provision for loan losses (GAAP) | **117** | 295 | 355 | 398 | 482 | (178) | -60.3% | (365) | -75.7% |
| Pre-tax pre-provision income from continuing operations (non-GAAP) | **438** | 232 | 513 | 443 | 503 | 206 | 88.8% | (65) | -12.9% |
| Goodwill impairment | **-** | 253 | - | - | - | (253) | -100.0% | - | NM |
| Pre-tax pre-provision income from continuing operations, excluding goodwill impairment (non-GAAP) | **438** | 485 | 513 | 443 | 503 | (47) | -9.7% | (65) | -12.9% |
| Other Adjustments: | | | | | | | | | |
| Securities (gains) losses, net | **(12)** | (7) | 1 | (24) | (82) | (5) | 71.4% | 70 | 85.4% |
| Loss (gain) on sale of mortgage loans | **-** | - | - | - | 3 | - | - | (3) | -100.0% |
| Leveraged lease termination (gains) losses, net [1] | **(7)** | (10) | 2 | - | - | 3 | -30.0% | (7) | NM |
| Securities impairment, net | **-** | 2 | - | - | - | (2) | -100.0% | - | NM |
| Branch consolidation and equipment costs | **-** | (2) | - | 77 | - | 2 | -100.0% | - | NM |
| Total other adjustments | **(19)** | (17) | 3 | 53 | (79) | (2) | 11.8% | 60 | 75.9% |
| **Adjusted pre-tax pre-provision income from continuing operations (non-GAAP)** | **$ 419** | $ 468 | $ 516 | $ 496 | $ 424 | $ (49) | -10.5% | $ (5) | -1.2% |

The Pre-Tax Pre-Provision Income from Continuing Operations table above presents computations of pre-tax pre-provision income from continuing operations excluding certain adjustments (non-GAAP). Regions believes that the exclusion of these adjustments provides a meaningful base for period-to-period comparisons, which management believes will assist investors in analyzing the operating results of the Company and predicting future performance. These non-GAAP financial measures are also used by management to assess the performance of Regions' business. It is possible that the activities related to the adjustments may recur; however, management does not consider the activities related to the adjustments to be indications of ongoing operations. Regions believes that presentation of these non-GAAP financial measures will permit investors to assess the performance of the Company on the same basis as that applied by management. Non-GAAP financial measures have inherent limitations, are not required to be uniformly applied and are not audited. Although these non-GAAP financial measures are frequently used by stakeholders in the evaluation of a company, they have limitations as analytical tools, and should not be considered in isolation, or as a substitute for analyses of results as reported under GAAP. In particular, a measure of income that excludes certain adjustments does not represent the amount that effectively accrues directly to stockholders.

(1) After tax amounts for leveraged lease terminations gains are $3.1 million for 3/31/2012, $2.8 million for 12/31/11 and $5.4 million for 9/30/11.

**Non-Interest Income and Expense from Continuing Operations**

| **Non-Interest Income from Continuing Operations** | **Quarter Ended** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 1Q12 vs. 4Q11 | | 1Q12 vs. 1Q11 | |
| *($ amounts in millions)* | **3/31/12** | 12/31/11 | 9/30/11 | 6/30/11 | 3/31/11 | | | | |
| Service charges on deposit accounts | **$ 254** | $ 263 | $ 310 | $ 308 | $ 287 | $ (9) | -3.4% | $ (33) | -11.5% |
| Capital markets and investment income | **28** | 19 | (5) | 19 | 31 | 9 | 47.4% | (3) | -9.7% |
| Mortgage income | **77** | 57 | 68 | 50 | 45 | 20 | 35.1% | 32 | 71.1% |
| Trust department income | **49** | 49 | 49 | 51 | 50 | - | - | (1) | -2.0% |
| Commercial credit income | **19** | 20 | 20 | 20 | 20 | (1) | -5.0% | (1) | -5.0% |
| Securities gains (losses), net | **12** | 7 | (1) | 24 | 82 | 5 | 71.4% | (70) | -85.4% |
| Insurance income | **28** | 26 | 27 | 25 | 28 | 2 | 7.7% | - | - |
| Leveraged lease termination gains (losses), net | **7** | 10 | (2) | - | - | (3) | -30.0% | 7 | NM |
| Bank-owned life insurance | **21** | 24 | 18 | 20 | 21 | (3) | -12.5% | - | - |
| Net revenue (loss) from affordable housing | **(14)** | (20) | (18) | (17) | (14) | 6 | -30.0% | - | - |
| Other | **43** | 52 | 47 | 43 | 30 | (9) | -17.3% | 13 | 43.3% |
| Total non-interest income from continuing operations | **$ 524** | $ 507 | $ 513 | $ 543 | $ 580 | $ 17 | 3.4% | $ (56) | -9.7% |

| **Non-Interest Expense from Continuing Operations** | **Quarter Ended** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 1Q12 vs. 4Q11 | | 1Q12 vs. 1Q11 | |
| *($ amounts in millions)* | **3/31/12** | 12/31/11 | 9/30/11 | 6/30/11 | 3/31/11 | | | | |
| Salaries and employee benefits | **$ 442** | $ 392 | $ 383 | $ 401 | $ 428 | $ 50 | 12.8% | $ 14 | 3.3% |
| Net occupancy expense | **94** | 95 | 95 | 98 | 100 | (1) | -1.1% | (6) | -6.0% |
| Furniture and equipment expense | **64** | 63 | 70 | 72 | 70 | 1 | 1.6% | (6) | -8.6% |
| Professional and legal fees | **27** | 40 | 42 | 38 | 55 | (13) | -32.5% | (28) | -50.9% |
| Amortization of core deposit intangible | **22** | 23 | 23 | 24 | 25 | (1) | -4.3% | (3) | -12.0% |
| Other real estate owned expense | **23** | 38 | 48 | 37 | 39 | (15) | -39.5% | (16) | -41.0% |
| Credit/checkcard expenses | **20** | 18 | 18 | 7 | 8 | 2 | 11.1% | 12 | 150.0% |
| FDIC premiums | **47** | 46 | 47 | 72 | 52 | 1 | 2.2% | (5) | -9.6% |
| Marketing | **17** | 18 | 14 | 17 | 13 | (1) | -5.6% | 4 | 30.8% |
| Subsidiary dividend | **16** | 3 | 3 | 3 | 15 | 13 | 433.3% | 1 | 6.7% |
| Branch consolidation and property and equipment charges | **-** | (2) | - | 77 | - | 2 | -100.0% | - | NM |
| Other | **141** | 137 | 107 | 110 | 127 | 4 | 2.9% | 14 | 11.0% |
| Total non-interest expense from continuing operations before goodwill impairment (non-GAAP) | **913** | 871 | 850 | 956 | 932 | $ 42 | 4.8% | $ (19) | -2.0% |
| Goodwill impairment | **-** | 253 | - | - | - | (253) | -100.0% | - | NM |
| Total non-interest expense from continuing operations | **$ 913** | $ 1,124 | $ 850 | $ 956 | $ 932 | $ (211) | -18.8% | $ (19) | -2.0% |

- Non-interest income increased $17 million linked quarter to $524 million. Included in the 1Q12 amount were $12 million in securities gains and $7 million in leveraged lease termination gains. The leveraged lease termination gain was offset by $4 million in increased tax expense, resulting in a nominal impact to net income.

- Service charges decreased $9 million linked quarter, reflecting seasonality. The negative impact of Regulation E and debit interchange legislation which began in 2011 has been in line with expectations and was partially offset by ongoing actions, including restructuring certain deposit accounts from free to fee-eligible, re-entry into the credit card business and the NOW banking product suite launch.

- Capital markets and investment income increased $9 million to $28 million reflecting increased capital markets revenue and deferred compensation adjustments which are offset by increases in salaries and benefits.

- Mortgage income increased $20 million linked quarter, aided by the government's HARP II program, which is increasing refinance volume. Mortgage origination volume in the first quarter totaled $1.6 billion.

- Non-interest expenses decreased $211 million linked quarter due to the fourth quarter's $253 million goodwill impairment charge from continuing operations. Excluding goodwill impairment, non-interest expenses increased 5 percent linked quarter. This includes $50 million increase in salaries and benefits primarily related to a seasonal increase in payroll taxes as well as increased expenses related to pension and 401(K). In addition, there is a $13 million annual dividend paid to a subsidiary that is incurred during the first quarter each year. These items were partialy offset by a $15 million decline in other real estate expense and $13 million decline in professional and legal fees.

- Other real estate owned expense decreased $15 million linked quarter to $23 million, reflecting a decline in valuation adjustments.

## Credit Quality

| *($ amounts in millions)* | As of and for Quarter Ended **3/31/12** | 12/31/11 | 9/30/11 | 6/30/11 | 3/31/11 |
|---|---|---|---|---|---|
| Allowance for credit losses (ACL) | **$ 2,621** | $ 2,823 | $ 3,050 | $ 3,204 | $ 3,264 |
| Allowance allocated to purchased loans [1] | **-** | - | 84 | 84 | - |
| Provision for loan losses | **117** | 295 | 355 | 398 | 482 |
| Provision (credit) for unfunded credit losses | **13** | (8) | 2 | 6 | 7 |
| Net loans charged-off: | | | | | |
| Commercial and industrial | **61** | 65 | 72 | 49 | 72 |
| Commercial real estate mortgage - owner-occupied | **46** | 63 | 62 | 43 | 66 |
| Commercial real estate construction - owner-occupied | **2** | 1 | 2 | 1 | 4 |
| Total commercial | **109** | 129 | 136 | 93 | 142 |
| Commercial investor real estate mortgage | **64** | 112 | 167 | 247 | 132 |
| Commercial investor real estate construction | **19** | 39 | 52 | 56 | 42 |
| Total investor real estate | **83** | 151 | 219 | 303 | 174 |
| Residential first mortgage | **39** | 47 | 59 | 55 | 56 |
| Home equity - first lien | **18** | 16 | 19 | 17 | 22 |
| Home equity - second lien | **57** | 56 | 60 | 66 | 72 |
| Indirect | **4** | 4 | 2 | 3 | 4 |
| Consumer credit card | **12** | 12 | 1 | - | - |
| Other consumer | **10** | 15 | 15 | 11 | 11 |
| Total | **$ 332** | $ 430 | $ 511 | $ 548 | $ 481 |
| Net loan charge-offs as a % of average loans, annualized: | | | | | |
| Commercial and industrial | **0.99%** | 1.06% | 1.19% | 0.85% | 1.27% |
| Commercial real estate mortgage - owner-occupied | **1.67%** | 2.18% | 2.13% | 1.45% | 2.23% |
| Commercial real estate construction - owner-occupied | **2.02%** | 0.82% | 2.01% | 1.08% | 3.74% |
| Total commercial | **1.21%** | 1.41% | 1.50% | 1.05% | 1.63% |
| Commercial investor real estate mortgage | **2.70%** | 4.28% | 5.81% | 7.85% | 4.00% |
| Commercial investor real estate construction | **7.64%** | 13.61% | 14.45% | 12.56% | 8.07% |
| Total investor real estate | **3.17%** | 5.21% | 6.76% | 8.44% | 4.56% |
| Residential first mortgage | **1.16%** | 1.34% | 1.64% | 1.54% | 1.55% |
| Home equity - first lien | **1.25%** | 1.11% | 1.26% | 1.11% | 1.47% |
| Home equity - second lien | **3.28%** | 3.06% | 3.21% | 3.46% | 3.68% |
| Indirect | **0.76%** | 0.78% | 0.64% | 0.57% | 1.05% |
| Consumer credit card | **4.95%** | 4.62% | 0.42% | - | - |
| Other consumer | **3.38%** | 4.92% | 4.93% | 3.70% | 3.70% |
| Total | **1.73%** | 2.16% | 2.52% | 2.71% | 2.37% |
| Non-accrual loans, excluding loans held for sale | **$ 2,151** | $ 2,372 | $ 2,710 | $ 2,784 | $ 3,087 |
| Non-performing loans held for sale | **249** | 328 | 344 | 381 | 381 |
| Non-accrual loans, including loans held for sale | **$ 2,400** | $ 2,700 | $ 3,054 | $ 3,165 | $ 3,468 |
| Foreclosed properties | **241** | 296 | 337 | 437 | 465 |
| Non-performing assets (NPAs) | **$ 2,641** | $ 2,996 | $ 3,391 | $ 3,602 | $ 3,933 |
| Loans past due > 90 days | **$ 427** | $ 447 | $ 412 | $ 483 | $ 527 |
| Restructured loans not included in categories above [2] | **$ 2,944** | $ 2,850 | $ 2,817 | $ 1,664 | $ 1,553 |
| Credit Ratios: | | | | | |
| ACL/Loans, net | **3.42%** | 3.64% | 3.84% | 3.95% | 4.01% |
| ALL/Loans, net | **3.30%** | 3.54% | 3.73% | 3.84% | 3.92% |
| Allowance for loan losses to non-performing loans, excluding loans held for sale | **1.18x** | 1.16x | 1.09x | 1.12x | 1.03x |
| Non-accrual loans, excluding loans held for sale/Loans, net | **2.80%** | 3.06% | 3.41% | 3.43% | 3.79% |
| NPAs (ex. 90+ past due)/Loans, foreclosed properties and non-performing loans held for sale | **3.42%** | 3.83% | 4.23% | 4.39% | 4.78% |
| NPAs (inc. 90+ past due)/Loans, foreclosed properties and non-performing loans held for sale | **3.97%** | 4.40% | 4.75% | 4.98% | 5.42% |

## Allowance for Credit Losses

| *($ amounts in millions)* | Quarter Ended **3/31/12** | 12/31/11 | 9/30/11 | 6/30/11 | 3/31/11 |
|---|---|---|---|---|---|
| Components: | | | | | |
| Allowance for loan losses | **$ 2,530** | $ 2,745 | $ 2,964 | $ 3,120 | $ 3,186 |
| Reserve for unfunded credit commitments | **91** | 78 | 86 | 84 | 78 |
| Allowance for credit losses | **$ 2,621** | $ 2,823 | $ 3,050 | $ 3,204 | $ 3,264 |

(1) During the second quarter of 2011, Regions purchased a credit card portfolio for approximately $1.1 billion and recorded an allowance for loan losses and related premium of approximately $84 million. Upon finalization of the purchase price in the fourth quarter of 2011, Regions reclassified the $84 million allowance and premium. The impact of these reclassification entries was not material to the financial results in any of the quarters of 2011.

(2) See page 11 for detail of restructured loans.

**Troubled Debt Restructurings**

| | Quarter Ended | | | | |
|---|---|---|---|---|---|
| *(in millions)* | **3/31/12** | 12/31/11 | 9/30/11 | 6/30/11 | 3/31/11 |
| Current: | | | | | |
| Commercial | **$ 445** | $ 452 | $ 437 | $ 62 | $ 66 |
| Investor Real Estate | **1,016** | 967 | 923 | 257 | 193 |
| Residential First Mortgage | **815** | 767 | 774 | 760 | 737 |
| Home Equity | **383** | 377 | 373 | 352 | 328 |
| Other Consumer | **49** | 50 | 54 | 58 | 59 |
| Total Current | **$ 2,708** | $ 2,613 | $ 2,561 | $ 1,489 | $ 1,383 |
| | | | | | |
| Accruing 30-89 DPD: | | | | | |
| Commercial | **$ 44** | $ 40 | $ 39 | $ 7 | $ 6 |
| Investor Real Estate | **40** | 28 | 67 | 16 | 15 |
| Residential First Mortgage | **118** | 133 | 114 | 116 | 117 |
| Home Equity | **30** | 30 | 30 | 31 | 27 |
| Other Consumer | **4** | 6 | 6 | 5 | 5 |
| Total Accruing 30-89 DPD | **$ 236** | $ 237 | $ 256 | $ 175 | $ 170 |
| | | | | | |
| Non-accrual or 90+ DPD: | | | | | |
| Commercial | **$ 344** | $ 353 | $ 373 | $ 164 | $ 120 |
| Investor Real Estate | **507** | 473 | 475 | 200 | 230 |
| Residential First Mortgage | **205** | 210 | 214 | 207 | 221 |
| Home Equity | **31** | 33 | 30 | 29 | 28 |
| Other Consumer | **-** | - | 1 | - | 1 |
| Total Non-accrual or 90+DPD | **$ 1,087** | $ 1,069 | $ 1,093 | $ 600 | $ 600 |
| | | | | | |
| Total TDRs | **$ 4,031** | $ 3,919 | $ 3,910 | $ 2,264 | $ 2,153 |

**Credit Costs**

| | Quarter Ended | | | | |
|---|---|---|---|---|---|
| *(in millions)* | **3/31/12** | 12/31/11 | 9/30/11 | 6/30/11 | 3/31/11 |
| **Net Charge-offs** | | | | | |
| Investor Real Estate (IRE) | **$ 47** | $ 54 | $ 60 | $ 99 | $ 84 |
| Commercial | **89** | 87 | 100 | 91 | 126 |
| Consumer Real Estate | **115** | 117 | 134 | 138 | 150 |
| Other Consumer | **26** | 31 | 19 | 13 | 15 |
| Net Charge-offs excluding charge-offs from Sales / Transfers to HFS | **$ 277** | $ 289 | $ 313 | $ 341 | $ 375 |
| | | | | | |
| Sales/Transfer to HFS | **55** | 141 | 198 | 207 | 106 |
| Total Net Charge-offs | **$ 332** | $ 430 | $ 511 | $ 548 | $ 481 |
| | | | | | |
| Net Loss / (Gain) - HFS Sales | **$ (10)** | $ (12) | $ (2) | $ (1) | $ - |
| HFS Write-downs [(1)] | **2** | 7 | 2 | 5 | 2 |
| OREO expense | **23** | 39 | 48 | 37 | 39 |
| Total Credit Costs before Reserve Change | **$ 347** | $ 464 | $ 559 | $ 589 | $ 522 |
| | | | | | |
| Loan Loss Reserve Increase / (Reduction) | **(215)** | (135) | (156) | (150) | 1 |
| Total Credit Costs after Reserve Change | **$ 132** | $ 329 | $ 403 | $ 439 | $ 523 |

[(1)] *Reflects write-downs subsequent to initial move to held for sale and write-downs upon transfer to OREO*

### Gross and Net NPL Migration

| ($ in millions) | Quarter Ended 3/31/12 | 12/31/11 | 9/30/11 | 6/30/11 | 3/31/11 |
|---|---|---|---|---|---|
| Beginning Non-Performing Loans [1] | **$ 2,372** | $ 2,710 | $ 2,784 | $ 3,087 | $ 3,160 |
| Additions [2]: | | | | | |
| Land/Single Family/Condo Investor Real Estate | **$ 57** | $ 58 | $ 189 | $ 73 | $ 93 |
| Income Producing IRE | **105** | 199 | 273 | 134 | 224 |
| Total Investor Real Estate | **162** | 257 | 462 | 207 | 317 |
| Commercial | **76** | 140 | 161 | 207 | 197 |
| Business and Community | **150** | 165 | 144 | 158 | 185 |
| Consumer | **(7)** | (1) | (12) | (17) | 31 |
| Total Gross NPL Additions | **$ 381** | $ 561 | $ 755 | $ 555 | $ 730 |
| Resolutions [3] | **(267)** | (340) | (253) | (216) | (207) |
| Charge-Offs [4] | **(212)** | (305) | (354) | (329) | (325) |
| Home Equity Reclassification [5] | **-** | - | 56 | - | - |
| Net Additions (Reductions) | **$ (98)** | $ (84) | $ 204 | $ 10 | $ 198 |
| Non-Accrual Loan Sales | **(5)** | (8) | (37) | (61) | (9) |
| Transfer to HFS | **(93)** | (196) | (206) | (176) | (188) |
| Transfer to OREO | **(25)** | (50) | (35) | (76) | (74) |
| Ending Non-Performing Loans [1] | **$ 2,151** | $ 2,372 | $ 2,710 | $ 2,784 | $ 3,087 |

*[1] Does not include Loans Held for Sale*
*[2] All net activity within the consumer portfolio other than sales and transfers to held for sale is included as a single net number within the additions line, due to the relative immateriality of consumer non-accrual loans.*
*[3] Includes payments and returned to accruals*
*[4] Includes charge-offs on loans on non-accrual status and charge-offs taken upon sale and transfer of non-accrual loans to held for sale*
*[5] Beginning in 3Q11, credit policy on home equity lines and loans in second lien position changed such that they are placed on non-accrual by the end of the month in which the loan becomes 120 days past due. Prior policy required all real estate secured loans to be placed on non-accrual by the end of the month in which the loan becomes 180 days past due unless the loan is fully secured and in process of collection. The effect of the reclassification was to increase non-accrual loans and to decrease 90 days past due loans.*

### Foreclosed Properties

| ($ in millions) | Quarter Ended 03/31/12 | 12/31/11 | 9/30/11 | 6/30/11 | 3/31/11 |
|---|---|---|---|---|---|
| Beginning Foreclosed Properties | **$ 296** | $ 337 | $ 437 | $ 465 | $ 454 |
| Transfers in | **$ 94** | $ 119 | $ 94 | $ 152 | $ 167 |
| Sales | **(129)** | (121) | (146) | (138) | (113) |
| Writedowns / Other Activity | **(20)** | (39) | (48) | (42) | (43) |
| Ending Foreclosed Properties | **$ 241** | $ 296 | $ 337 | $ 437 | $ 465 |

### Non-Performing Loans Held for Sale

| ($ in millions) | Quarter Ended 3/31/12 | 12/31/11 | 9/30/11 | 6/30/11 | 3/31/11 |
|---|---|---|---|---|---|
| Beginning Non-Performing Loans Held for Sale | **$ 328** | $ 344 | $ 381 | $ 381 | $ 304 |
| Transfers in [1] | **$ 93** | $ 196 | $ 218 | $ 176 | $ 188 |
| Sales | **(145)** | (175) | (244) | (151) | (96) |
| Writedowns | **(2)** | (7) | (2) | (5) | (2) |
| Loan moved from HFS / Other Activity | **(8)** | (21) | (6) | (7) | (6) |
| Transfers to OREO | **(17)** | (9) | (3) | (13) | (7) |
| Ending Non-Performing Loans Held for Sale | **$ 249** | $ 328 | $ 344 | $ 381 | $ 381 |

*[1] During the Quarter-ended 9/30/11, there were approximately $12 million in transfers from Accruing Loans Held for Sale to Non-Performing Loans Held for Sale.*

### Composition of Non-Performing Loans Held for Sale

| Timing of Transfer to HFS | Percent |
|---|---|
| 1Q12 | 37.5% |
| 2011 | 53.3% |
| Pre-2011 | 9.2% |
| Total | 100.0% |

## Early and Late Stage Delinquencies

### 30-89 Days Past Due Loans

| | Quarter Ended | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *($ millions)* | **3/31/12** | | 12/31/11 | | 9/30/11 | | 6/30/11 | | 3/31/11 | |
| Commercial and Industrial | **$ 43** | **0.17%** | $ 61 | 0.25% | $ 87 | 0.36% | $ 118 | 0.50% | $ 104 | 0.45% |
| Commercial Real Estate Mortgage - OO | **68** | **0.62%** | 70 | 0.63% | 87 | 0.76% | 71 | 0.60% | 99 | 0.83% |
| Commercial Real Estate Construction - OO | **1** | **0.28%** | 4 | 1.12% | 1 | 0.20% | 2 | 0.56% | 2 | 0.44% |
| **Total Commercial** | **$ 112** | **0.31%** | $ 135 | 0.37% | $ 175 | 0.48% | $ 191 | 0.53% | $ 205 | 0.58% |
| Commercial Investor Real Estate Mortgage | **$ 122** | **1.33%** | $ 76 | 0.78% | $ 126 | 1.18% | $ 146 | 1.23% | $ 332 | 2.57% |
| Commercial Investor Real Estate Construction | **3** | **0.37%** | 28 | 2.76% | 17 | 1.42% | 25 | 1.57% | 35 | 1.86% |
| **Total Investor Real Estate** | **$ 125** | **1.24%** | $ 104 | 0.97% | $ 143 | 1.21% | $ 171 | 1.27% | $ 367 | 2.48% |
| Residential First Mortgage | **$ 258** | **1.89%** | $ 287 | 2.08% | $ 269 | 1.91% | $ 265 | 1.85% | $ 277 | 1.92% |
| Home Equity | **158** | **1.24%** | 198 | 1.52% | 180 | 1.36% | 168 | 1.23% | 185 | 1.33% |
| Direct | **9** | **1.12%** | 13 | 1.56% | 12 | 1.44% | 12 | 1.39% | 11 | 1.27% |
| Indirect | **25** | **1.30%** | 33 | 1.80% | 30 | 1.66% | 25 | 1.44% | 27 | 1.69% |
| Consumer Credit Card | **12** | **1.28%** | 14 | 1.39% | 14 | 1.40% | 11 | 1.00% | - | 0.00% |
| Other Consumer | **9** | **2.74%** | 12 | 3.45% | 12 | 3.46% | 10 | 3.10% | 9 | 2.57% |
| **Total Consumer** | **$ 471** | **1.55%** | $ 557 | 1.81% | $ 517 | 1.65% | $ 491 | 1.54% | $ 509 | 1.64% |
| **Total 30-89 Days Past Due Loans** | **$ 708** | **0.92%** | $ 796 | 1.03% | $ 835 | 1.05% | $ 853 | 1.05% | $ 1,081 | 1.33% |

### 90+ Days Past Due Loans

| | Quarter Ended | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *($ millions)* | **3/31/12** | | 12/31/11 | | 9/30/11 | | 6/30/11 | | 3/31/11 | |
| Commercial & Industrial | **$ 9** | **0.03%** | $ 28 | 0.11% | $ 10 | 0.04% | $ 7 | 0.03% | $ 10 | 0.04% |
| Commercial Real Estate Mortgage - OO | **9** | **0.08%** | 9 | 0.08% | 6 | 0.05% | 11 | 0.09% | 8 | 0.07% |
| Commercial Real Estate Construction - OO | **-** | **0.00%** | - | 0.00% | - | 0.00% | - | 0.05% | - | 0.09% |
| **Total Commercial** | **$ 18** | **0.05%** | $ 37 | 0.10% | $ 16 | 0.04% | $ 18 | 0.05% | $ 18 | 0.05% |
| Commercial Investor Real Estate Mortgage | **$ 2** | **0.02%** | $ 13 | 0.13% | $ 9 | 0.08% | $ 5 | 0.04% | $ 13 | 0.10% |
| Commercial Investor Real Estate Construction | **-** | **0.00%** | - | 0.01% | - | 0.01% | - | 0.02% | 1 | 0.04% |
| **Total Investor Real Estate** | **$ 2** | **0.02%** | $ 13 | 0.12% | $ 9 | 0.07% | $ 5 | 0.04% | $ 14 | 0.09% |
| Residential First Mortgage | **$ 300** | **2.21%** | $ 284 | 2.06% | $ 291 | 2.06% | $ 296 | 2.07% | $ 315 | 2.18% |
| Home Equity (1) | **87** | **0.69%** | 93 | 0.71% | 81 | 0.61% | 158 | 1.16% | 174 | 1.26% |
| Direct | **1** | **0.13%** | 2 | 0.23% | 2 | 0.19% | 1 | 0.16% | 1 | 0.13% |
| Indirect | **2** | **0.09%** | 2 | 0.13% | 1 | 0.08% | 2 | 0.10% | 2 | 0.13% |
| Consumer Credit Card | **14** | **1.50%** | 13 | 1.38% | 10 | 1.03% | - | 0.00% | - | 0.00% |
| Other Consumer | **3** | **0.90%** | 3 | 0.75% | 2 | 0.50% | 3 | 0.79% | 3 | 0.86% |
| **Total Consumer** | **$ 407** | **1.34%** | $ 397 | 1.29% | $ 387 | 1.23% | $ 460 | 1.44% | $ 495 | 1.59% |
| **Total 90+ Days Past Due Loans** | **$ 427** | **0.56%** | $ 447 | 0.58% | $ 412 | 0.52% | $ 483 | 0.60% | $ 527 | 0.65% |

OO = Owner Occupied
(1) *Refer to page 12 for the home equity reclassification which increased non-accrual loans and decreased 90 days past due loans in 3Q11.*

### Non-Accrual Loans (excludes loans held for sale)

| | Quarter Ended | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *($ millions)* | **3/31/12** | | 12/31/11 | | 9/30/11 | | 6/30/11 | | 3/31/11 | |
| Commercial and Industrial | **$ 439** | **1.75%** | $ 457 | 1.86% | $ 498 | 2.05% | $ 525 | 2.22% | $ 446 | 1.93% |
| Commercial Real Estate Mortgage - OO | **545** | **4.99%** | 590 | 5.29% | 668 | 5.79% | 687 | 5.82% | 648 | 5.45% |
| Commercial Real Estate Construction - OO | **23** | **8.32%** | 25 | 7.36% | 27 | 7.68% | 28 | 7.57% | 31 | 7.20% |
| **Total Commercial** | **$ 1,007** | **2.77%** | $ 1,072 | 2.98% | $ 1,193 | 3.30% | $ 1,240 | 3.46% | $ 1,125 | 3.17% |
| | | | | | | | | | | |
| Commercial Investor Real Estate Mortgage | **$ 640** | **6.99%** | $ 734 | 7.56% | $ 829 | 7.75% | $ 820 | 6.93% | $ 1,142 | 8.83% |
| Commercial Investor Real Estate Construction | **127** | **13.22%** | 180 | 17.61% | 296 | 24.93% | 371 | 23.25% | 448 | 23.64% |
| **Total Investor Real Estate** | **$ 767** | **7.58%** | $ 914 | 8.52% | $ 1,125 | 9.46% | $ 1,191 | 8.87% | $ 1,590 | 10.73% |
| | | | | | | | | | | |
| Residential First Mortgage | **241** | **1.77%** | 250 | 1.81% | 261 | 1.85% | 288 | 2.01% | 303 | 2.10% |
| Home Equity (1) | **136** | **1.08%** | 136 | 1.04% | 131 | 0.98% | 65 | 0.48% | 69 | 0.50% |
| Direct | **-** | **0.00%** | - | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% |
| Indirect | **-** | **0.00%** | - | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% |
| Consumer Credit Card | **-** | **0.00%** | - | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% |
| Other Consumer | **-** | **0.00%** | - | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% |
| **Total Consumer** | **$ 377** | **1.25%** | $ 386 | 1.25% | $ 392 | 1.25% | $ 353 | 1.11% | $ 372 | 1.20% |
| | | | | | | | | | | |
| **Total Non-Accrual Loans** | **$ 2,151** | **2.80%** | $ 2,372 | 3.06% | $ 2,710 | 3.41% | $ 2,784 | 3.43% | $ 3,087 | 3.79% |

OO = Owner Occupied

(1) Refer to page 12 for the home equity reclassification which increased non-accrual loans and decreased 90 days past due loans in 3Q11.

### Business Services Credit Quality - Criticized Loans

| | Quarter Ended | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *($ millions)* | **3/31/12** | | 12/31/11 | | 9/30/11 | | 6/30/11 | | 3/31/11 | |
| Special Mention | **$ 1,652** | **3.56%** | $ 1,637 | 3.50% | $ 1,897 | 3.95% | $ 2,075 | 4.21% | $ 2,455 | 4.88% |
| Classified Loans | **$ 4,327** | **9.32%** | $ 4,733 | 10.12% | $ 5,408 | 11.25% | $ 5,824 | 11.83% | $ 6,687 | 13.30% |
| **Total Business Services** | **$ 5,979** | **12.88%** | $ 6,370 | 13.62% | $ 7,305 | 15.20% | $ 7,899 | 16.04% | $ 9,142 | 18.18% |

### Investor Real Estate Analysis

Represents percent of loan balances in the portfolio

| | Geographic Region (1) | | | | | % of Total IRE | Construction | Mortgage | Non-Performing Loans | 90+ days past due | 30-89 days past due |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Central (2) | Florida | Midsouth (3) | Southwest (4) | Other (5) | | | | | | |
| LAND | 1.5% | 3.0% | 2.0% | 1.1% | 0.1% | 7.7% | 1.7% | 6.0% | 1.7% | 0.0% | 0.1% |
| OTHER | 1.4% | 1.8% | 1.6% | 1.1% | 0.1% | 6.0% | 0.0% | 5.9% | 0.7% | 0.0% | 0.2% |
| HOTEL | 1.0% | 2.6% | 0.7% | 1.9% | 0.7% | 6.9% | 0.1% | 6.7% | 0.3% | 0.0% | 0.1% |
| INDUSTRIAL | 2.7% | 1.6% | 2.5% | 1.2% | 0.9% | 8.9% | 0.1% | 8.7% | 0.6% | 0.0% | 0.1% |
| OFFICE | 4.5% | 3.7% | 4.5% | 3.6% | 2.0% | 18.3% | 1.0% | 17.5% | 0.8% | 0.0% | 0.0% |
| RETAIL | 4.9% | 5.0% | 4.8% | 3.9% | 1.5% | 20.1% | 0.9% | 19.2% | 1.5% | 0.0% | 0.1% |
| SINGLE FAMILY | 2.8% | 1.0% | 1.8% | 1.7% | 0.3% | 7.6% | 3.7% | 3.9% | 1.1% | 0.0% | 0.1% |
| MULTI-FAMILY | 4.6% | 4.4% | 6.1% | 4.9% | 3.2% | 23.2% | 1.8% | 21.5% | 0.6% | 0.0% | 0.5% |
| CONDO | 0.4% | 0.7% | 0.2% | 0.0% | 0.0% | 1.3% | 0.2% | 1.1% | 0.3% | 0.0% | 0.0% |
| Grand Total | 23.8% | 23.8% | 24.2% | 19.4% | 8.8% | 100.0% | 9.5% | 90.5% | 7.6% | 0.0% | 1.2% |

(1) Geographic Region of Regions Bank's Footprint in which the underlying collateral is located.

(2) Central Region includes AL, GA, SC

(3) Midsouth Region includes IA, IL, IN, KY, MO, NC, TN, VA

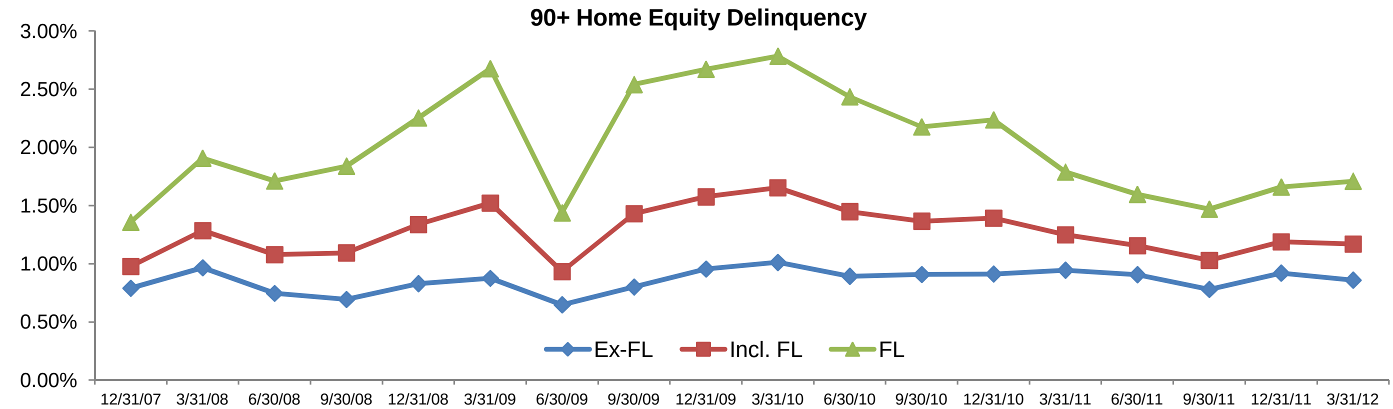
(4) Southwest Region includes AR, LA, MS, TX

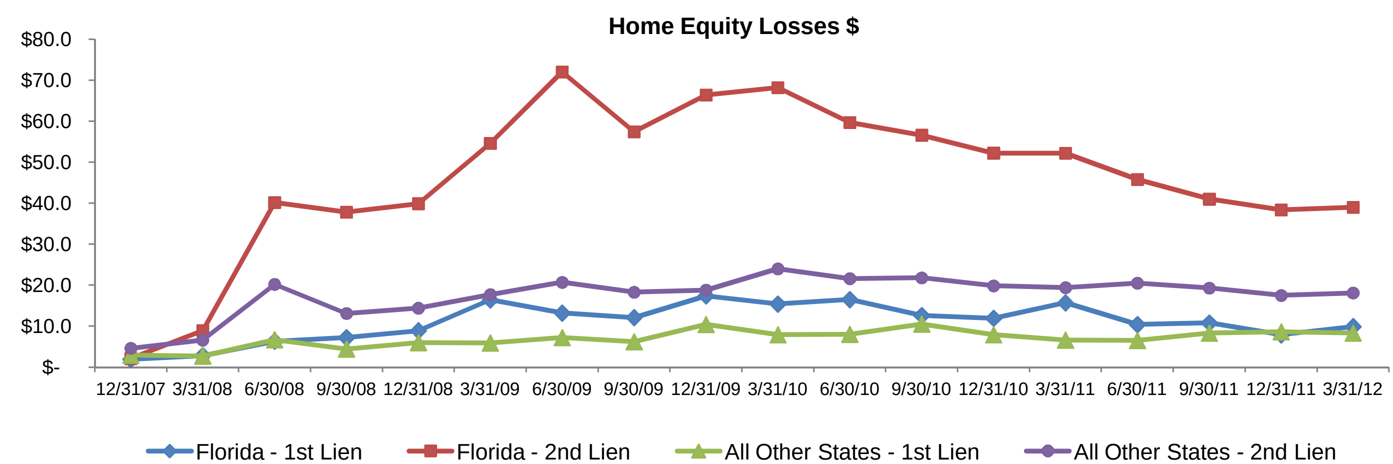
(5) Other includes locations not in Regions' footprint

**Residential Lending Net Charge-off Analysis**

| | | Quarter Ended | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 3/31/2012 | | | | | 12/31/2011 | | | | |
| | | First Liens | | | Junior Liens | Total | First Liens | | | Junior Liens | Total |
| *($ in millions)* | | Residential Mortgage | Home Equity | Total | Home Equity | | Residential Mortgage | Home Equity | Total | Home Equity | |
| **Florida** | Net Charge-off %* | 1.89% | 2.03% | 1.93% | 5.74% | 2.98% | 2.20% | 1.59% | 2.03% | 5.37% | 2.97% |
| | $ Losses | $ 24.4 | $ 9.9 | $ 34.3 | $ 39.0 | $ 73.3 | $ 29.2 | $ 7.9 | $ 37.2 | $ 38.3 | $ 75.5 |
| | Balance | $ 5,200.2 | $ 1,934.2 | $ 7,134.4 | $ 2,681.8 | $ 9,816.2 | $ 5,237.4 | $ 1,972.7 | $ 7,210.0 | $ 2,786.1 | $ 9,996.1 |
| | Original LTV | 72.5% | 65.5% | | 75.9% | | 72.0% | 65.6% | | 75.9% | |
| **All Other States** | Net Charge-off %* | 0.72% | 0.86% | 0.76% | 1.70% | 1.00% | 0.82% | 0.87% | 0.83% | 1.57% | 1.02% |
| | $ Losses | $ 15.1 | $ 8.3 | $ 23.4 | $ 18.1 | $ 41.5 | $ 17.8 | $ 8.7 | $ 26.4 | $ 17.5 | $ 43.9 |
| | Balance | $ 8,410.8 | $ 3,825.6 | $ 12,236.4 | $ 4,199.8 | $ 16,436.2 | $ 8,546.4 | $ 3,911.5 | $ 12,457.9 | $ 4,350.4 | $ 16,808.3 |
| | Original LTV | 74.2% | 66.6% | | 79.3% | | 74.1% | 66.6% | | 79.3% | |
| **Totals** | Net Charge-off %* | 1.16% | 1.25% | 1.19% | 3.28% | 1.74% | 1.34% | 1.11% | 1.27% | 3.06% | 1.75% |
| | $ Losses | $ 39.5 | $ 18.2 | $ 57.7 | $ 57.1 | $ 114.8 | $ 47.0 | $ 16.6 | $ 63.6 | $ 55.8 | $ 119.4 |
| | Balance | $ 13,611.0 | $ 5,759.8 | $ 19,370.8 | $ 6,881.6 | $ 26,252.4 | $ 13,783.7 | $ 5,884.2 | $ 19,667.9 | $ 7,136.5 | $ 26,804.5 |
| | Original LTV | 73.6% | 66.3% | | 77.9% | | 73.3% | 66.3% | | 77.9% | |

- 21% Florida junior lien concentration driving results
- Junior lien, Florida net charge-offs represent 52% of 1Q12 Home Equity net charge-offs but just 21% of Home Equity outstanding balances.
- Net Home Equity charge-offs in Florida approximately 3 times non-Florida net charge-off rate
- New Home Equity origination quality solid with an average FICO of 775 and an average LTV of 61%; Property value declines driving losses




*Notes: * Recoveries are pro-rated based on charge-off balances.*

** Balances shown on an ending basis. Net loss rates calculated using average balances*

**Reconciliation to GAAP Financial Measures**

**Net Income (Loss) and Earnings (Loss) Per Share**

The table below presents computations of earnings (loss) and certain other financial measures, excluding goodwill impairment and regulatory charge and related tax benefit (non-GAAP) all recorded in 2011. The goodwill impairment charge and the regulatory charge and related tax benefit are included in financial results presented in accordance with generally accepted accounting principles (GAAP). Regions believes that the exclusion of the goodwill impairment and the regulatory charge and related tax benefit in expressing earnings (loss) and certain other financial measures, including "earnings (loss) per common share, excluding goodwill impairment and regulatory charge and related tax benefit", "return on average assets, excluding goodwill impairment and regulatory charge and related tax benefit" and "return on average tangible common stockholders' equity, excluding goodwill impairment and regulatory charge and related tax benefit" (explained on page 18) provides a meaningful base for period-to-period comparisons, which management believes will assist investors in analyzing the operating results of the Company and predicting future performance. These non-GAAP financial measures are also used by management to assess the performance of Regions' business because management does not consider the goodwill impairment and regulatory charge and related tax benefit to be relevant to ongoing operating results. Management and the Board of Directors utilize these non-GAAP financial measures for the following purposes: preparation of Regions' operating budgets; monthly financial performance reporting; monthly close-out reporting of consolidated results (management only); and presentations to investors of Company performance. Regions believes that presenting these non-GAAP financial measures will permit investors to assess the performance of the Company on the same basis as that applied by management and the Board of Directors. Non-GAAP financial measures have inherent limitations, are not required to be uniformly applied and are not audited. Although these non-GAAP financial measures are frequently used by stakeholders in the evaluation of a company, they have limitations as analytical tools, and should not be considered in isolation, or as a substitute for analyses of results as reported under GAAP. In particular, a measure of earnings that excludes the goodwill impairment charge and the regulatory charge and related tax benefit does not represent the amount that effectively accrues directly to stockholders (i.e. the goodwill impairment charge and the regulatory charge are reductions in earnings and stockholders' equity).

| | | As of and for Quarter Ended | | | | |
|---|---|---|---|---|---|---|
| ($ amounts in millions, except per share data) | | **03/31/12** | 12/31/11 | 9/30/11 | 6/30/11 | 03/31/11 |
| Net income (loss) (GAAP) | | **$ 199** | $ (548) | $ 155 | $ 109 | $ 69 |
| Preferred dividends and accretion (GAAP) | | **(54)** | (54) | (54) | (54) | (52) |
| Net income (loss) available to common shareholders (GAAP) | A | **$ 145** | $ (602) | $ 101 | $ 55 | $ 17 |
| Goodwill impairment, net of tax | | **-** | 731 | - | - | - |
| Regulatory charge and related tax benefit | | **-** | - | - | 44 | - |
| Income available to common shareholders, excluding goodwill impairment and regulatory charge and related tax benefit (non-GAAP) | B | **$ 145** | $ 129 | $ 101 | $ 99 | $ 17 |
| Net income (loss) available to common shareholders (GAAP) | A | **$ 145** | $ (602) | $ 101 | $ 55 | $ 17 |
| Income (loss) from discontinued operations, net of tax (GAAP) (1) | | **(40)** | (467) | 14 | 30 | 19 |
| Income (loss) from continuing operations available to common shareholders (GAAP) | C | **185** | (135) | 87 | 25 | (2) |
| Goodwill impairment from continuing operations (non-deductible) | | - | 253 | - | - | - |
| Regulatory charge and related tax benefit from continuing operations (2) | | **-** | - | - | (17) | - |
| Income (loss) from continuing operations available to common shareholders, excluding goodwill impairment and regulatory charge and related tax benefit (non-GAAP) | D | **$ 185** | $ 118 | $ 87 | $ 8 | $ (2) |
| Weighted-average diluted shares | E | **1,283** | 1,259 | 1,261 | 1,260 | 1,259 |
| Earnings (loss) per common share - diluted (GAAP) | A/E | **$ 0.11** | $ (0.48) | $ 0.08 | $ 0.04 | $ 0.01 |
| Earnings (loss) per common share from continuing operations - diluted (GAAP) | C/E | **$ 0.14** | $ (0.11) | $ 0.07 | $ 0.02 | $ (0.00) |
| Earnings (loss) per common share from continuing operations, excluding goodwill impairment and regulatory charge and related tax benefit - diluted (non-GAAP) | D/E | **$ 0.14** | $ 0.09 | $ 0.07 | $ 0.01 | $ (0.00) |

(1) There are no preferred shares allocable to discontinued operations.

(2) In the second quarter of 2010, Regions recorded a $200 million charge to account for a probable, reasonably estimable loss related to a pending settlement of regulatory matters. At that time, Regions assumed that the entire charge would be non-deductible for income tax purposes. $75 million of the regulatory charge relates to continuing operations. The settlement was finalized during the second quarter of 2011. At the time of settlement, Regions had better information related to tax implications. Approximately $125 million of the settlement charge will be deductible for federal income tax purposes. Accordingly, during the second quarter of 2011, Regions adjusted federal income taxes to account for the impact of the deduction. The adjustment reduced Regions' provision for income taxes by approximately $44 million for the second quarter of 2011, of which approximately $17 million relates to continuing operations.

## Reconciliation to GAAP Financial Measures - Continuing Operations

### Fee Income Ratios and Efficiency Ratios

The table below presents computations of the efficiency ratio (non-GAAP), which is a measure of productivity, generally calculated as non-interest expense divided by total revenue. The table also shows the fee ratio (non-GAAP), generally calculated as non-interest income divided by total revenue. Management uses these ratios to monitor performance and believes these measures provide meaningful information to investors. Non-interest expense (GAAP) is presented excluding certain adjustments to arrive at adjusted non-interest expense (non-GAAP), which is the numerator for the efficiency ratio. Non-interest income (GAAP) is presented excluding certain adjustments to arrive at adjusted non-interest income (non-GAAP), which is the numerator for the fee ratio. Net interest income on a fully taxable-equivalent basis (GAAP) and non-interest income are added together to arrive at total revenue (GAAP). Adjustments are made to arrive at adjusted total revenue (non-GAAP), which is the denominator for the fee and efficiency ratios. Regions believes that the exclusion of these adjustments provides a meaningful base for period-to-period comparisons, which management believes will assist investors in analyzing the operating results of the Company and predicting future performance. These non-GAAP financial measures are also used by manageme to assess the performance of Regions' business. It is possible that the activities related to the adjustments may recur; however, management does not consider the activities related to the adjustments to be indications of ongoing operations. Regions believes that presentation of these non-GAAP financial measures will permit investors to assess the performance of the Company on the same basis as that applied by management.

| | | As of and for Quarter Ended | | | | |
|---|---|---|---|---|---|---|
| ($ amounts in millions) | | **3/31/12** | 12/31/11 | 9/30/11 | 6/30/11 | 3/31/11 |
| **Continuing Operations** | | | | | | |
| Non-interest expense (GAAP) | | **$ 913** | $ 1,124 | $ 850 | $ 956 | $ 932 |
| Adjustments: | | | | | | |
| Securities impairment, net | | **-** | (2) | - | - | - |
| Branch consolidation and property and equipment charges | | **-** | 2 | - | (77) | - |
| Goodwill impairment | | **-** | (253) | - | - | - |
| Adjusted non-interest expense (non-GAAP) | F | **$ 913** | $ 871 | $ 850 | $ 879 | $ 932 |
| Net interest income, taxable-equivalent basis (GAAP) | | **$ 839** | $ 858 | $ 859 | $ 864 | $ 864 |
| Non-interest income (GAAP) | | **$ 524** | $ 507 | $ 513 | $ 543 | $ 580 |
| Adjustments: | | | | | | |
| Securities (gains) losses, net | | **(12)** | (7) | 1 | (24) | (82) |
| Leveraged lease termination (gains) losses, net | | **(7)** | (10) | 2 | - | - |
| Loss (gain) on sale of mortgage loans | | | - | - | - | 3 |
| Adjusted non-interest income (non-GAAP) | G | **505** | 490 | 516 | 519 | 501 |
| Adjusted total revenue (non-GAAP) | H | **$ 1,344** | $ 1,348 | $ 1,375 | $ 1,383 | $ 1,365 |
| Fee income ratio (non-GAAP) | G/H | **37.6%** | 36.4% | 37.5% | 37.5% | 36.7% |
| Efficiency ratio (non-GAAP) | F/H | **67.9%** | 64.6% | 61.8% | 63.6% | 68.3% |

### Adjusted Non-Interest Income/Expense

The table below presents computations of adjusted non-interest income/expense for the first quarter of 2012 and the fourth quarter of 2011 (non-GAAP). Management uses these measures to monitor performance and believes these measures provide meaningful information to investors. Non-interest income/expense (GAAP) is presented excluding certain adjustments to arrive at adjusted non-interest income/expense (non-GAAP). Regions believes that the exclusion of these adjustments provides a meaningful base for period-to-period comparisons, which management believes will assist investors in analyzing the operating results of the Company and predicting future performance. These non-GAAP financial measures are also used by management to assess the performance of Regions' business. It is possible that the activities related to the adjustments may recur; however, management does not consider the activities related to the adjustments to be indications of ongoing operations. Regions believes that presentation of these non-GAAP financial measures will permit investors to assess the performance of the Company on the same basis as that applied by management.

| | Quarter Ended | | | |
|---|---|---|---|---|
| **Continuing Operations** | **3/31/12** | 12/31/11 | $ Change | % Change |
| Non-interest income (GAAP) | **$ 524** | $ 507 | $ 17 | 3.4% |
| Adjustments: | | | | |
| Securities (gains) losses, net | **(12)** | (7) | (5) | 71.4% |
| Leveraged lease termination (gains) losses, net | **(7)** | (10) | 3 | -30.0% |
| Adjusted non-interest income (non-GAAP) | **$ 505** | $ 490 | $ 15 | 3.1% |

| | Quarter Ended | | | |
|---|---|---|---|---|
| **Continuing Operations** | **3/31/12** | 12/31/11 | $ Change | % Change |
| Non-interest expense (GAAP) | **$ 913** | $ 1,124 | $ (211) | -18.8% |
| Adjustments: | | | | |
| Goodwill impairment | **-** | (253) | 253 | -100.0% |
| Adjusted non-interest expense (non-GAAP) | **$ 913** | $ 871 | $ 42 | 4.8% |

## Reconciliation to GAAP Financial Measures

### Return Ratios, Tangible Common Ratios, Capital

The following tables provide calculations of "return on average tangible common stockholders' equity", end of period "tangible common stockholders' equity" ratios and a reconciliation of stockholders' equity (GAAP) to tangible common stockholders' equity (non-GAAP), Tier 1 capital (regulatory) and "Tier 1 common equity" (non-GAAP). Tangible common stockholders' equity ratios have become a focus of some investors and management believes they may assist investors in analyzing the capital position of the Company absent the effects of intangible assets and preferred stock. Traditionally, the Federal Reserve and other banking regulatory bodies have assessed a bank's capital adequacy based on Tier 1 capital, the calculation of which is codified in federal banking regulations. In connection with the Company's Comprehensive Capital Assessment and Review ("CCAR"), these regulators are supplementing their assessment of the capital adequacy of a bank based on a variation of Tier 1 capital, known as Tier 1 common equity. While not codified, analysts and banking regulators have assessed Regions' capital adequacy using the tangible common stockholders' equity and/or the Tier 1 common equity measure. Because tangible common stockholders' and Tier 1 common equity are not formally defined by GAAP or codified in the federal banking regulations, these measures are considered to be non-GAAP financial measures and other entities may calculate them differently than Regions' disclosed calculations. Since analysts and banking regulators may assess Regions' capital adequacy using tangible common stockholders' equity and Tier 1 common equity, we believe that it is useful to provide investors the ability to assess Regions' capital adequacy on these same bases.

Tier 1 common equity is often expressed as a percentage of risk-weighted assets. Under the risk-based capital framework, a company's balance sheet assets and credit equivalent amounts of off-balance sheet items are assigned to one of four broad risk categories. The aggregated dollar amount in each category is then multiplied by the risk-weighted category. The resulting weighted values from each of the four categories are added together and this sum is the risk-weighted assets total that, as adjusted, comprises the denominator of certain risk-based capital ratios. Tier 1 capital is then divided by this denominator (risk-weighted assets) to determine the Tier 1 capital ratio. Adjustments are made to Tier 1 capital to arrive at Tier 1 common equity (non-GAAP). Tier 1 common equity (non-GAAP) is also divided by the risk-weighted assets to determine the Tier 1 common equity ratio (non-GAAP). The amounts disclosed as risk-weighted assets are calculated consistent with banking regulatory requirements.

| | | As of and for Quarter Ended | | | | |
|---|---|---|---|---|---|---|
| ($ amounts in millions, except per share data) | | **3/31/12** | 12/31/11 | 9/30/11 | 6/30/11 | 3/31/11 |
| **RETURN ON AVERAGE ASSETS FROM CONTINUING OPERATIONS** | | | | | | |
| Average assets (GAAP) - continuing operations | I | **$ 123,756** | $ 124,900 | $ 126,586 | $ 127,438 | $ 127,987 |
| Return on average assets from continuing operations (GAAP) [1] | C/I | **0.59%** | (0.43%) | 0.26% | 0.08% | (0.01%) |
| Return on average assets from continuing operations, excluding goodwill impairment and regulatory charge related tax benefit (non-GAAP) [1] | D/I | **0.59%** | 0.37% | 0.26% | 0.03% | (0.01%) |
| **RETURN ON AVERAGE TANGIBLE COMMON STOCKHOLDERS' EQUITY** | | | | | | |
| Average stockholders' equity (GAAP) | | **$ 16,715** | $ 17,151 | $ 17,069 | $ 16,796 | $ 16,684 |
| Less: Average intangible assets (GAAP) | | **5,253** | 6,019 | 5,998 | 5,909 | 5,935 |
| Average deferred tax liability related to intangibles (GAAP) | | **(198)** | (210) | (224) | (230) | (237) |
| Average preferred equity (GAAP) | | **3,423** | 3,413 | 3,402 | 3,392 | 3,383 |
| Average tangible common stockholders' equity (non-GAAP) | J | **$ 8,237** | $ 7,929 | $ 7,893 | $ 7,725 | $ 7,603 |
| Return on average tangible common stockholders' equity (GAAP) [1] | A/J | **7.08%** | -30.12% | 5.05% | 2.88% | 0.89% |
| Return on average tangible common stockholders' equity, excluding goodwill impairment and regulatory charge related tax benefit (non-GAAP) [1] | B/J | **7.08%** | 6.45% | 5.05% | 5.14% | 0.89% |
| **TANGIBLE COMMON RATIOS - CONSOLIDATED** | | | | | | |
| Stockholders' equity (GAAP) | | **$ 17,534** | $ 16,499 | $ 17,263 | $ 16,888 | $ 16,619 |
| Less: Preferred equity (GAAP) | | **3,429** | 3,419 | 3,409 | 3,399 | 3,389 |
| Intangible assets (GAAP) | | **5,236** | 5,265 | 6,039 | 5,981 | 5,919 |
| Deferred tax liability related to intangibles (GAAP) | | **(195)** | (200) | (220) | (227) | (233) |
| Tangible common stockholders' equity (non-GAAP) | K | **$ 9,064** | $ 8,015 | $ 8,035 | $ 7,735 | $ 7,544 |
| Total assets (GAAP) | | **$ 128,282** | $ 127,050 | $ 129,762 | $ 130,908 | $ 131,756 |
| Less: Intangible assets (GAAP) | | **5,236** | 5,265 | 6,039 | 5,981 | 5,919 |
| Deferred tax liability related to intangibles (GAAP) | | **(195)** | (200) | (220) | (227) | (233) |
| Tangible assets (non-GAAP) | L | **$ 123,241** | $ 121,985 | $ 123,943 | $ 125,154 | $ 126,070 |
| Shares outstanding--end of quarter | M | **1,412** | 1,259 | 1,259 | 1,259 | 1,256 |
| Tangible common stockholders' equity to tangible assets (non-GAAP) | K/L | **7.35%** | 6.57% | 6.48% | 6.18% | 5.98% |
| Tangible common book value per share (non-GAAP) | K/M | **$ 6.42** | $ 6.37 | $ 6.38 | $ 6.15 | $ 6.00 |
| **TIER 1 COMMON RISK-BASED RATIO [2] - CONSOLIDATED** | | | | | | |
| Stockholders' equity (GAAP) | | **$ 17,534** | $ 16,499 | $ 17,263 | $ 16,888 | $ 16,619 |
| Accumulated other comprehensive (income) loss | | **60** | 69 | (92) | 177 | 387 |
| Non-qualifying goodwill and intangibles | | **(4,881)** | (4,900) | (5,649) | (5,668) | (5,686) |
| Disallowed deferred tax assets | | **(345)** | (432) | (506) | (498) | (463) |
| Disallowed servicing assets | | **(36)** | (35) | (35) | (35) | (28) |
| Qualifying non-controlling interests | | **92** | 92 | 92 | 92 | 92 |
| Qualifying trust preferred securities | | **846** | 846 | 846 | 846 | 846 |
| Tier 1 capital (regulatory) | | **$ 13,270** | $ 12,139 | $ 11,919 | $ 11,802 | $ 11,767 |
| Qualifying non-controlling interests | | **(92)** | (92) | (92) | (92) | (92) |
| Qualifying trust preferred securities | | **(846)** | (846) | (846) | (846) | (846) |
| Preferred stock | | **(3,429)** | (3,419) | (3,409) | (3,399) | (3,389) |
| Tier 1 common equity (non-GAAP) | N | **$ 8,903** | $ 7,782 | $ 7,572 | $ 7,465 | $ 7,440 |
| Risk-weighted assets (regulatory) | O | **92,546** | 91,449 | 92,786 | 93,865 | 93,929 |
| Tier 1 common risk-based ratio (non-GAAP) | N/O | **9.6%** | 8.5% | 8.2% | 7.9% | 7.9% |

(1) Annualized
(2) Current quarter amount and the resulting ratio is estimated

## Reconciliation to GAAP Financial Measures

### Tier 1 Capital - With History Adjusted for Series A Retirement

Regions Series A preferred stock was retired on April 4, 2012. The following tables present the calculations of Tier 1 capital and the Tier 1 capital ratio, adjusted as if the retirement occurred on the last day of the quarter for each period presented. The amount retired includes the Series A preferred stock plus the remaining balance of the related discount. The tables do not include an adjustment for the retirement of the warrant to purchase 48.3 million shares of Regions common stock at $10.88 as this amount cannot be estimated at this time.

| | As of March 31, 2012 | | |
|---|---|---|---|
| ($ amounts in millions) | As Reported | Series A Retirement | As Adjusted |
| **TIER 1 RISK-BASED RATIO** | | | |
| Stockholders' equity | $ 17,534 | (3,500) | 14,034 |
| Accumulated other comprehensive loss | 60 | - | 60 |
| Non-qualifying goodwill and intangibles | (4,881) | - | (4,881) |
| Disallowed deferred tax assets | (345) | - | (345) |
| Disallowed servicing assets | (36) | - | (36) |
| Qualifying non-controlling interests | 92 | - | 92 |
| Qualifying trust preferred securities | 846 | - | 846 |
| Tier 1 capital | $ 13,270 | $ (3,500) | $ 9,770 |
| Risk-weighted assets | 92,546 | | 92,546 |
| Tier 1 capital ratio | 14.3% | | 10.6% |

| | As of December 31, 2011 | | |
|---|---|---|---|
| ($ amounts in millions) | As Reported | Series A Retirement | As Adjusted |
| **TIER 1 RISK-BASED RATIO** | | | |
| Stockholders' equity | $ 16,499 | (3,500) | 12,999 |
| Accumulated other comprehensive loss | 69 | - | 69 |
| Non-qualifying goodwill and intangibles | (4,900) | - | (4,900) |
| Disallowed deferred tax assets | (432) | - | (432) |
| Disallowed servicing assets | (35) | - | (35) |
| Qualifying non-controlling interests | 92 | - | 92 |
| Qualifying trust preferred securities | 846 | - | 846 |
| Tier 1 capital | $ 12,139 | $ (3,500) | $ 8,639 |
| Risk-weighted assets | 91,449 | | 91,449 |
| Tier 1 capital ratio | 13.3% | | 9.4% |

| | As of September 30, 2011 | | |
|---|---|---|---|
| ($ amounts in millions) | As Reported | Series A Retirement | As Adjusted |
| **TIER 1 RISK-BASED RATIO** | | | |
| Stockholders' equity | $ 17,263 | (3,500) | 13,763 |
| Accumulated other comprehensive income | (92) | - | (92) |
| Non-qualifying goodwill and intangibles | (5,649) | - | (5,649) |
| Disallowed deferred tax assets | (506) | - | (506) |
| Disallowed servicing assets | (35) | - | (35) |
| Qualifying non-controlling interests | 92 | - | 92 |
| Qualifying trust preferred securities | 846 | - | 846 |
| Tier 1 capital | $ 11,919 | $ (3,500) | $ 8,419 |
| Risk-weighted assets | 92,786 | | 92,786 |
| Tier 1 capital ratio | 12.8% | | 9.1% |

| | As of June 30, 2011 | | |
|---|---|---|---|
| ($ amounts in millions) | As Reported | Series A Retirement | As Adjusted |
| **TIER 1 RISK-BASED RATIO** | | | |
| Stockholders' equity | $ 16,888 | (3,500) | 13,388 |
| Accumulated other comprehensive loss | 177 | - | 177 |
| Non-qualifying goodwill and intangibles | (5,668) | - | (5,668) |
| Disallowed deferred tax assets | (498) | - | (498) |
| Disallowed servicing assets | (35) | - | (35) |
| Qualifying non-controlling interests | 92 | - | 92 |
| Qualifying trust preferred securities | 846 | - | 846 |
| Tier 1 capital | $ 11,802 | $ (3,500) | $ 8,302 |
| Risk-weighted assets | 93,865 | | 93,865 |
| Tier 1 capital ratio | 12.6% | | 8.8% |

| | As of March 31, 2011 | | |
|---|---|---|---|
| ($ amounts in millions) | As Reported | Series A Retirement | As Adjusted |
| **TIER 1 RISK-BASED RATIO** | | | |
| Stockholders' equity | $ 16,619 | (3,500) | 13,119 |
| Accumulated other comprehensive loss | 387 | - | 387 |
| Non-qualifying goodwill and intangibles | (5,686) | - | (5,686) |
| Disallowed deferred tax assets | (463) | - | (463) |
| Disallowed servicing assets | (28) | - | (28) |
| Qualifying non-controlling interests | 92 | - | 92 |
| Qualifying trust preferred securities | 846 | - | 846 |
| Tier 1 capital | $ 11,767 | $ (3,500) | $ 8,267 |
| Risk-weighted assets | 93,929 | | 93,929 |
| Tier 1 capital ratio | 12.5% | | 8.8% |

## Reconciliation to GAAP Financial Measures
## Basel III

The following table provides calculations of Tier 1 capital and Tier 1 common, based on Regions' current understanding of Basel III requirements. Regions currently calculates its risk-based capital ratios under guidelines adopted by the Federal Reserve based on the 1988 Capital Accord ("Basel I") of the Basel Committee on Banking Supervision (the "Basel Committee"). In December 2010, the Basel Committee released its final framework for Basel III, which will strengthen international capital and liquidity regulation. When implemented by U.S. bank regulatory agencies and fully phased-in, Basel III will change capital requirements and place greater emphasis on common equity. Implementation of Basel III will begin on January 1, 2013, and will be phased in over a multi-year period. The U.S. bank regulatory agencies have not yet finalized regulations governing the implementation of Basel III. Accordingly, the calculations provided below are estimates, based on Regions' current understanding of the framework, including the Company's reading of the requirements, and informal feedback received through the regulatory process. Regions' understanding of the framework is evolving and will likely change as the regulations are finalized. Because the Basel III implementation regulations are not formally defined by GAAP and have not yet been finalized and codified, these measures are considered to be non-GAAP financial measures, and other entities may calculate them differently from Regions' disclosed calculations. Since analysts and banking regulators may assess Regions' capital adequacy using the Basel III framework, we believe that it is useful to provide investors the ability to assess Regions' capital adequacy on the same basis.

| ($ amounts in millions) | | 3/31/12 | |
|---|---|---|---|
| Stockholders' equity (GAAP) | $ | 17,534 | |
| Non-qualifying goodwill and intangibles [1] | | (5,041) | |
| Adjustments, including other comprehensive income related to cash flow hedges, disallowed deferred tax assets, threshold deductions and other adjustments | | (680) | |
| | $ | 11,813 | |
| Qualifying non-controlling interests | | 4 | |
| Basel III Tier 1 Capital (non-GAAP) | $ | 11,817 | |
| | | | |
| Basel III Tier 1 Capital (non-GAAP) | $ | 11,817 | |
| | | | |
| Preferred Stock | | (3,429) | |
| Qualifying non-controlling interests | | (4) | |
| Basel III Tier 1 Common (non-GAAP) | $ | 8,384 | |
| | | | |
| Basel I risk-weighted assets | | 92,546 | |
| Basel III risk-weighted assets [2] | | 94,334 | |
| | | | Minimum |
| Basel III Tier 1 Capital Ratio | | 12.5% | 8.5% |
| Basel III Tier 1 Common Ratio | | 8.9% | 7.0% |

(1) Under Basel III, regulatory capital must be reduced by purchased credit card relationship intangible assets. These assets are partially allowed in Basel I capital.

(2) Regions continues to develop systems and internal controls to precisely calculate risk-weighted assets as required by Basel III. The amount included above is a reasonable approximation, based on our understanding of the requirements.

## Statements of Discontinued Operations (unaudited)

On January 11, 2012, Regions entered into a stock purchase agreement to sell Morgan Keegan and Company, Inc. and related affiliates to Raymond James Financial Inc. The sale was closed on April 2, 2012. Morgan Asset Management and Regions Morgan Trust are not included in the sale. In connection with the closing, the Company and Raymond James agreed that in lieu of the $250 million pre-closing dividend from Morgan Keegan and Company, Inc. to the Company as contemplated in the original agreement, the parties would increase the purchase price by the same amount. The total purchase price received by the Company was approximately $1.2 billion. In connection with the agreement, the results of the entities being sold are reported as discontinued operations. The following tables represent the unaudited condensed results of operations for discontinued operations.

| | Quarter Ended | | | | |
|---|---|---|---|---|---|
| *($ amounts in millions)* | **3/31/12** | 12/31/11 | 9/30/11 | 6/30/11 | 3/31/11 |
| Interest income | **$ 8** | $ 8 | $ 9 | $ 10 | $ 10 |
| Interest expense | **1** | 1 | 1 | 2 | 2 |
| Net interest income | **7** | 7 | 8 | 8 | 8 |
| Non-interest income | | | | | |
| Brokerage, investment banking and capital markets | **233** | 251 | 222 | 229 | 236 |
| Other | **7** | 11 | 10 | 9 | 27 |
| Total non-interest income | **240** | 262 | 232 | 238 | 263 |
| Non-interest expense | | | | | |
| Salaries and employee benefits | **171** | 172 | 146 | 160 | 166 |
| Net occupancy expense | **9** | 9 | 9 | 9 | 9 |
| Furniture and equipment expense | **8** | 9 | 7 | 7 | 7 |
| Goodwill impairment | **-** | 492 | - | - | - |
| Professional and legal fees | **96** | 23 | 22 | 23 | 25 |
| Other | **28** | 36 | 32 | 43 | 28 |
| Total non-interest expense | **312** | 741 | 216 | 242 | 235 |
| Income (loss) from discontinued operations before income tax | **(65)** | (472) | 24 | 4 | 36 |
| Income tax expense (benefit) [(1) (2)] | **(25)** | (5) | 10 | (26) | 17 |
| Income (loss) from discontinued operations, net of tax | **$ (40)** | $ (467) | $ 14 | 30 | 19 |
| | | | | | |
| Weighted-average shares outstanding--during quarter: | | | | | |
| Basic | **1,282** | 1,259 | 1,259 | 1,258 | 1,257 |
| Diluted | **1,282** | 1,259 | 1,261 | 1,260 | 1,259 |
| | | | | | |
| Earnings (loss) per common share from discontinued operations: | | | | | |
| Basic | **$(0.03)** | $(0.37) | $0.01 | $0.02 | $0.01 |
| Diluted | **$(0.03)** | $(0.37) | $0.01 | $0.02 | $0.01 |

(1) In the second quarter of 2010, Regions recorded a $200 million charge to account for a probable, reasonably estimable loss related to a pending settlement of regulatory matters. At that time, Regions assumed that the entire charge would be non-deductible for income tax purposes. $125 million of the regulatory charge relates to discontinued operations. The regulatory settlement was finalized in the second quarter of 2011. At the time of the settlement, Regions had better information related to the tax implications. Approximately $125 million of the $200 million settlement charge will be deductible for federal income tax purposes. Accordingly, during the second quarter of 2011, Regions adjusted federal income taxes to account for the impact of the deduction. The adjustment reduced income tax expense by approximately $44 million for the second quarter of 2011, of which approximately $27 million relates to discontinued operations.

(2) The 2011 income tax benefit includes a $14 million benefit related to goodwill impairment recorded in the fourth quarter of 2011.

## Forward-Looking Statements

This presentation may include forward-looking statements which reflect Regions' current views with respect to future events and financial performance. The Private Securities Litigation Reform Act of 1995 ("the Act") provides a "safe harbor" for forward-looking statements which are identified as such and are accompanied by the identification of important factors that could cause actual results to differ materially from the forward-looking statements. For these statements, we, together with our subsidiaries, claim the protection afforded by the safe harbor in the Act. Forward-looking statements are not based on historical information, but rather are related to future operations, strategies, financial results or other developments. Forward-looking statements are based on management's expectations as well as certain assumptions and estimates made by, and information available to, management at the time the statements are made. Those statements are based on general assumptions and are subject to various risks, uncertainties and other factors that may cause actual results to differ materially from the views, beliefs and projections expressed in such statements. These risks, uncertainties and other factors include, but are not limited to, those described below:

›The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act")became law on July 21, 2010, and a number of legislative, regulatory and tax proposals remain pending. Additionally, the U.S. Treasury and federal banking regulators continue to implement, but are also beginning to wind down, a number of programs to address capital and liquidity in the banking system. Future and proposed rules, including those that are part of the Basel III process, could require banking institutions to increase levels of capital. All of the foregoing may have significant effects on Regions and the financial services industry, the exact nature of which cannot be determined at this time.

›Regions' ability to mitigate the impact of the Dodd-Frank Act on debit interchange fees through revenue enhancements and other revenue measures, which will depend on various factors, including the acceptance by our customers of modified fee structures for Regions' products and services.

›Possible additional loan losses, impairment of goodwill and other intangibles, and adjustment of valuation allowances on deferred tax assets and the impact on earnings and capital.

›Possible changes in interest rates may increase funding costs and reduce earning asset yields, thus reducing margins. Increases in benchmark interest rates would also increase debt service requirements for customers whose terms include a variable interest rate, which may negatively impact the ability of borrowers to pay as contractually obligated.

›Possible changes in general economic and business conditions in the United States in general and in the communities Regions serves in particular, including any prolonging or worsening of the current unfavorable economic conditions including unemployment levels.

›Possible changes in the creditworthiness of customers and the possible impairment of the collectability of loans.

›Possible changes in trade, monetary and fiscal policies, laws and regulations and other activities of governments, agencies, and similar organizations, may have an adverse effect on business.

›Possible stresses in the financial and real estate markets, including possible continued deterioration in property values.

›Regions' ability to manage fluctuations in the value of assets and liabilities and off-balance sheet exposure so as to maintain sufficient capital and liquidity to support Regions' business.

›Regions' ability to expand into new markets and to maintain profit margins in the face of competitive pressures.

›Regions' ability to develop competitive new products and services in a timely manner and the acceptance of such products and services by Regions' customers and potential customers.

›Regions' ability to keep pace with technological changes.

›Regions' ability to effectively manage credit risk, interest rate risk, market risk, operational risk, legal risk, liquidity risk, and regulatory and compliance risk.

›Regions' ability to ensure adequate capitalization which is impacted by inherent uncertainties in forecasting credit losses.

›The cost and other effects of material contingencies, including litigation contingencies, and any adverse judicial, administrative or arbitral rulings or proceedings.

›The effects of increased competition from both banks and non-banks.

›The effects of geopolitical instability and risks such as terrorist attacks.

›Possible changes in consumer and business spending and saving habits could affect Regions' ability to increase assets and to attract deposits.

›The effects of weather and natural disasters such as floods, droughts, wind, tornados and hurricanes, and the effects of man-made disasters.

›Possible downgrades in ratings issued by rating agencies.

›Potential dilution of holders of shares of Regions' common stock resulting from the U.S. Treasury's ownership of a warrant to purchase up to 48,253,677 shares of common stock.

›Potential dilution of holders of shares of common stock resulting from any future efforts by Regions to raise additional capital.

›Possible changes in the speed of loan prepayments by Regions' customers and loan origination or sales volumes.

›Possible acceleration of prepayments on mortgage-backed securities due to low interest rates and the related acceleration of premium amortization on those securities.

›The effects of problems encountered by larger or similar financial institutions that adversely affect Regions or the banking industry generally.

›Regions' ability to receive dividends from its subsidiaries.

›The effects of the failure of any component of Regions' business infrastructure which is provided by a third party.

›Changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or other regulatory agencies.

›With regard to the sale of Morgan Keegan the possibility of business disruption following the transaction; reputational risks and the reaction of customers and counterparties to the transaction; and occurrences which could cause post-closing adjustments to the purchase price.

›The effects of any damage to Regions' reputation resulting from developments related to any of the items identified above.

›The foregoing list of factors is not exhaustive. For discussion of these and other factors that may cause actual results to differ from expectations, look under the captions "Forward-Looking Statements" and "Risk Factors" in Regions' Annual Report on Form 10-K for the year ended December 31, 2011.

›The words "believe," "expect," "anticipate," "project," and similar expressions often signify forward-looking statements. You should not place undue reliance on any forward-looking statements, which speak only as of the date made. We assume no obligation to update or revise any forward-looking statements that are made from time to time.

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