



LETTER OF COMMENT NO. 112

REGIONS

April 14, 2009

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

File Reference: No. 1630-100
Preliminary Views on Financial Statement Presentation

Dear Mr. Golden:

We appreciate the opportunity to comment on this discussion paper. Regions Financial Corporation (“Regions” or “the Company”), with approximately \$146 billion in assets, is one of the nation’s largest full-service providers of consumer and commercial banking, trust, securities brokerage, mortgage and insurance product 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 a 2,400-ATM network. We provide brokerage services and investment banking through approximately 400 offices of Morgan Keegan & Company, Inc.

Regions would like to provide several general comments for your consideration, as well as comments on certain discussion questions outlined in the discussion paper.

General Comments

1. We do not believe the benefits of making these proposed changes outweigh the costs. The current severe recession and impact on the broader economy continues to impact companies’ profitability. Expenditures and human capital investment allocated to this project are not in the best interest of our shareholders, especially at this time. Therefore, we suggest a permanent deferral of this topic.
2. The proposed financial statement format adds much more detail to the basic financial statements. Does this additional detail really benefit the “average” financial statement user? Current financial statements are becoming increasingly difficult to understand for a reader with an average, or even above-average level

REGIONS

of financial expertise. If the proposed changes are deemed to be helpful to some sophisticated users of the financial statements, the Boards should determine if the costs to implement these changes exceed the benefits derived. We suggest that the Boards specifically request comments from investment analysts, shareholder groups and/or creditors to ensure that the proposals will meet their needs. That is, while we appreciate the commitment to improve a process that has been relatively static for decades, we are concerned that the consequences of these modifications may be inconsistent with the primary objectives of financial reporting as prescribed by Concepts Statement No. 1: to provide information to present and potential investors and creditors i) to make rational investment, credit and similar decisions, ii) about an enterprise's financial performance during a period, and iii) about how management of an enterprise has discharged its stewardship responsibility to owners.

3. The Boards need to give further consideration as to how the proposed changes affect financial institutions. Based on our analysis, while the proposed changes provide additional information to financial statement users, we question whether the majority of this additional information is decision-useful. Some of our thoughts on this topic are addressed in the "Responses to Specific Questions in the Discussion Paper" section below. Also, input from the various regulators of financial institutions should be obtained.
4. This discussion paper does not address the calculation of earnings per share (EPS). Since this is such an important ratio to financial statement users, the Boards should address how the proposed changes would affect EPS.
5. Comparability of financial statements among industry peers will suffer. Management will be given the opportunity to classify assets and liabilities based on its own rationale which will lead to inconsistent reporting among companies even within the same industry.
6. The Boards should consider how materiality will be assessed under the proposed format. With greater disaggregation comes the potential to have "material" misstatements in an individual line item that would not be considered material under the current format. This will require financial statement issuers, as well as their auditors, to exercise greater judgment in assessing the materiality of misstatements, thereby increasing costs. Also, how are the required thresholds for

reporting individual income and expense line items by the SEC going to be reconciled?

7. Questions 19 & 20 - Direct method of presenting cash flows in the statement of cash flows.

Regions is a financial institution and, as such, the statement of cash flows is not as meaningful to users as it is for other industries (e.g. a manufacturing entity). We never receive questions from analysts or investors related to information presented in the statement of cash flows. Regions has many sources of cash and management does not analyze financial information nor make business decisions based on cash flows. Likewise, we do not believe that users of our financial statements use cash flow information extensively in analyzing our business. Therefore, using the direct method of presenting cash flows does not provide more decision-useful information than the indirect method, and the additional costs that would be incurred by Regions to gather the cash flows needed to use the direct method would not exceed the benefit. The Boards should explore the concept that financial statement presentation should not be “one size fits all” or an exception should be made for financial institutions.

8. Discussion Questions 23, 24 and 25 – Reconciliation of cash flows to comprehensive income

As stated above, cash flow information is not decision-useful in analyzing the performance of a financial institution. Therefore, a reconciliation of cash flows to comprehensive income (particularly the distinction between cash flows and accruals other than remeasurements) in our opinion does not provide meaningful information to users. Regarding remeasurements for recurring and non-recurring fair value changes, these disclosures are already required for financial assets and liabilities under FAS 157, Fair Value Measurements. Since the majority of Regions’ assets and liabilities are financial in nature, the proposed reconciliation schedules (i.e., the proposed format as well as the alternative reconciliation formats discussed in the discussion paper) would, in essence, repeat information already required in the notes to the financial statements. Therefore, we do not believe that the proposed reconciliations would provide decision-useful information to users of financial statements, nor would the cost to prepare this information exceed the benefit derived.

XXXXXXXXXX

Again, we appreciate the opportunity to comment on this discussion paper 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