

REGIONS FINANCIAL CORP  
Form 10-Q/A  
June 09, 2009  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 10-Q/A**

(Amendment No. 2)

**Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
For the quarterly period ended March 31, 2009

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  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  Smaller reporting company

(Do not check if a 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 695,030,000 shares of common stock, par value \$.01, outstanding as of April 30, 2009.

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**EXPLANATORY NOTE**

This Amendment No. 2 on Form 10-Q/A (this Amendment ) amends our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 as filed with the Securities and Exchange Commission on May 11, 2009 as previously amended by Amendment No. 1 filed on Form 10-Q/A on May 13, 2009 ( Amendment No. 1 ). This Amendment is being made solely for the purpose of filing as Exhibit 32 the certification pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

This Quarterly Report on Form 10-Q/A has not been updated to reflect other events occurring after the filing date of the original Quarterly Report on Form 10-Q or Amendment No. 1 or to modify or update those disclosures affected by subsequent events.

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**REGIONS FINANCIAL CORPORATION**

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

<i>(In millions, except share data)</i>	<b>March 31 2009</b>	<b>December 31 2008</b>	<b>March 31 2008</b>
<b>Assets</b>			
Cash and due from banks	\$ 2,429	\$ 2,643	\$ 3,061
Interest-bearing deposits in other banks	2,288	7,540	48
Federal funds sold and securities purchased under agreements to resell	418	790	852
Trading account assets	1,348	1,050	1,519
Securities available for sale	20,970	18,850	17,766
Securities held to maturity	45	47	50
Loans held for sale (includes \$1,365 measured at fair value at March 31, 2009)	1,956	1,282	757
Loans, net of unearned income	95,686	97,419	96,385
Allowance for loan losses	(1,861)	(1,826)	(1,376)
Net loans	93,825	95,593	95,009
Other interest-earnings assets	849	897	617
Premises and equipment, net	2,808	2,786	2,666
Interest receivable	426	458	549
Goodwill	5,551	5,548	11,510
Mortgage servicing rights	161	161	269
Other identifiable intangible assets	603	638	746
Other assets	8,303	7,965	8,830
<b>Total assets</b>	<b>\$ 141,980</b>	<b>\$ 146,248</b>	<b>\$ 144,249</b>
<b>Liabilities and Stockholders Equity</b>			
<b>Deposits:</b>			
Non-interest-bearing	\$ 19,988	\$ 18,457	\$ 18,182
Interest-bearing	73,548	72,447	71,005
<b>Total deposits</b>	<b>93,536</b>	<b>90,904</b>	<b>89,187</b>
<b>Borrowed funds:</b>			
<b>Short-term borrowings:</b>			
Federal funds purchased and securities sold under agreements to repurchase	2,828	3,143	8,451
Other short-term borrowings	6,525	12,679	8,717
<b>Total short-term borrowings</b>	<b>9,353</b>	<b>15,822</b>	<b>17,168</b>
Long-term borrowings	18,762	19,231	12,357
<b>Total borrowed funds</b>	<b>28,115</b>	<b>35,053</b>	<b>29,525</b>
Other liabilities	3,512	3,478	5,515
<b>Total liabilities</b>	<b>125,163</b>	<b>129,435</b>	<b>124,227</b>
<b>Stockholders equity:</b>			
<b>Preferred stock, cumulative perpetual participating, par value \$1.00 (liquidation preference \$1,000.00) per share, net of discount:</b>			
Authorized 10,000,000 shares			
Issued 3,500,000 shares in 2008	3,316	3,307	

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Common stock, par value \$.01 per share:

Authorized 1,500,000,000 shares			
Issued including treasury stock 738,570,609; 735,667,650 and 735,775,383 shares, respectively	7	7	7
Additional paid-in capital	16,828	16,815	16,560
Retained earnings (deficit)	(1,913)	(1,869)	4,495
Treasury stock, at cost 43,676,701; 44,301,693 and 41,054,113 shares, respectively	(1,415)	(1,425)	(1,371)
Accumulated other comprehensive income (loss), net	(6)	(22)	331
<b>Total stockholders' equity</b>	<b>16,817</b>	<b>16,813</b>	<b>20,022</b>
Total liabilities and stockholders' equity	\$ 141,980	\$ 146,248	\$ 144,249

See notes to consolidated financial statements.

**Table of Contents****REGIONS FINANCIAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME**

<i>(In millions, except per share data)</i>	<b>Three Months Ended March 31</b>	
	<b>2009</b>	<b>2008</b>
Interest income on:		
Loans, including fees	\$ 1,099	\$ 1,529
Securities:		
Taxable	239	200
Tax-exempt	7	10
Total securities	246	210
Loans held for sale	15	9
Federal funds sold and securities purchased under agreements to resell	1	7
Trading account assets	12	21
Other interest-earning assets	6	7
Total interest income	1,379	1,783
Interest expense on:		
Deposits	366	503
Short-term borrowings	20	113
Long-term borrowings	184	149
Total interest expense	570	765
Net interest income	809	1,018
Provision for loan losses	425	181
Net interest income after provision for loan losses	384	837
Non-interest income:		
Service charges on deposit accounts	269	272
Brokerage, investment banking and capital markets	217	273
Mortgage income	73	46
Trust department income	46	57
Securities gains, net	53	91
SILO termination gains	323	
Other	85	169
Total non-interest income	1,066	908
Non-interest expense:		
Salaries and employee benefits	539	643
Net occupancy expense	107	107
Furniture and equipment expense	76	80
Impairment of mortgage servicing rights		42
Other	336	378
Total non-interest expense	1,058	1,250
Income before income taxes	392	495
Income taxes	315	158
Net income	\$ 77	\$ 337

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Net income available to common shareholders	\$ 26	\$ 337
Weighted-average number of shares outstanding:		
Basic	693	695
Diluted	694	696
Earnings per common share:		
Basic	0.04	0.48
Diluted	0.04	0.48
Cash dividends declared per common share	0.10	0.38

See notes to consolidated financial statements.



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**REGIONS FINANCIAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

	Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings (Deficit)	Treasury Stock, At Cost	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount	Shares	Amount					
<i>(In millions, except per share data)</i>									
<b>BALANCE AT JANUARY 1, 2008</b>		\$	694	\$ 7	\$ 16,545	\$ 4,439	\$ (1,371)	\$ 203	\$ 19,823
Cumulative effect of changes in accounting principles due to adoption of EITF 06-4, EITF 06-10 and FAS 158 (see Note 12)						(17)			(17)
Comprehensive income:									
Net income						337			337
Net change in unrealized gains and losses on securities available for sale, net of tax and reclassification adjustment*								24	24
Net change in unrealized gains and losses on derivative instruments, net of tax and reclassification adjustment*								104	104
Comprehensive income									465
Cash dividends declared \$0.38 per share						(264)			(264)
Common stock transactions:									
Stock transactions with employees under compensation plans, net			1		(1)				(1)
Stock options exercised, net					3				3
Amortization of unearned restricted stock					13				13
<b>BALANCE AT MARCH 31, 2008</b>		\$	695	\$ 7	\$ 16,560	\$ 4,495	\$ (1,371)	\$ 331	\$ 20,022
<b>BALANCE AT JANUARY 1, 2009</b>	4	\$ 3,307	691	\$ 7	\$ 16,815	\$ (1,869)	\$ (1,425)	\$ (22)	\$ 16,813
Comprehensive income:									
Net income						77			77
Net change in unrealized gains and losses on securities available for sale, net of tax and reclassification adjustment*								52	52
Net change in unrealized gains and losses on derivative instruments, net of tax and reclassification adjustment*								(35)	(35)
Net change from defined benefit pension plans, net of tax*								(1)	(1)
Comprehensive income									93
Cash dividends declared \$0.10 per share						(70)			(70)
Preferred dividends						(42)			(42)
Preferred stock transactions:									
Discount accretion		9				(9)			
Common stock transactions:									
Stock transactions with employees under compensation plans, net			4				10		10
Stock options exercised, net					5				5
Amortization of unearned restricted stock					8				8
<b>BALANCE AT MARCH 31, 2009</b>	4	\$ 3,316	695	\$ 7	\$ 16,828	\$ (1,913)	\$ (1,415)	\$ (6)	\$ 16,817

\* See disclosure of reclassification adjustment amount and tax effect, as applicable, in Note 3 to the consolidated financial statements.

See notes to consolidated financial statements.



**Table of Contents****REGIONS FINANCIAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS**

<i>(In millions)</i>	<b>Three Months Ended March 31</b>	
	<b>2009</b>	<b>2008</b>
Operating activities:		
Net income	\$ 77	\$ 337
Adjustments to reconcile net cash provided by operating activities:		
Provision for loan losses	425	181
Depreciation and amortization of premises and equipment	68	66
Impairment of mortgage servicing rights		42
Provision for losses on other real estate, net	19	4
Net accretion of securities	(5)	(4)
Net amortization of loans and other assets	64	48
Net accretion of deposits and borrowings	(4)	(5)
Net securities gains	(53)	(91)
Loss on early extinguishment of debt		66
Deferred income tax benefit	(139)	(22)
Excess tax benefits from share-based payments		(1)
Originations and purchases of loans held for sale	(2,787)	(1,458)
Proceeds from sales of loans held for sale	2,210	1,445
Gain on sale of loans, net	(37)	(23)
Increase in trading account assets	(298)	(428)
Decrease (increase) in other interest-earning assets	48	(112)
Decrease in interest receivable	32	65
Increase in other assets	(285)	(1,040)
Increase in other liabilities	32	339
Other	12	12
Net cash used in operating activities	(621)	(579)
Investing activities:		
Proceeds from sale of securities available for sale	795	2,011
Proceeds from maturity of:		
Securities available for sale	1,089	888
Securities held to maturity	2	1
Purchases of:		
Securities available for sale	(3,865)	(3,106)
Proceeds from sales of loans		81
Net decrease (increase) in loans	1,255	(1,196)
Net purchases of premises and equipment	(90)	(121)
Net cash received from deposits assumed	279	
Net cash used in investing activities	(535)	(1,442)
Financing activities:		
Net increase (decrease) in deposits	2,354	(5,585)
Net (decrease) increase in short-term borrowings	(6,469)	6,047
Proceeds from long-term borrowings	100	1,841
Payments on long-term borrowings	(560)	(806)
Cash dividends on common stock	(70)	(264)
Cash dividends on preferred stock	(42)	
Proceeds from exercise of stock options	5	3
Excess tax benefits from share-based payments		1

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Net cash (used in) provided by financing activities	(4,682)	1,237
Decrease in cash and cash equivalents	(5,838)	(784)
Cash and cash equivalents at beginning of year	10,973	4,745
Cash and cash equivalents at end of period	\$ 5,135	\$ 3,961

See notes to consolidated financial statements.

**Table of Contents****REGIONS FINANCIAL CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(Unaudited)****Three Months Ended March 31, 2009 and 2008****NOTE 1 Basis of Presentation**

Regions Financial Corporation ( Regions or the Company ) provides a full range of banking and bank-related services to individual and corporate customers through its subsidiaries and branch offices located primarily in Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, South Carolina, Tennessee, Texas and Virginia. The Company is subject to competition from other financial institutions, is subject to the regulations of certain government agencies and undergoes periodic examinations by those regulatory authorities.

The accounting and reporting policies of Regions and the methods of applying those policies that materially affect the consolidated financial statements conform with accounting principles generally accepted in the United States ( GAAP ) and with general financial services industry practices. The accompanying interim financial statements have been prepared in accordance with the instructions for Form 10-Q and, therefore, do not include all information and notes to the consolidated financial statements necessary for a complete presentation of financial position, results of operations and cash flows in conformity with GAAP. In the opinion of management, all adjustments, consisting of only normal and recurring items, necessary for the fair presentation of the consolidated financial statements have been included. These interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto in Regions Form 10-K for the year ended December 31, 2008.

Certain amounts in prior period financial statements have been reclassified to conform to the current period presentation. These reclassifications are immaterial and have no effect on net income, total assets or stockholders equity.

**NOTE 2 Earnings per Common Share**

The following table sets forth the computation of basic earnings per common share and diluted earnings per common share:

<i>(In millions, except per share amounts)</i>	<b>Three Months Ended March 31</b>	
	<b>2009</b>	<b>2008</b>
<b>Numerator:</b>		
Net income	\$ 77	\$ 337
Preferred stock dividends	(51)	
Net income available to common shareholders	\$ 26	\$ 337
<b>Denominator:</b>		
Weighted-average common shares outstanding basic	693	695
Common stock equivalents	1	1
Weighted-average common shares outstanding diluted	694	696
<b>Earnings per common share:</b>		
Basic	\$ 0.04	\$ 0.48
Diluted	0.04	0.48

The effect from the assumed exercise of 52.6 million and 53.3 million stock options for the three months ended March 31, 2009 and 2008, respectively, was not included in the above computations of diluted earnings per common share because such amounts would have had an antidilutive effect on earnings per common share.



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Comprehensive income is the total of net income and all other non-owner changes in equity. Items that are to be recognized under accounting standards as components of comprehensive income are displayed in the consolidated statements of changes in stockholders' equity.

In the calculation of comprehensive income, certain reclassification adjustments are made to avoid double-counting items that are displayed as part of net income for a period that also had been displayed as part of other comprehensive income in that period or earlier periods.

The disclosure of the reclassification amount is as follows:

<i>(In millions)</i>	<b>Three Months Ended March 31, 2009</b>		
	<b>Before Tax</b>	<b>Tax Effect</b>	<b>Net of Tax</b>
Net income	\$ 392	\$ (315)	\$ 77
Net unrealized holding gains and losses on securities available for sale arising during the period	134	(48)	86
Less: reclassification adjustments for net securities gains realized in net income	53	(19)	34
Net change in unrealized gains and losses on securities available for sale	81	(29)	52
Net unrealized holding gains and losses on derivatives arising during the period	39	(15)	24
Less: reclassification adjustments for net gains realized in net income	95	(36)	59
Net change in unrealized gains and losses on derivative instruments	(56)	21	(35)
Net actuarial gains and losses arising during the period	9	(3)	6
Less: amortization of actuarial loss and prior service credit realized in net income	11	(4)	7
Net change from defined benefit plans	(2)	1	(1)
Comprehensive income	\$ 415	\$ (322)	\$ 93

<i>(In millions)</i>	<b>Three Months Ended March 31, 2008</b>		
	<b>Before Tax</b>	<b>Tax Effect</b>	<b>Net of Tax</b>
Net income	\$ 495		