

REGIONS FINANCIAL CORP  
Form 10-Q  
October 30, 2008  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 10-Q**

**Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
For the quarterly period ended September 30, 2008

or

**Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 000-50831

**Regions Financial Corporation**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**63-0589368**  
(IRS Employer

Identification Number)

**1900 Fifth Avenue North**

**Birmingham, Alabama**  
(Address of principal executive offices)

**35203**  
(Zip code)

**(205) 944-1300**

(Registrant's telephone number, including area code)

**NOT APPLICABLE**

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer  Accelerated filer  Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

The number of shares outstanding of each of the issuer's classes of common stock was 691,956,000 shares of common stock, par value \$.01, outstanding as of September 30, 2008.

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**Forward-Looking Statements**

This Quarterly Report on Form 10-Q, other periodic reports filed by Regions Financial Corporation ( Regions ) under the Securities Exchange Act of 1934, as amended, and any other written or oral statements made by or on behalf of Regions may include forward-looking statements. 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, unless the context implies otherwise, 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:

Congress recently enacted the Emergency Economic Stabilization Act of 2008, and the U.S. Treasury and banking regulators are implementing a number of programs to address capital and liquidity issues in the banking system, all of which may have significant effects on Regions and the financial services industry, the exact nature and extent of which cannot be determined at this time.

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

The current stresses in the financial and residential real estate markets, including possible continued deterioration in residential 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 achieve the earnings expectations related to businesses that have been acquired or that may be acquired in the future.

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 interest rate risk, market risk, credit risk, operational risk, legal risk, liquidity risk, and regulatory and compliance risk.

The cost and other effects of material contingencies, including litigation contingencies.

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

Possible changes in interest rates may increase funding costs and reduce earning asset yields, thus reducing margins.

Possible changes in general economic and business conditions in the United States in general and in the communities Regions serves in particular.

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

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

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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 droughts and hurricanes.

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.

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

<i>(In thousands, except share data)</i>	<b>September 30 2008</b>	<b>December 31 2007</b>	<b>September 30 2007</b>
<b>Assets</b>			
Cash and due from banks	\$ 2,985,950	\$ 3,720,365	\$ 2,902,340
Interest-bearing deposits in other banks	29,638	31,706	29,895
Federal funds sold and securities purchased under agreements to resell	698,142	1,177,170	706,378
Trading account assets	1,111,818	907,300	1,355,007
Securities available for sale	17,632,912	17,318,074	16,957,077
Securities held to maturity	50,494	50,935	49,559
Loans held for sale (includes \$495,206 measured at fair value at September 30, 2008)	1,053,977	720,924	792,142
Margin receivables	587,178	504,614	525,953
Loans, net of unearned income	98,711,810	95,378,847	94,373,632
Allowance for loan losses	(1,472,141)	(1,321,244)	(1,070,716)
Net loans	97,239,669	94,057,603	93,302,916
Premises and equipment, net	2,730,301	2,610,851	2,473,339
Interest receivable	512,196	615,711	664,974
Goodwill	11,529,091	11,491,673	11,453,078
Mortgage servicing rights	263,138	321,308	377,201
Other identifiable intangible assets	660,998	759,832	804,328
Other assets	7,206,993	6,753,651	5,841,002
<b>Total assets</b>	<b>\$ 144,292,495</b>	<b>\$ 141,041,717</b>	<b>\$ 138,235,189</b>
<b>Liabilities and Stockholders Equity</b>			
<b>Deposits:</b>			
Non-interest-bearing	\$ 18,044,840	\$ 18,417,266	\$ 18,834,856
Interest-bearing	71,175,708	76,357,702	74,605,074
<b>Total deposits</b>	<b>89,220,548</b>	<b>94,774,968</b>	<b>93,439,930</b>
<b>Borrowed funds:</b>			
<b>Short-term borrowings:</b>			
Federal funds purchased and securities sold under agreements to repurchase	10,427,005	8,820,235	8,063,739
Other short-term borrowings	7,114,553	2,299,887	1,727,346
<b>Total short-term borrowings</b>	<b>17,541,558</b>	<b>11,120,122</b>	<b>9,791,085</b>
Long-term borrowings	14,168,524	11,324,790	10,817,491
<b>Total borrowed funds</b>	<b>31,710,082</b>	<b>22,444,912</b>	<b>20,608,576</b>
Other liabilities	3,656,586	3,998,808	4,340,334
<b>Total liabilities</b>	<b>124,587,216</b>	<b>121,218,688</b>	<b>118,388,840</b>
<b>Stockholders equity:</b>			

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Common stock, par value \$.01 per share:				
Authorized 1,500,000,000 shares				
Issued including treasury stock	735,769,666; 734,689,800 and 734,615,634 shares, respectively	7,358	7,347	7,346
Additional paid-in capital		16,606,677	16,544,651	16,527,540
Retained earnings		4,445,375	4,439,505	4,632,033
Treasury stock, at cost	43,813,524; 41,054,113 and 37,283,713 shares, respectively	(1,423,620)	(1,370,761)	(1,270,922)
Accumulated other comprehensive income (loss), net		69,489	202,287	(49,648)
Total stockholders' equity		19,705,279	19,823,029	19,846,349
Total liabilities and stockholders' equity		\$ 144,292,495	\$ 141,041,717	\$ 138,235,189

See notes to consolidated financial statements.



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<i>(In thousands, except per share data)</i>	<b>Three Months Ended September 30</b>		<b>Nine Months Ended September 30</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Interest income on:				
Loans, including fees	\$ 1,318,463	\$ 1,742,172	\$ 4,222,051	\$ 5,249,854
Securities:				
Taxable	207,903	210,932	616,154	653,374
Tax-exempt	10,974	10,020	30,647	31,899
Total securities	218,877	220,952	646,801	685,273
Loans held for sale	8,514	12,302	27,110	82,007
Federal funds sold and securities purchased under agreements to resell	7,746	18,154	31,481	51,689
Trading account assets	9,868	10,271	36,383	41,676
Margin receivables	4,776	8,754	17,100	27,653
Time deposits in other banks	151	515	935	2,343
Total interest income	1,568,395	2,013,120	4,981,861	6,140,495
Interest expense on:				
Deposits	391,271	673,585	1,316,612	2,038,283
Short-term borrowings	101,635	115,092	299,937	352,390
Long-term borrowings	153,894	144,662	446,529	395,668
Total interest expense	646,800	933,339	2,063,078	2,786,341
Net interest income	921,595	1,079,781	2,918,783	3,354,154
Provision for loan losses	417,000	90,000	907,000	197,000
Net interest income after provision for loan losses	504,595	989,781	2,011,783	3,157,154
Non-interest income:				
Service charges on deposit accounts	294,038	288,296	859,833	870,031
Brokerage, investment banking and capital markets	240,839	227,613	785,072	640,799
Trust department income	66,473	62,449	181,948	190,521
Mortgage income	33,030	29,806	103,576	107,657
Securities gains (losses), net	43	23,994	91,658	(8,508)
Other	84,841	96,986	348,700	322,357
Total non-interest income	719,264	729,144	2,370,787	2,122,857
Non-interest expense:				
Salaries and employee benefits	551,871	581,425		