



**REGIONS<sup>®</sup>**

**2015 Investor Day  
Financial Overview**

**David Turner**

November 19, 2015

# Our Priorities

5 Strategic priorities that provide direction for decisions



# Strategic initiatives – strengthen financial performance

## Three pillars of execution

### Grow and Diversify Revenue

- Leverage **Regions 360**<sup>SM</sup> to grow customers and households and deepen existing relationships
- Prudently grow non-interest income
- Balance growth across geographies and businesses

### Disciplined Expense Management

- Generate positive operating leverage
- Continuously focus on efficiency and effectiveness
- Define, develop and execute Six Sigma initiatives
- Make prudent investments with appropriate returns

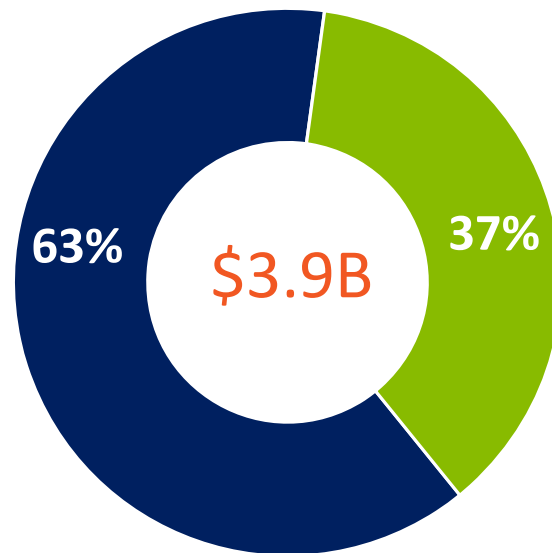
### Effectively Deploy Capital

- Disciplined organic growth
- Return appropriate capital to shareholders
- Use strategic investments to leverage our infrastructure and enhance revenue diversification

# Total Revenue

Grow and Diversify Revenue

Total Revenue<sup>(1)</sup> Mix – 2015 YTD

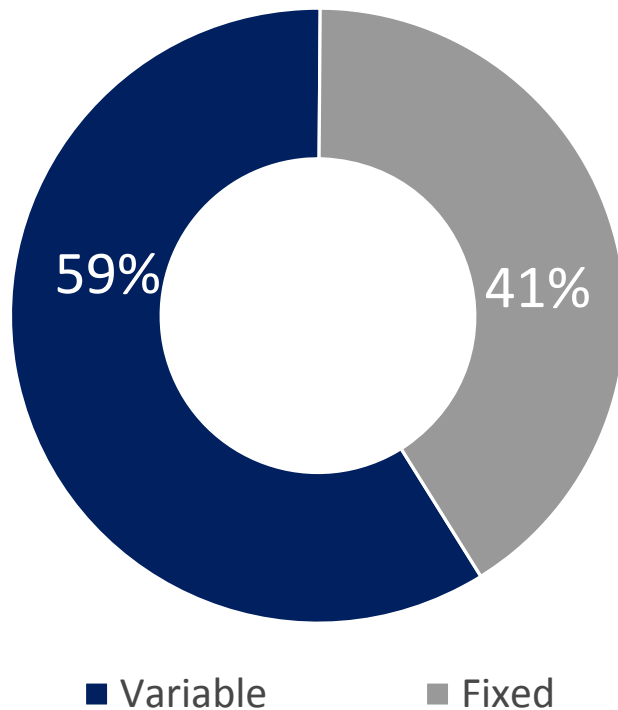


■ Net Interest Income    ■ Non Interest Income

# Favorable asset sensitivity position

Positioned to win in any rate environment

Loan Mix<sup>(1)</sup>

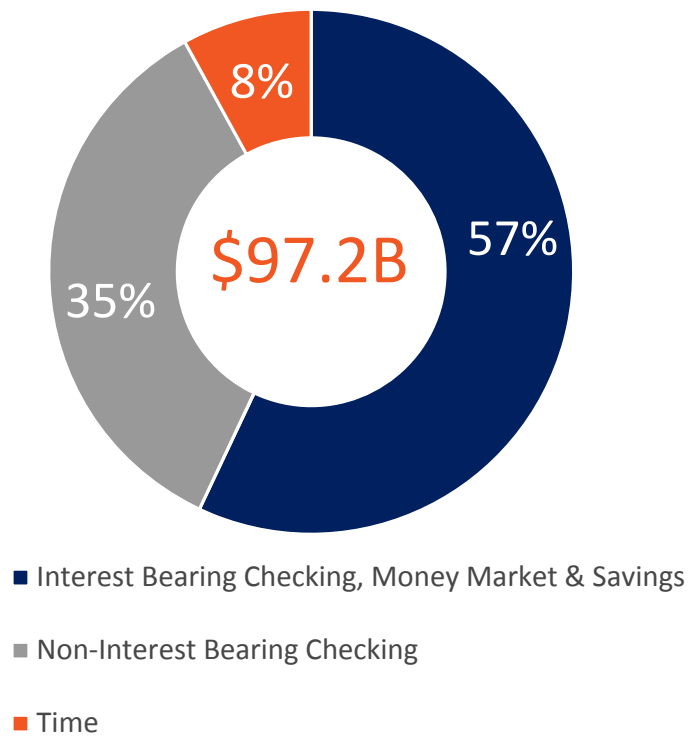


- Naturally asset-sensitive balance sheet
  - Primarily core deposit funded
  - 59% of loans have variable rates
- Asset sensitive under a range of deposit stress scenarios<sup>(2)</sup>
- Net interest income increases even in a flat rate environment, commensurate with loan growth

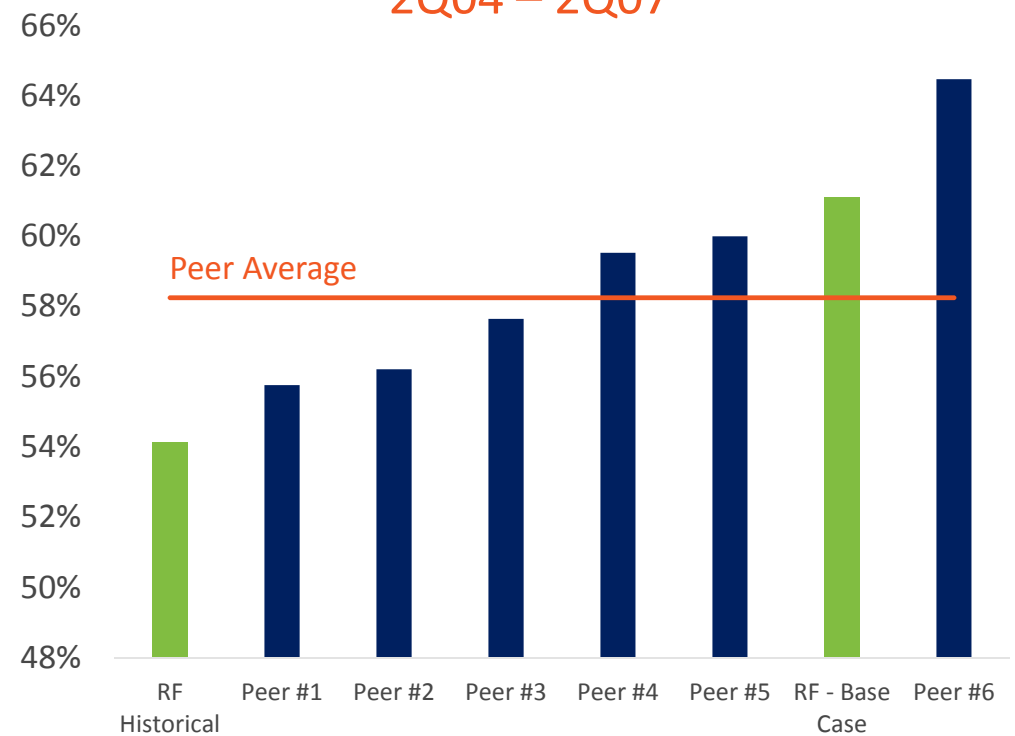
# Unique deposit base

## Favorable projected deposit beta

Deposit Mix<sup>(1)</sup>



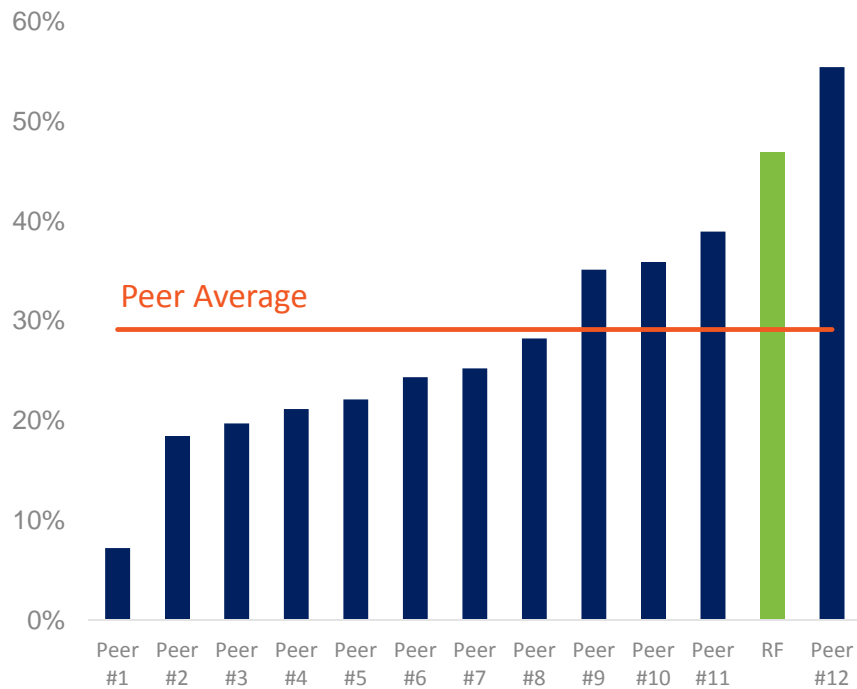
Historical Peer Betas<sup>(2)</sup>  
2Q04 – 2Q07



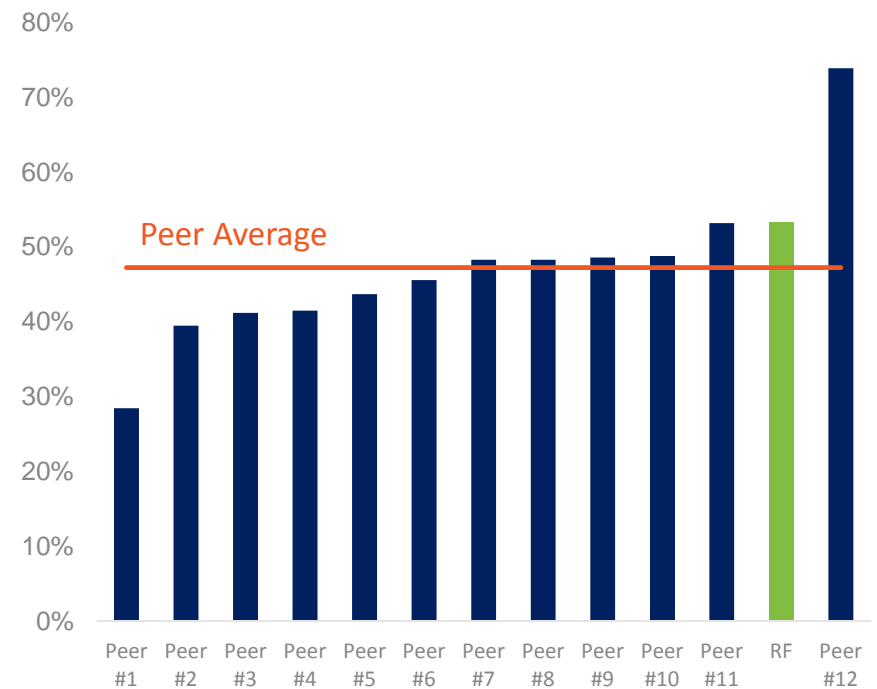
# Unique deposit base

## Sticky deposit base

Deposits in Cities w/ Populations <1M / Total Deposits<sup>(1,2)</sup>



Deposits <\$250k / Total Deposits<sup>(1,2)</sup>



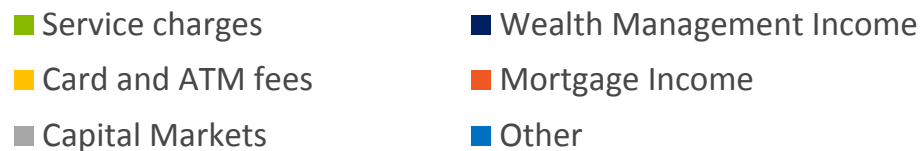
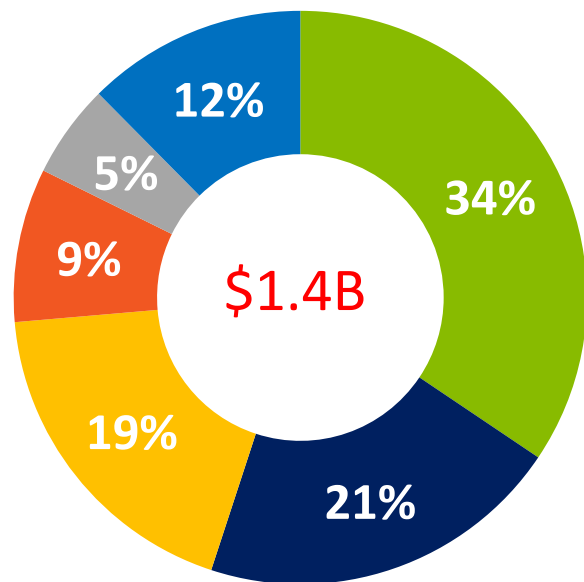
(1) Peer deposit data from 2Q15 bank call reports (SNL) and annual FDIC deposit market share reporting

(2) Peers include BBT, CMA, FHN, FITB, HBAN, KEY, MTB, PNC, STI, USB, WFC & ZION

# Non-interest income

## Grow and Diversify Revenue

### Non-Interest Income<sup>(1)</sup> Mix – 2015 YTD



### Summary of Non-Interest Income Initiatives Year-to-date

- Growth in checking accounts and households
- Increased credit card penetration 110bps
- Expanded Capital Markets capabilities
- Expanded Treasury Management capabilities
- Acquired Insurance agencies
- Hired Financial Services Consultants



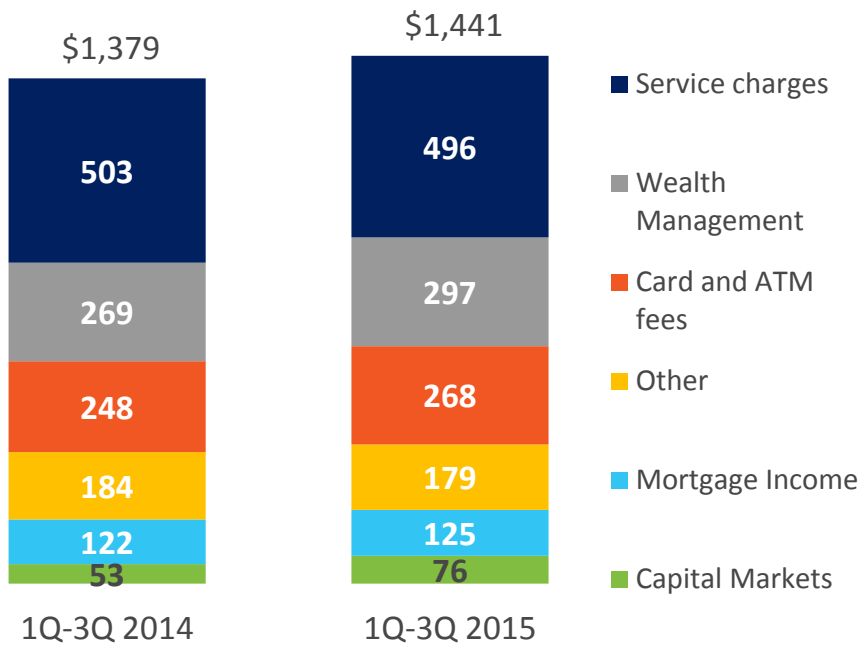
# Source of sustainable franchise value

## Evidence that our investments are paying off

### Non-Interest Income<sup>(1)</sup> Mix – 2015 YTD

### Growth Initiatives

#### Non-interest income<sup>(1)</sup> up 4.5% YTD



(\$ in millions)

#### 2015

#### 2016-2018

- ✓ GreenSky
  - ✓ Foundation
  - ✓ Streamline of Credit
  - ✓ Financial Consultants
  - ✓ Insurance Acquisitions
  - ✓ M&A Advisory
  - ✓ Multifamily Debt Placements
  - ✓ Affordable Housing
  - ✓ Treasury Management Platform
- Additional point-of-sale opportunities
  - CMBS Origination
  - Loan Sales & Trading
  - Fixed Income Sales & Trading
  - Multifamily Debt Placements
  - Affordable Housing
  - Treasury Management Platform
  - Insurance acquisitions

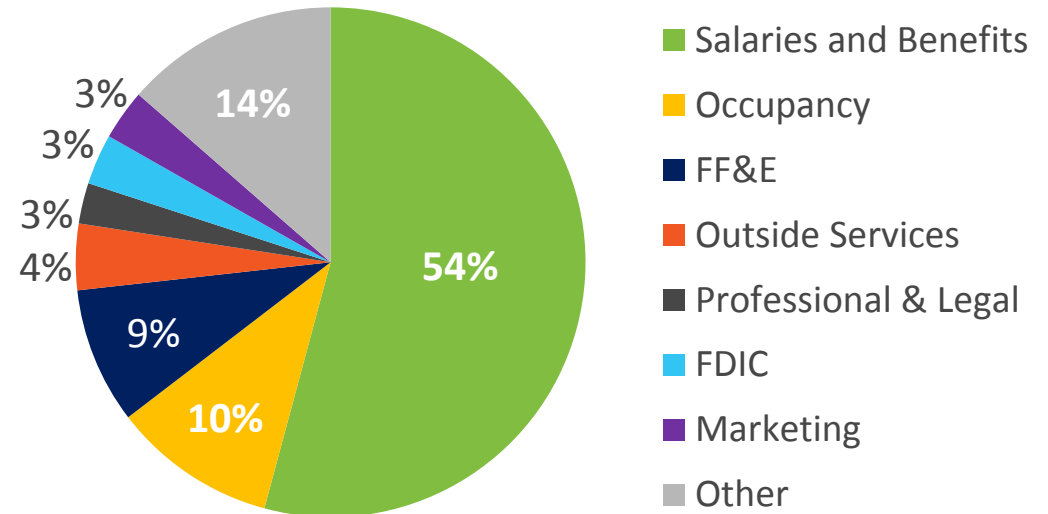
# Expenses

## Disciplined Expense Management

Full Year Expenses<sup>(1)</sup>



Total Expense<sup>(1)</sup> Mix - 2015 YTD



# Restructuring Core Expense Base

Disciplined Expense Management

Elimination of core expenses of  
**\$300 million**  
over the next 3 years

*Represents ~9% of 2015 adjusted expense base*

2016

35-45%

# Committed to improve efficiencies

## Disciplined Expense Management

### 60-65% Operational Efficiencies

- Hiring restrictions for non-customer facing positions started Oct 2015
- Streamlining and automating processes to reduce personnel needs
  - Partially through staffing reductions and through attrition
  - Evaluate staffing models, spans and layers throughout the Company
  - Ensure incentives align to the execution of this plan
  - Leverage technology to reduce dependency on labor

### 10 - 15% Branch and Real Estate Optimization

- Branch reconfiguration and continued consolidations: 100-150 branches
- Targeted reduction in total occupancy of 1 million square feet or ~10%

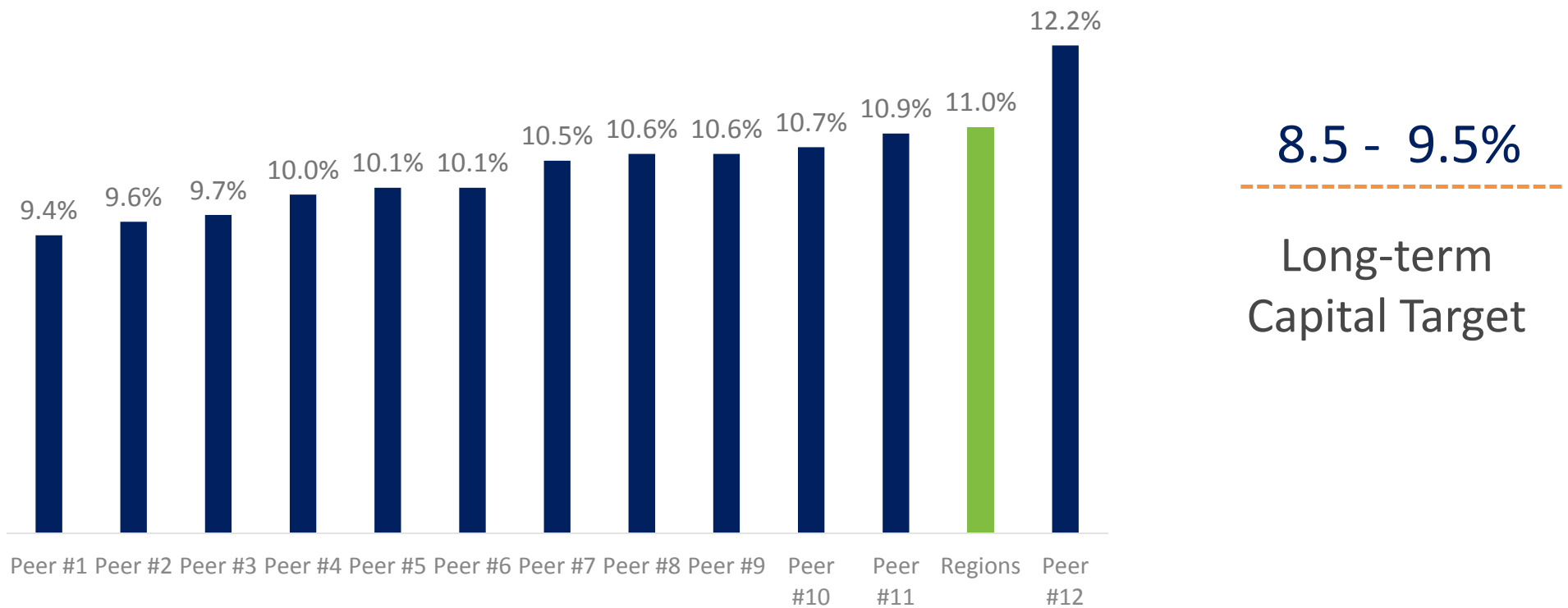
### 25 - 30% Third-Party, Discretionary and Other

- Reduce third-party spend
- Curtail discretionary expenditures

# Strength of our capital position

## Industry leading common equity level

### Basel III Common equity Tier 1 – 3Q15



# Capital Priorities

Effectively Deploy Capital



Organic Growth



Share Repurchases



Dividends



Strategic Investments

# 2016 Expectations

- Average Loan growth 3 - 5%
- Average Deposit growth 2 – 4%
- Net interest income up 2 – 4%<sup>(1)</sup>
- Adjusted non-interest income up 4 – 6%
- Adjusted expenses flat to up modestly: efficiency ratio <63%
- Operating leverage of 2 – 4%<sup>(1)</sup>
- Net charge-offs 25-35bps

# Why Regions? – Building sustainable franchise value

## Three pillars of execution

Grow and Diversify Revenue

Disciplined Expense Management

Effectively Deploy Capital

## Long-term expected results

Adjusted EPS growth  
of 12-15% (CAGR)

Adjusted efficiency  
ratio of <60%

Adjusted ROATCE  
12-14%

## How we will deliver

- Leverage our strengths
  - Team
  - Culture
  - Execution
  - Markets
- Investing in growth initiatives
- Expense eliminations
- Grow earnings
- Leverage capital
- Return capital





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