

REGIONS FINANCIAL CORP  
Form 10-Q  
November 04, 2009  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**Form 10-Q**

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

**63-0589368**  
(IRS Employer

incorporation or organization)

**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 ☐ (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 1,188,032,000 shares of common stock, par value \$.01, outstanding as of October 29, 2009.

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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, 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:

In October 2008 Congress enacted and the President signed into law the Emergency Economic Stabilization Act of 2008, and on February 17, 2009 the American Recovery and Reinvestment Act of 2009 was signed into law. Additionally, the U.S. Treasury Department and federal banking regulators are implementing a number of programs to address capital and liquidity issues in the banking system, and may announce additional programs in the future, 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.

The impact of compensation and other restrictions imposed under the Troubled Asset Relief Program ( TARP ) until Regions is able to repay the outstanding preferred stock issued under the TARP.

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

Possible changes in interest rates may affect 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 the collectability of loans.

Possible 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 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 achieve the earnings expectations related to businesses that have been acquired or that may be acquired in the future.

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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.

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

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

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 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.

See also Item 1A. Risk Factors of Regions' Annual Report on Form 10-K for the year ended December 31, 2008 and Quarterly Reports on Form 10-Q for the periods ended March 31, 2009 and June 30, 2009.

**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>September 30 2009</b>	<b>December 31 2008</b>	<b>September 30 2008</b>
<b>Assets</b>			
Cash and due from banks	\$ 2,101	\$ 2,643	\$ 2,986
Interest-bearing deposits in other banks	5,902	7,540	30
Federal funds sold and securities purchased under agreements to resell	366	790	542
Trading account assets	1,388	1,050	1,268
Securities available for sale	21,030	18,850	17,633
Securities held to maturity	39	47	50
Loans held for sale (includes \$726, \$506 and \$495 measured at fair value at September 30, 2009, December 31, 2008 and September 30, 2008, respectively)	1,470	1,282	1,054
Loans, net of unearned income	92,754	97,419	98,712
Allowance for loan losses	(2,627)	(1,826)	(1,472)
Net loans	90,127	95,593	97,240
Other interest-earning assets	839	897	587
Premises and equipment, net	2,694	2,786	2,730
Interest receivable	499	458	512
Goodwill	5,557	5,548	11,529
Mortgage servicing rights	216	161	263
Other identifiable intangible assets	535	638	675
Other assets	7,223	7,965	7,193
<b>Total assets</b>	<b>\$ 139,986</b>	<b>\$ 146,248</b>	<b>\$ 144,292</b>
<b>Liabilities and Stockholders' Equity</b>			
<b>Deposits:</b>			
Non-interest-bearing	\$ 21,226	\$ 18,457	\$ 18,045
Interest-bearing	73,654	72,447	71,176
Total deposits	94,880	90,904	89,221
<b>Borrowed funds:</b>			
<b>Short-term borrowings:</b>			
Federal funds purchased and securities sold under agreements to repurchase	2,633	3,143	10,427
Other short-term borrowings	2,653	12,679	7,115
Total short-term borrowings	5,286	15,822	17,542
Long-term borrowings	18,093	19,231	14,168
Total borrowed funds	23,379	35,053	31,710
Other liabilities	3,235	3,478	3,656
<b>Total liabilities</b>	<b>121,494</b>	<b>129,435</b>	<b>124,587</b>
<b>Stockholders' equity:</b>			
<b>Preferred stock, authorized 10 million shares</b>			
<b>Series A, cumulative perpetual participating, par value \$1.00 (liquidation preference \$1,000.00) per share, net of discount;</b>			
Issued 3,500,000 shares	3,334	3,307	

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Series B, mandatorily convertible, cumulative perpetual participating, par value \$1,000.00 (liquidation preference \$1,000.00) per share;			
Issued 287,500 shares	278		
Common stock, par value \$.01 per share:			
Authorized 1.5 billion shares			
Issued including treasury stock 1,231,352,421; 735,667,650 and 735,769,666 shares, respectively	12	7	7
Additional paid-in capital	18,754	16,815	16,607
Retained earnings (deficit)	(2,618)	(1,869)	4,445
Treasury stock, at cost 43,316,136; 44,301,693 and 43,813,524 shares, respectively	(1,411)	(1,425)	(1,424)
Accumulated other comprehensive income (loss), net	143	(22)	70
Total stockholders' equity	18,492	16,813	19,705
Total liabilities and stockholders' equity	\$ 139,986	\$ 146,248	\$ 144,292

See notes to consolidated financial statements.



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<i>(In millions, except per share data)</i>	<b>Three Months Ended September 30</b>		<b>Nine Months Ended September 30</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Interest income on:				
Loans, including fees	\$ 1,047	\$ 1,318	\$ 3,218	\$ 4,222
Securities:				
Taxable	232	208	710	616
Tax-exempt	6	11	18	31
Total securities	238	219	728	647
Loans held for sale	12	9	43	27
Federal funds sold and securities purchased under agreements to resell		5	2	16
Trading account assets	10	13	32	52
Other interest-earning assets	7	5	21	18
Total interest income	1,314	1,569	4,044	4,982
Interest expense on:				
Deposits	301	391	997	1,316
Short-term borrowings	9	102	45	300
Long-term borrowings	159	154	517	447
Total interest expense	469	647	1,559	2,063
Net interest income	845	922	2,485	2,919
Provision for loan losses	1,025	417	2,362	