



LETTER OF COMMENT NO. 269

April 1, 2009

Mr. Russell G. Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

File Reference: Proposed FSP FAS 115-a, FAS 124-a, and EITF 99-20-b

Dear Mr. Golden:

We appreciate the opportunity to comment on this proposed amendment. Regions Financial Corporation (“Regions” or “the Company”), with approximately \$146 billion in assets, is a member of the S&P 100 Index and one of the nation’s largest full-service providers of consumer and commercial banking, trust, securities brokerage, mortgage and insurance products and services. Regions serves customers in 16 states across the South, Midwest and Texas, and through its subsidiary, Regions Bank, operates 1,900 banking offices and approximately 2,300 ATMs. We provide brokerage services and investment banking through approximately 300 offices of Morgan Keegan & Company, Inc.

Separate Presentation of Credit vs. Non-Credit Components of OTTI

Regions supports the proposed change in presentation to allow only the credit components of an “other-than-temporary” impairment (“OTTI”) to be reported in earnings. Our understanding is that several of the Federal Home Loan Bank institutions recorded OTTI charges during the fourth quarter of 2008. It appears that pricing for the securities was unusually low due to market disruptions and not from concerns related to underlying credit quality. When a small level of credit deterioration became apparent, the banks were required to record a writedown for the entire amount of the discount, regardless of the fact that the bank’s real economic exposure was much smaller. We believe that the presentation changes outlined in the FSP will prevent such situations from occurring in the future and will improve financial reporting.

Further, we believe that reporting entities are sufficiently able to estimate the portion of loss related to credit. FAS 114 has been effective for many years and is familiar to financial services companies. This framework provides an adequate basis to calculate credit losses for loans and be referenced for securities without significant implementation efforts.

Changes in "Other-Than-Temporary Impairment" Triggers

Regions supports the proposed changes to make the OTTI guidance more operational. We have historically believed that the current model is too restrictive and effectively created a fourth category of investments within FAS 115 (i.e., a sub-category of "available-for-sale" requiring management to positively assert its intent to hold underwater securities until recovery). The revised model is more consistent with the spirit of FAS 115.


Obviously, the impact of the change is most noteworthy for fixed income securities, where impairment can be avoided simply by holding the security until maturity, assuming there are no underlying credit issues. This cannot be said for equity securities, given the perpetual term. However, we support the Board's decision for both types of securities. We would object to creating a different set of criteria for different types of securities, given the resulting added level of complexity to the accounting model. Additionally, as stated above, the proposed revisions to the framework create an OTTI model which is more consistent with our understanding of FAS 115. If the model is applied consistently across all types of securities, we believe financial reporting will be more consistent and transparent.

Timing and Operational Considerations

We believe that the approach outlined in the proposed FSP can be reasonably implemented from an operational standpoint. We believe that the transition timing is appropriate provided the FSP is issued in its current form. Significant changes would result in additional burden given the potential issuance of the FSP after entities have "closed" the accounting cycle for the first quarter of 2009.

Again, we appreciate the opportunity to comment on this exposure draft and we thank you for considering our views. If you have any questions about our comments or wish to discuss this matter further, please contact me at (205) 326-4972.

Sincerely,



Brad Kimbrough
Executive Vice President, Controller and
Chief Accounting Officer