

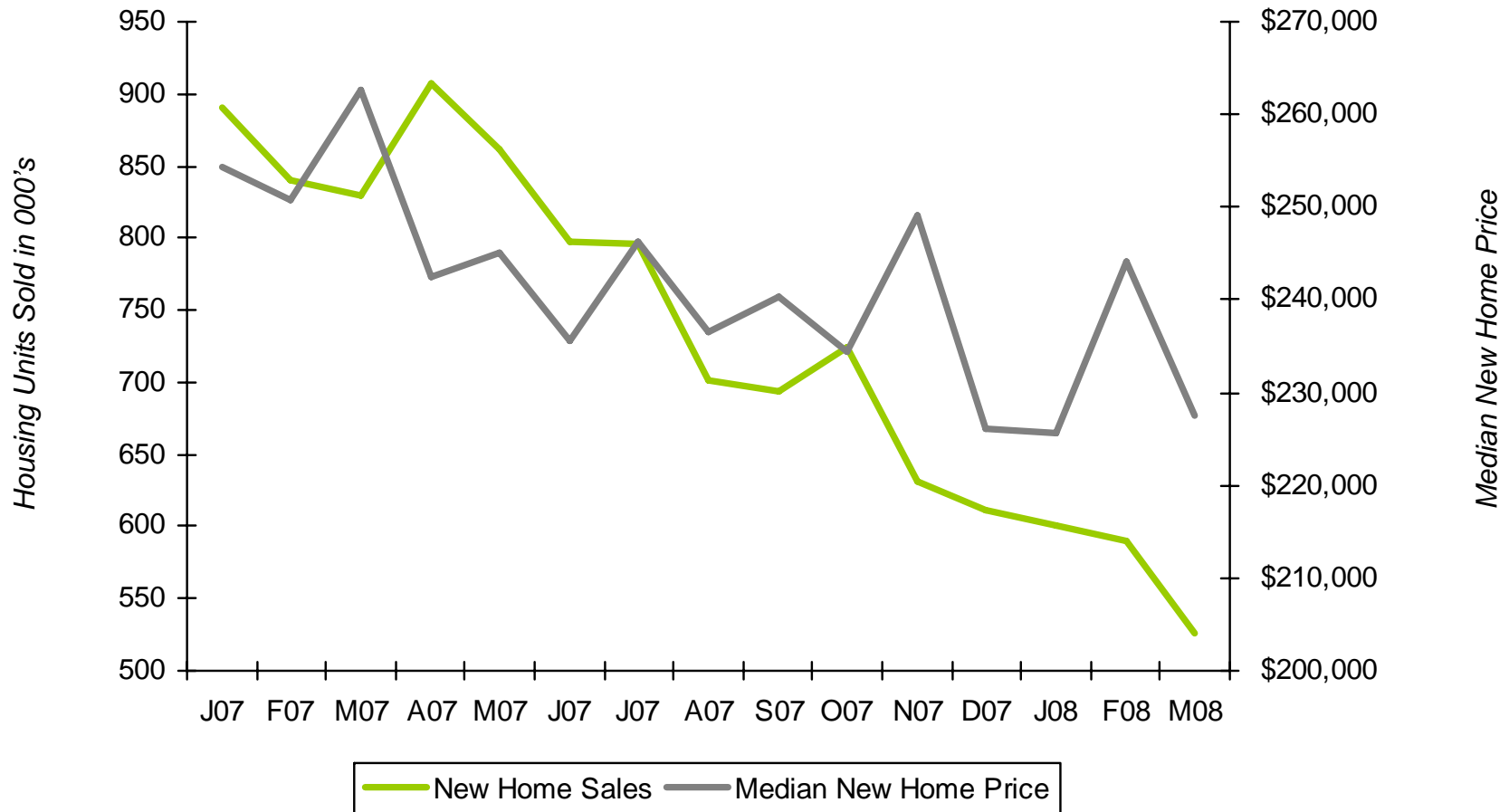
Citigroup Beyond the Basics Financial Services Forum

May 20, 2008



REGIONS

Housing Market



Industry Challenges

**NON-TRADITIONAL
MORTGAGES**

Regions has no option ARMs, negative amortization, or loans with teaser rates

SIVs / CDOs

Regions has no SIV exposure or CDOs on the balance sheet

SUBPRIME

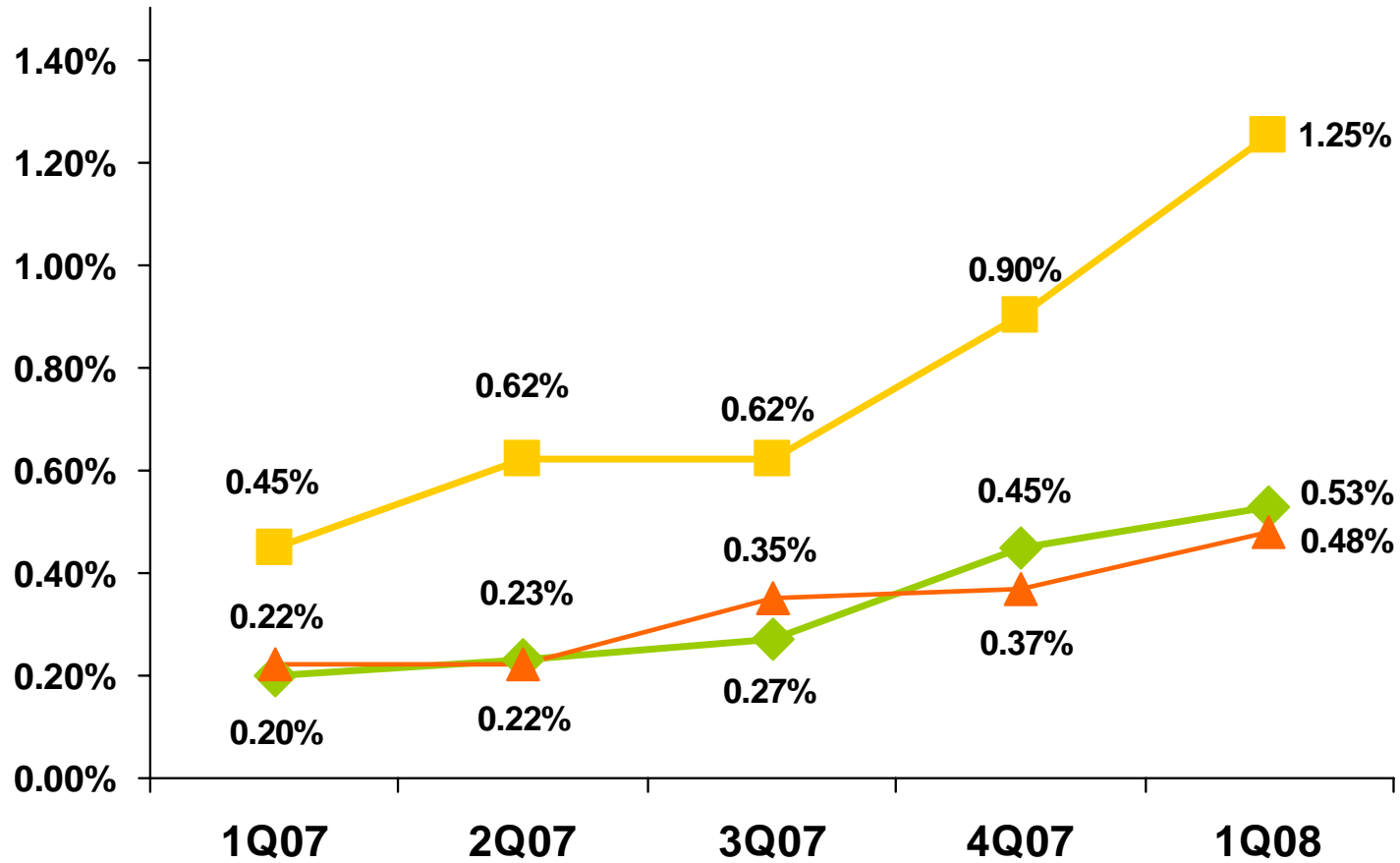
Regions has \$100 million (0.1%) of subprime loans

Areas of Focus

Commercial Real Estate

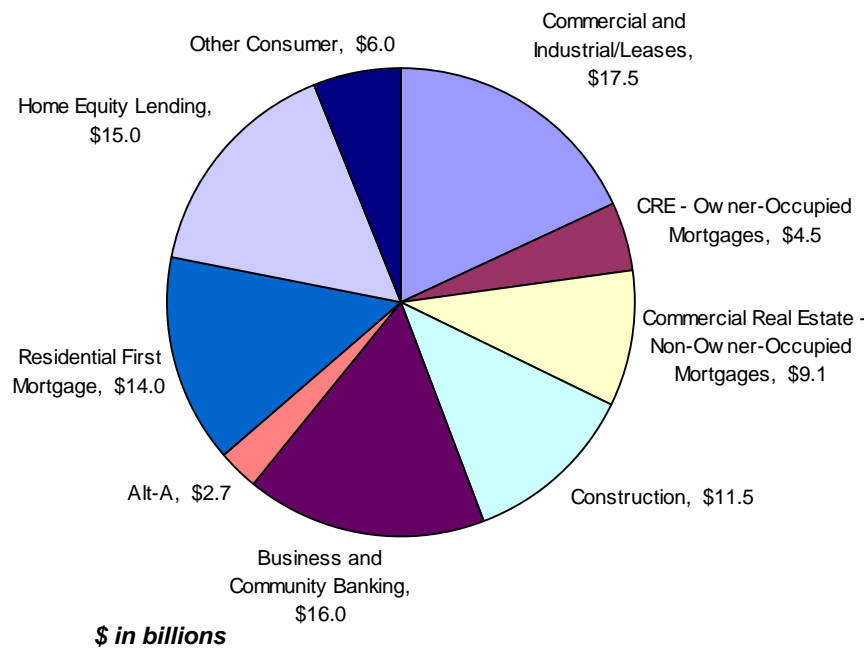
- › Homebuilders
- › Condominiums

Home Equity

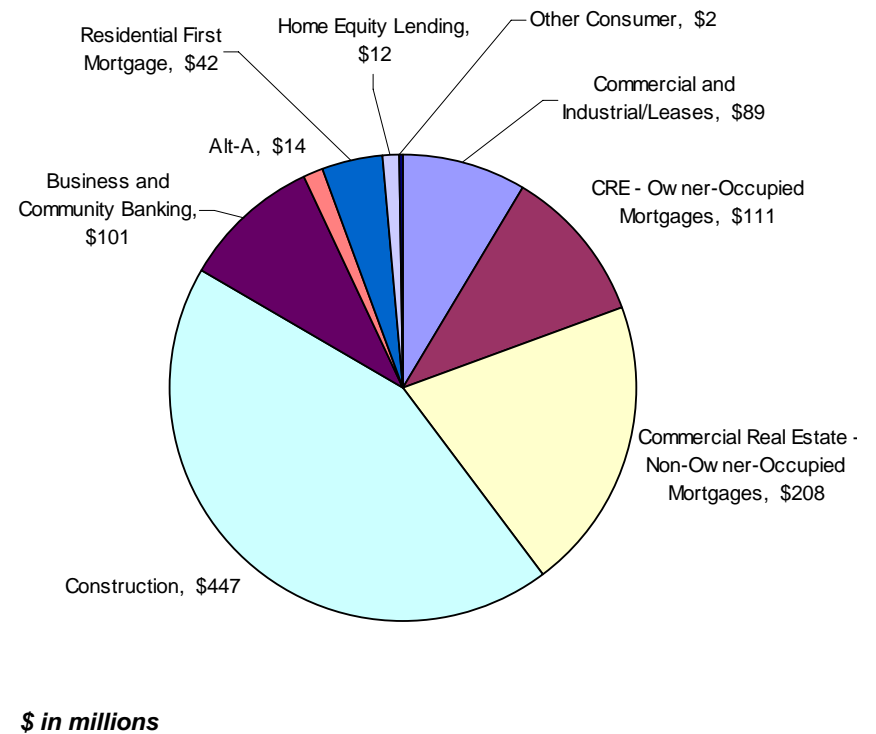


- NPAs/Loans and OREO
- ▲ Delinquent Loans (90+ Past Due)
- ◆ Net Charge-Offs/Average Loans

Loan Portfolio Overview (Risk View)

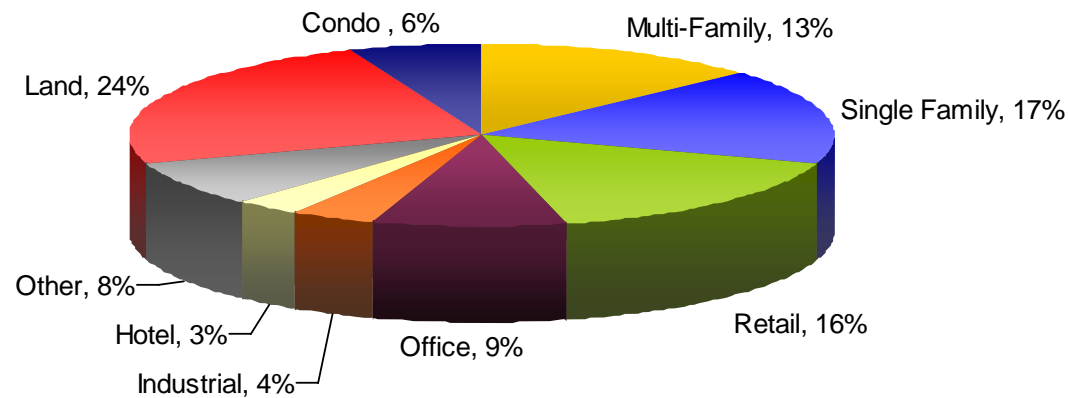


**Period End Loans
(Total \$96.4 billion)**



**Nonperforming Loans
(Total \$1.0 billion)**

CRE Portfolio by Product

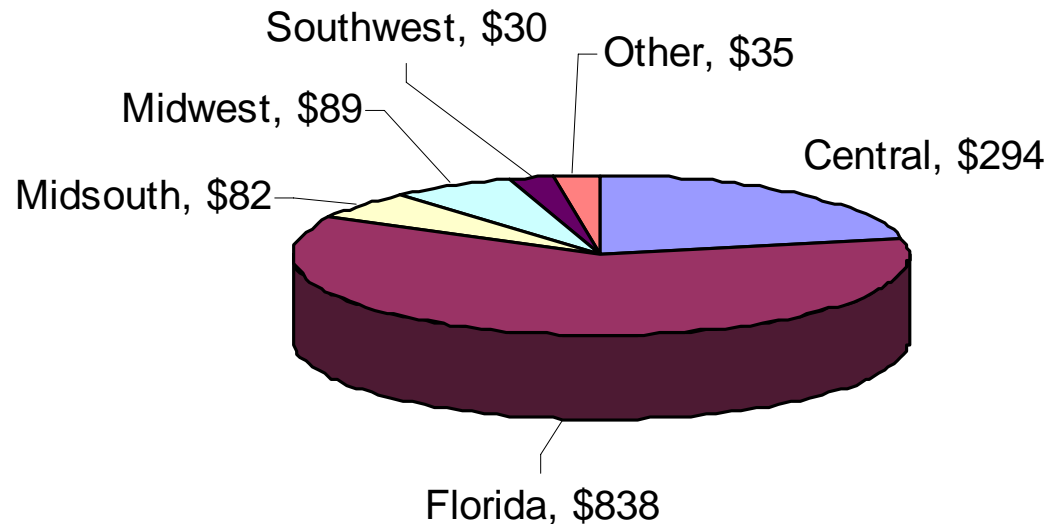


CRE Portfolio Characteristics

- Portfolio well-diversified by product type
- \$6.2 billion residential homebuilder portfolio is a subset of the Commercial Real Estate portfolio with the majority of the residential homebuilder portfolio found in land and single family sectors
- Proactively reducing certain concentrations
 - Land balances down \$1.2 billion since December 2006
 - Condominium balances down \$891 million since December 2006

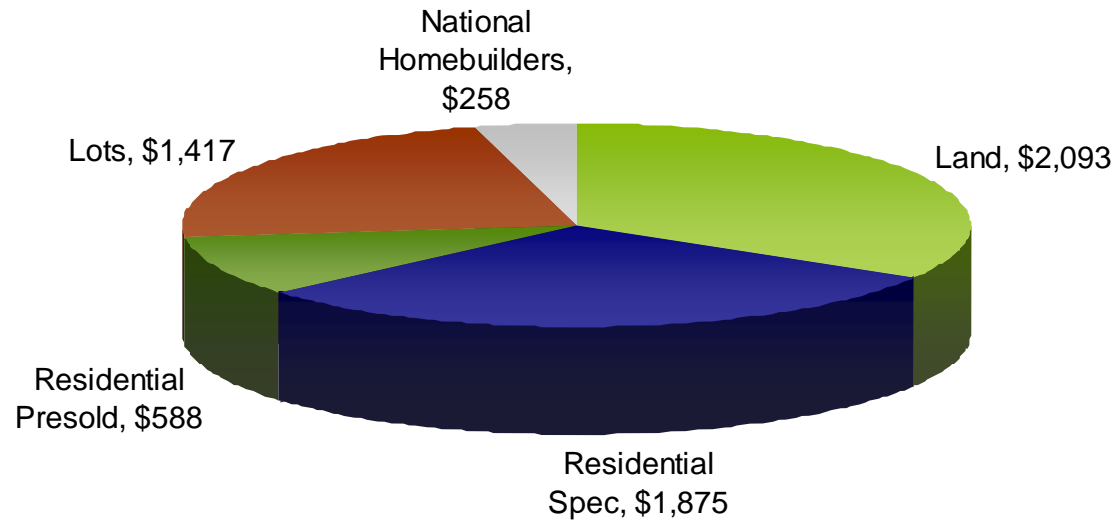
Condo Portfolio by Region

\$ in millions



- › As of March 31, 2008, our condominium portfolio totaled \$1.367 billion, down \$891 million from December 31, 2006.
- › Portfolio is running off due to payments received from sales and closings of units.
- › Total nonperforming assets of \$70 million, or 5.10% of total condo portfolio.
- › Despite difficult market factors, charge-offs have been manageable.

\$ in millions



Product Breakout

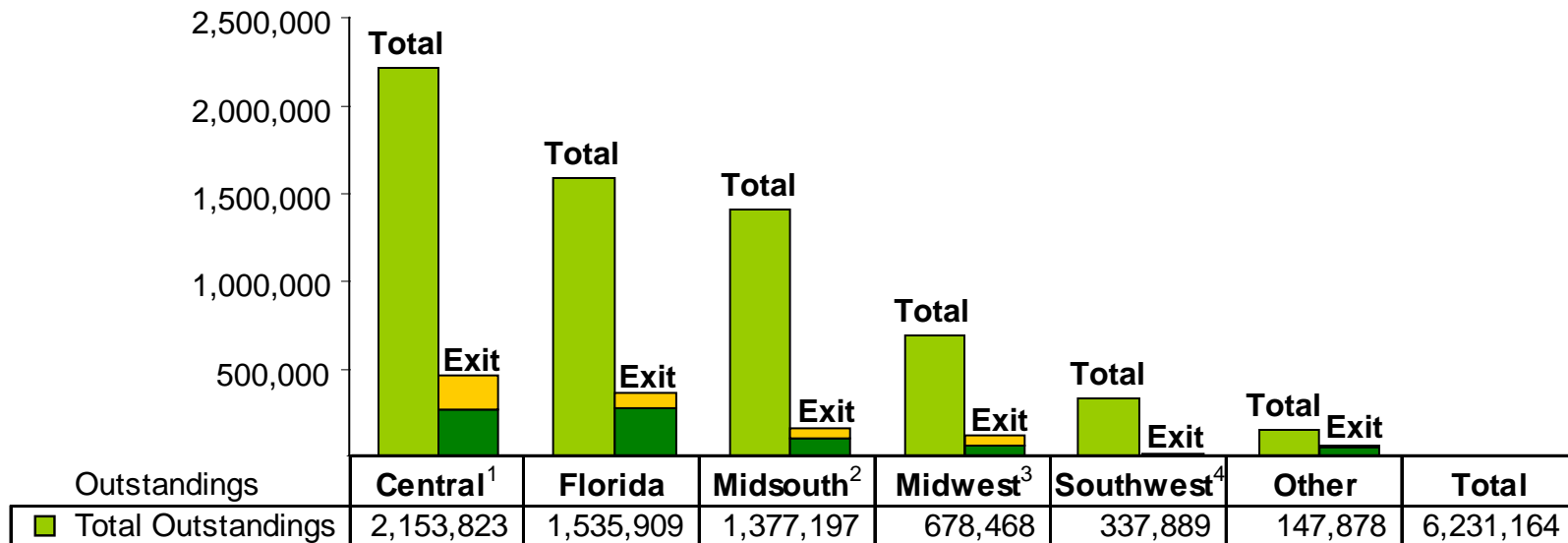
(\$ in thousands)

	Lots		Residential Presold		Residential Spec		Land		National Homebuilders		Total Portfolio	
	\$	%*	\$	%*	\$	%*	\$	%*	\$	%*	\$	%*
90+ Past Due	2,883	0.17	428	0.07	6,596	0.35	3,764	0.18	102	0.04	13,273	0.21
Non-Accruing Loans	103,294	7.29	33,245	5.65	160,343	8.55	94,319	4.51	27,030	10.47	418,231	6.71
Average Note Size:												
Total Portfolio	250	-	416	-	245	-	673	-	521	-	340	-
Central	270	-	213	-	214	-	513	-	221	-	270	-
Florida	577	-	1,026	-	470	-	2,137	-	5,003	-	907	-
Outstandings	\$ 1,416,909		\$ 588,163		\$1,874,700		\$ 2,093,181		\$ 258,211		\$6,231,164	

* Percentage of related product outstandings

Geographic Breakdown

(\$ in thousands)



Exit Credits

■ Non-accruing	142,728	138,572	58,102	59,137	8,226	11,466	418,231
■ Accruing	276,360	281,724	106,001	67,674	16,539	53,291	801,589
Total Exit Credits	419,088	420,296	164,103	126,811	24,765	64,757	1,219,820

¹ Central consists of Alabama, Georgia, and South Carolina

² Midsouth consists of North Carolina, Virginia and Tennessee

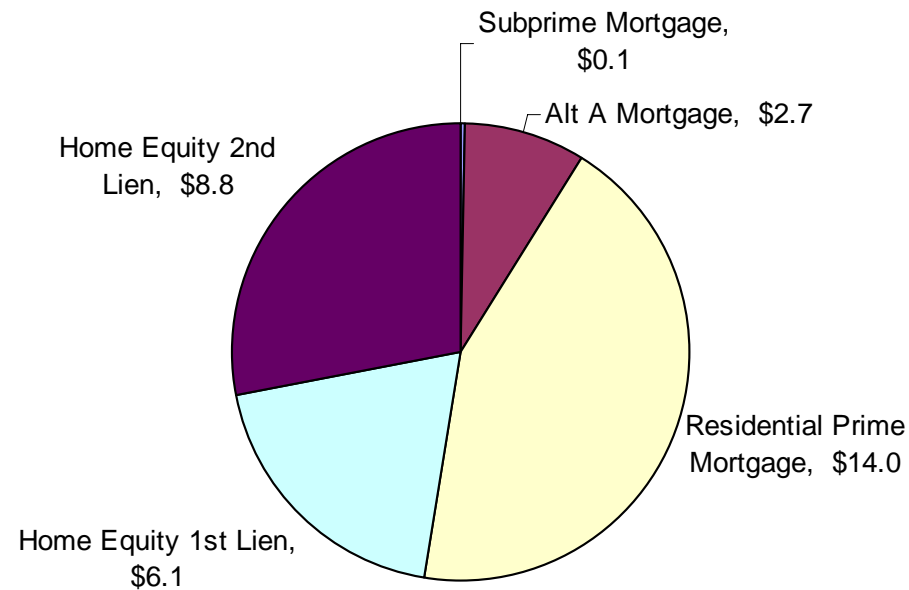
³ Midwest consists of Arkansas, Illinois, Indiana, Iowa, Kentucky, Missouri, and Texas

⁴ Southwest consists of Louisiana and Mississippi

Action Plan – Residential Homebuilder

- › Centralized management of Homebuilder portfolio by experienced real estate lenders
- › Internally focused on continuous risk identification
- › Strengthened and more frequent credit servicing of the portfolio
- › Management of all exit credits by Special Assets

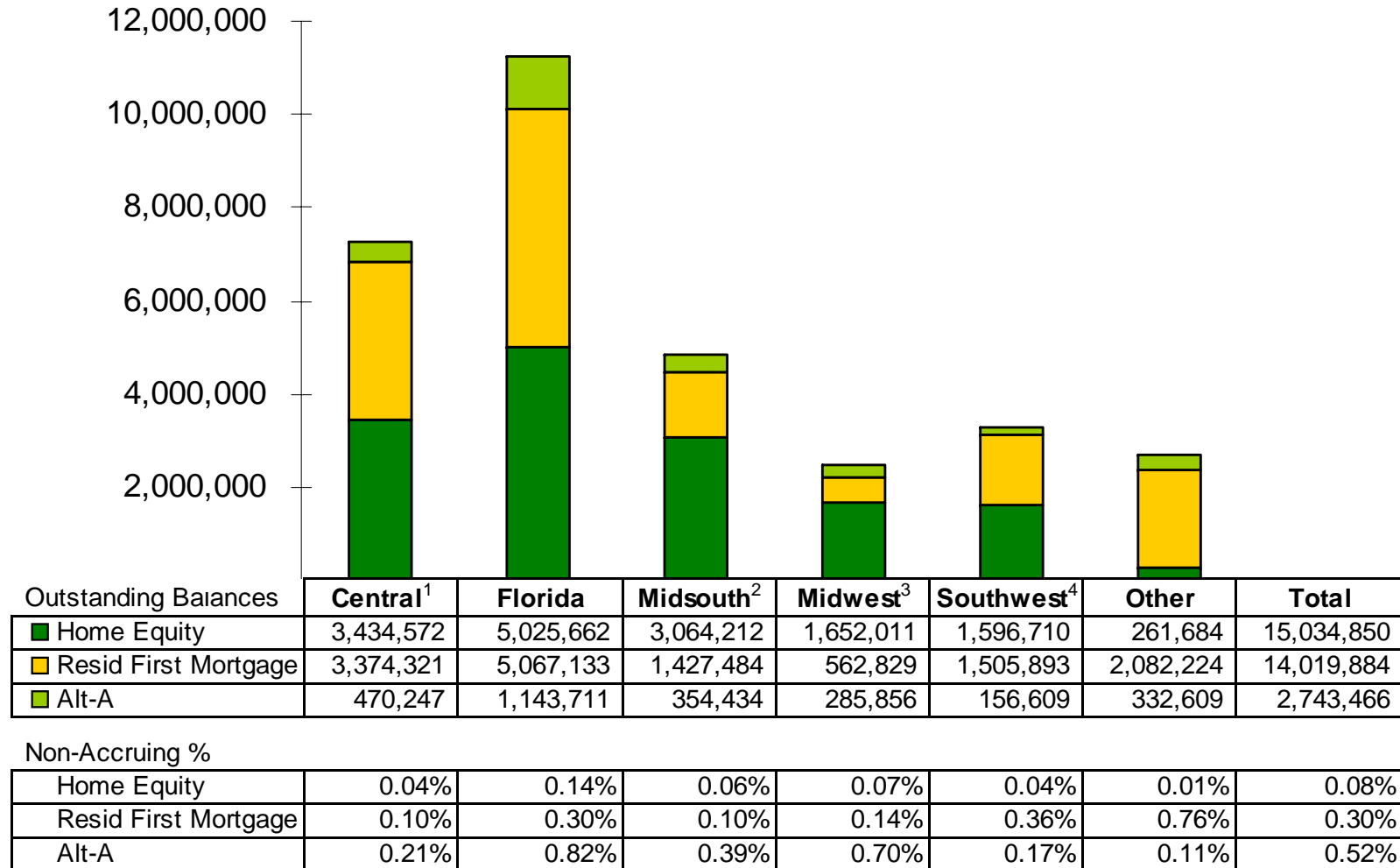
\$ in billions



	Outstandings*	Wgtd Avg. LTV	Wgtd Avg. FICO	Avg. Loan Size	% in 1st Lien	1Q Losses
Home Equity Lending	\$ 15,034,850	74%	733	\$ 76,946	40%	0.57%
Residential 1st Mortgage	14,019,883	67%	725	175,149	100%	0.21%
Alt-A	2,743,467	72%	711	175,886	100%	0.31%
Total Consumer RE Portfolio	\$ 31,798,200	71%	728	\$ 122,882	71%	0.38%

* \$ in thousands

(\$ in thousands)



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Example of a Home Equity 'Value' Charge-off

	<u>At Origination</u>	<u>Today</u>
Appraised Value	\$ 1,000,000	\$ 600,000
Less: First Mortgage	<u>\$ 600,000</u>	<u>\$ 600,000</u>
Equity Remaining	\$ 400,000	\$ -
Less: Home Equity Loan	<u>\$ 140,000</u>	<u>\$ 140,000</u>
Equity Remaining	\$ 260,000	\$ (140,000)
Combined Loan-to-Value	74%	123%

If the first mortgage holder forecloses, there is no value left to satisfy our Home Equity loan. We must charge off our balance of \$140,000.

	Net Charge-offs			
	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
Home Equity				
Regions	0.24%	0.31%	0.31%	0.57%
Industry Peers	0.52%	0.67%	1.01%	1.85%
Residential First Mortgage				
Regions	0.12%	0.13%	0.18%	0.23%
Industry Peers	0.26%	0.29%	0.80%	1.43%

NOTE: Industry peers include FITB, KEY, NCC, STI, USB, WFC, WM

Action Plan – Home Equity

Underwriting

- › Lending criteria has tightened in line with market conditions.
- › Loan-to-Value on new production is 71% and appraised value is based on distressed market prices. As Real Estate markets strengthen the effective loan-to-value will reduce.
- › We are a ‘through-the cycle’ lender. New production since November 2006 has been underwritten to a 15-25 basis point loss range.

Collections

- › Additional staff has been added to ensure appropriate coverage.
- › Obtaining home valuations earlier in the process. Adjusting collections approach based on value.
- › Working with customers to keep them in their homes which may include entering into a forbearance plan, payment deferments or a rewrite of the loan.

Initiatives to Mitigate Risk

- Exited subprime
- Shut down Regions Funding
- Segmented CRE and Small Business
- Shut down International Lending
- Focused on centrally managing our Homebuilder portfolio

Key Takeaways

- Plain vanilla lender
- Portfolios are performing as we expect, except for Homebuilder, Condominium and Home Equity portfolios
- In the case of Homebuilder, Condominium and Home Equity portfolios, we have focused resources to help mitigate the risk of loss and we are actively working these portfolios



REGIONS