



**REGIONS<sup>®</sup>**

**2015 Investor Day**

**Regional Banking Group**

**John Owen**

November 19, 2015

# Regional Banking Group overview

## Consumer Services Group

Retail  
Small Business  
Mortgage  
Indirect Lending

## Wealth Management Group

Private Wealth  
Investment Services  
Institutional Services  
Insurance



**1,630  
Branches**



**1,966  
ATM's**



**1.4 million  
Mobile Users**



**1.9 million  
Online Users**



**92 million  
Contact Center  
calls per year**

- 4.4 million customer households
- \$72.9 billion in Deposits
- \$39.6 billion in Loan balances
- \$27 billion in Assets Under Management
- 17,207 associates covering 16 states

# Regional Banking Group 2015 highlights

## Growing the Business

✓ **Checking Accounts**  
• 2% - 3%

✓ **Credit Cards**  
• 9% - 10%

✓ **Debit Cards**  
• 2% - 3%

✓ **Regions Now Banking®**  
• 6% - 7%

✓ **Wealth Management Quality Households** • 2% - 4%

✓ **Deposits**  
• 2% - 3%

✓ **Consumer Loans**  
• 3% - 4%

✓ **Assets Under Management**  
• 1% - 2%

✓ **Regions360<sup>SM</sup> Relationships**  
• 2% - 4%

✓ **Wealth Management Non-Interest Income** • 10% - 12%

# The right delivery model

## Regions' Customers



## Guided by Local Bankers

- Wealth Advisors
- Insurance Specialists



- Relationship Managers
- Branch Team

**Supported by industry specialists and a strong back office**



**1,630  
Branches**



**1,966  
ATM's**



**1.4 million  
Mobile users**



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# Consumer Services delivering steady organic growth – focused on the fundamentals

Grow and Diversify Revenue

Disciplined Expense Management

Effectively Deploy Capital

- Remain focused on organic growth
- Deepen customer relationships through **REGIONS 360<sup>SM</sup>** strategy
- Continue investments in our distribution network
- Innovate and launch initiatives that meet customer needs

# Focused on organic growth in attractive markets

- Population base of more than 80 million and growing
- 17 of the 36 U.S. major metros (population >500,000) with strong population growth (>5%) are in our footprint
- Strong Consumer, Wealth Management, and Business opportunities



St. Louis



Atlanta



Charlotte



Houston



Orlando



Dallas



New Orleans



Indianapolis



Tampa Bay



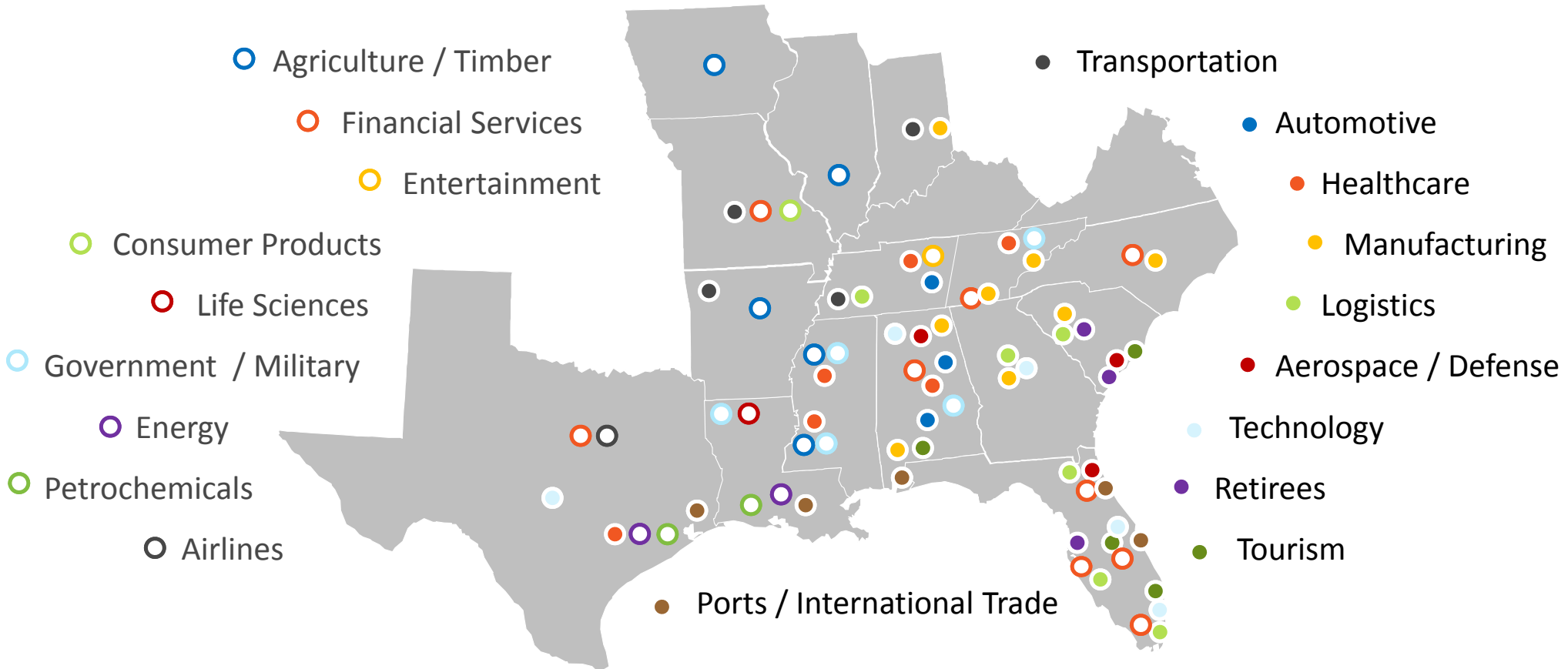
Miami



Austin

# Diverse and growing businesses

Providing stable employment for a healthy consumer market



# Deepening customer relationships through

## REGIONS 360<sup>SM</sup> go-to-market strategy

Meeting customer needs through a team-based approach

REGIONS 360<sup>SM</sup> relationships are up ~2% year-to-date

Branch referrals to other businesses are up 42% year over year

Branch revenue per referral is up 13%



# Continue investments in our distribution network

- Continue investments in mobile and online
- Building five branches in 2015 and three in 2016
- Continue deployment of Universal Banker
- Branch consolidations will continue in 2016 and 2017



# Track record of launching new and innovative solutions to meet customer needs

	Initiative	Impact
2010	<ul style="list-style-type: none"><li>Re-entered Indirect Auto</li></ul>	Prudent loan growth reaching \$3.9 billion
2011	<ul style="list-style-type: none"><li>Purchased Credit Card book of business</li></ul>	Growing more than 5,000 active cards per month in 2015
2012	<ul style="list-style-type: none"><li>Launched Regions Now Banking®</li></ul>	Grew customer base to 500,000
2013	<ul style="list-style-type: none"><li>Launched Remote Deposit Capture</li></ul>	Deliver funds availability options to the customer
	<ul style="list-style-type: none"><li>Launched Financial Consultant initiative</li></ul>	Grew brokerage assets from zero to \$2 billion

# Track record of launching new and innovative solutions to meet customer needs

## Initiative

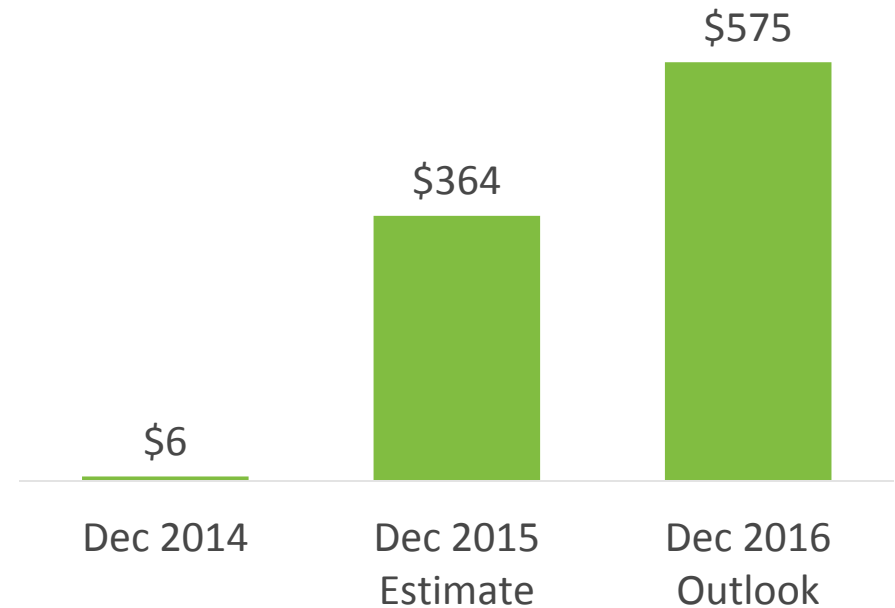
## Impact

	Initiative	Impact
2014	<ul style="list-style-type: none"> <li>Launched Regions Streamline of Credit<sup>SM</sup> for loans under \$2,000</li> </ul>	Added 40,000 new loan customers
	<ul style="list-style-type: none"> <li>Launched saving secured loans for loans under \$2,000</li> </ul>	Added 45,000 new loan customers
	<ul style="list-style-type: none"> <li>Launched pilot branch formats</li> </ul>	Test and Learn approach to meet customer needs with more automation and less square footage
2015	<ul style="list-style-type: none"> <li>Launched point-of-sale partnership focused on home improvement industry</li> </ul>	Forecasting loan balances of \$364 million in 2015
2016 - 2018	<ul style="list-style-type: none"> <li>Execute growth plans for previously launched initiatives</li> </ul>	
	<ul style="list-style-type: none"> <li>Grow and diversify revenue through additional point-of-sale loan partnerships</li> </ul>	
	<ul style="list-style-type: none"> <li>Pilot and test consumer online lending</li> </ul>	

# New point-of-sale lending partnership with GreenSky®

- Launched fourth quarter 2014
- Focused on meeting customer needs in the home improvement space
- Supports Regions' strategy to diversify and grow consumer loans
- Accretive to earnings in year one

## Strong Loan Balance Growth (\$ in Millions)

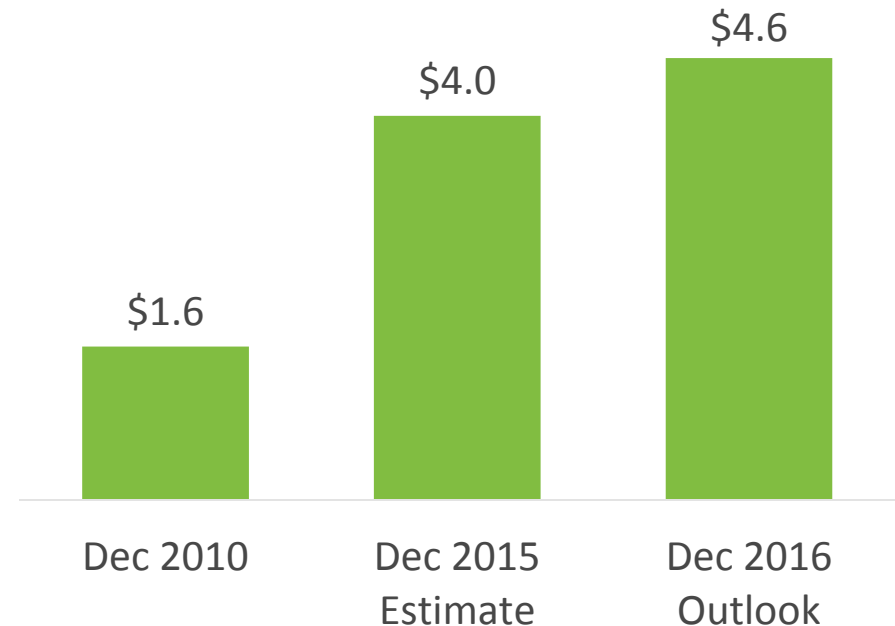


# Growing Indirect Auto in a prudent manner

- Focused strategy on aligning with large preferred dealer groups
- 50% of production is from preferred dealer groups
- Loss rates for preferred dealers are significantly lower
- No subprime; no leases with Regions' dealer partners

## Strong Loan Balance Growth

(\$ in Billions)



# Business Banking

## Three pillars of execution

Grow and Diversify Revenue

Disciplined Expense Management

Effectively Deploy Capital

- Remain focused on organic growth
- Deepen customer relationships through **REGIONS 360<sup>SM</sup>** strategy
- Expand online credit delivery channel through partnerships with alternative lenders
- Continue expansion of Small Business Administration (SBA) product offerings

# Business Banking delivering strong deposit growth while loan demand remains weak

## Key Wins

- Strong deposit growth – balances up more than 8% year-to-date
- Growing Business Banking relationships – up 7% year-to-date
- Growing **REGIONS 360<sup>SM</sup>** relationships – up 6% year-to-date
- Growing SBA lending, 2015 loan production up 13% year-over-year
- Launched partnership with Foundation<sup>TM</sup> – online small business lender

## Challenges

- The number of small businesses has declined 18% since 2008
- Small business formation remains weak
- Loan demand remains weak
- Rapid growth of non-bank online small business lenders

# Business Banking continues a slow recovery

Strong Deposit Growth - Low demand for Credit

## ● Loan Growth Opportunity Markets

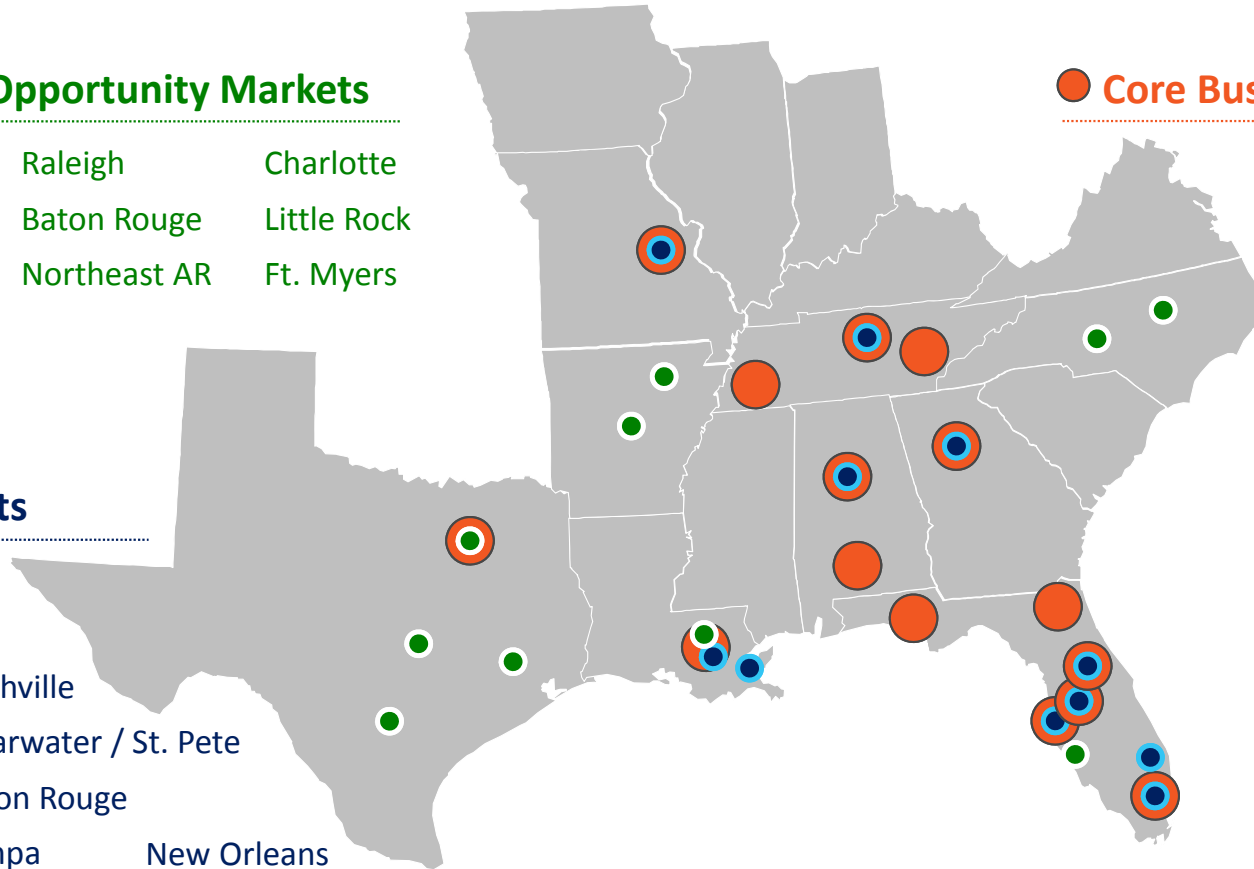
Dallas / Fort Worth    Raleigh    Charlotte  
 Houston    Baton Rouge    Little Rock  
 Austin    Northeast AR    Ft. Myers  
 San Antonio

## ● Strong Deposit Growth Markets

Birmingham  
 Miami  
 St. Louis    Nashville  
 Ft. Lauderdale    Clearwater / St. Pete  
 Atlanta    Baton Rouge  
 Orlando    Tampa    New Orleans

## ● Core Business Banking Markets

Birmingham  
 Miami  
 Orlando  
 St. Louis  
 FL Panhandle  
 Atlanta  
 Memphis  
 Clearwater / St. Pete  
 Nashville  
 South AL  
 Tampa  
 Baton Rouge  
 Dallas / Fort Worth  
 Knoxville  
 Jacksonville



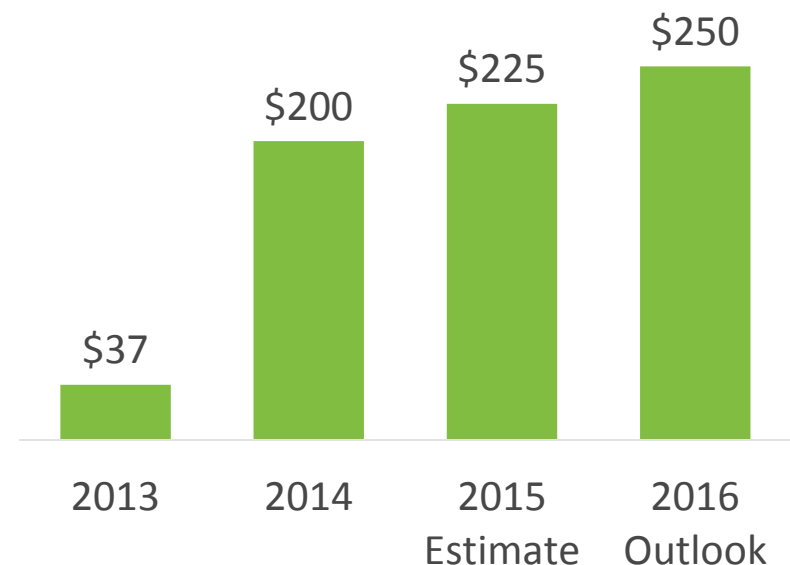


# Investments in SBA 7A lenders delivering results

- Hired 22 SBA 7A lenders over 24 month period
- Moved from being the 95<sup>th</sup> SBA lender in the U.S. in 2013 to 12<sup>th</sup> in 2015
- New SBA specialists break even after 11 months

## Steady Production Growth

(\$ in Millions)



# New online lending partnership with Foundation™

- Launched September 2015
- Focused on meeting small business customer needs by providing an online delivery channel for loans
- Supports Regions' Test and Learn strategy

The screenshot shows the Regions online loan application interface. At the top, the Regions logo is on the left and "POWERED BY FUNDATION™" with the website URL "WWW.FUNDATION.COM" is on the right. A green arrow labeled "Loan Application" points to the form. A "SECURE!" badge states "This page is secure. Your connection and data are encrypted." The form title is "Let's Get Started With Your Application". It contains several input fields: "Email Address" (with a placeholder "Email Address (e.g. john@website.com)"), "Confirm Email Address" (with a placeholder "Email Address (e.g. john@website.com)"), "Business Name (Doing Business As)" (with a placeholder "Name You Do Business As"), "Zip Code of Business" (with a placeholder "Enter Zip Code"), "Use of Proceeds" (a dropdown menu with "Select Use of Proceeds"), "How Old is This Business" (a dropdown menu with "Select Tenure Of Business"), "Annual Business Sales" (with a placeholder "Enter Annual Business Sales Amount"), and "Annual Business Profit Before Tax" (with a placeholder "Enter Annual Profit Before Tax"). A green "GET STARTED !" button with a right arrow is at the bottom. Links for "Privacy Policy" and "Terms of Use" are at the bottom right.

# Wealth Management Group

## Three pillars of execution

### Grow and Diversify Revenue

### Disciplined Expense Management

### Effectively Deploy Capital

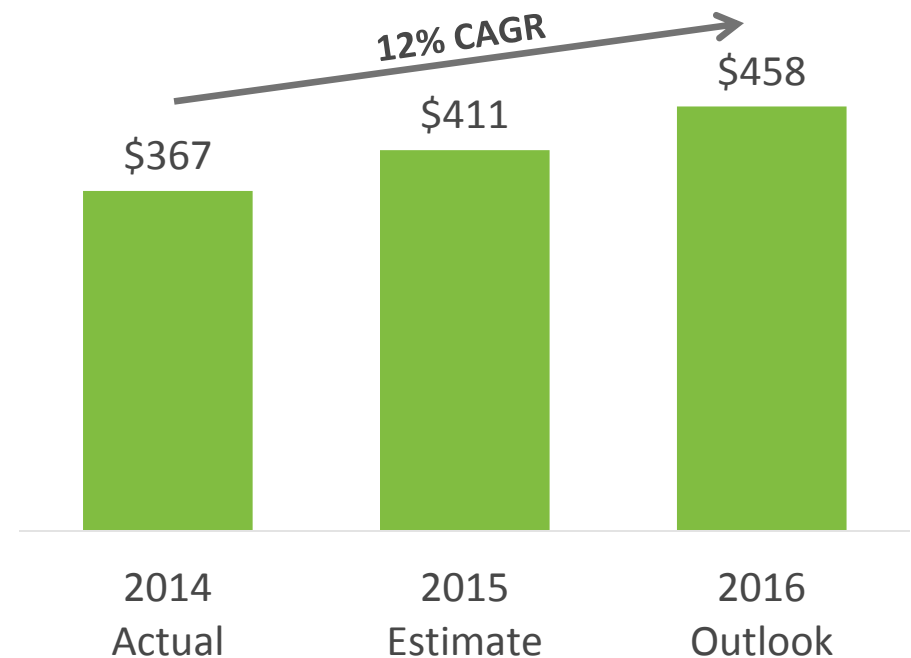
- Remain focused on organic growth
- Deepen customer relationships through **REGIONS 360<sup>SM</sup>** strategy
- Grow Assets Under Management
- Make bolt-on acquisitions and lift-outs

# Wealth Management strategy delivering revenue growth

- Developed a talented team focused on client needs
- Built out our Investment Services team
- Continue investments in Insurance lift-outs and acquisitions
- Fiduciary standard of care in Private Wealth

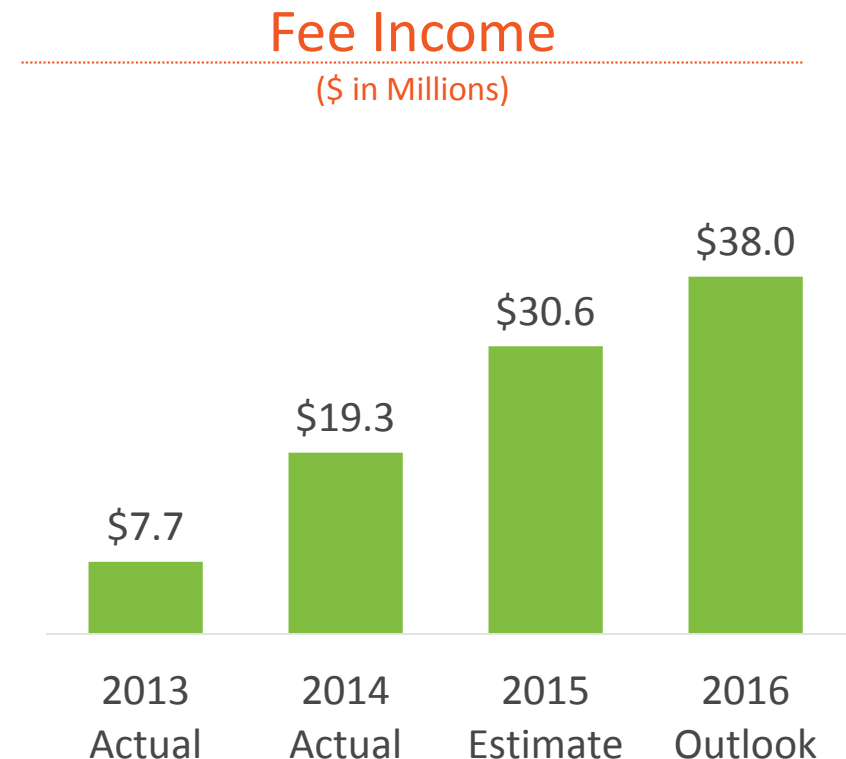
## Growing Non-Interest Income

(\$ in Millions)



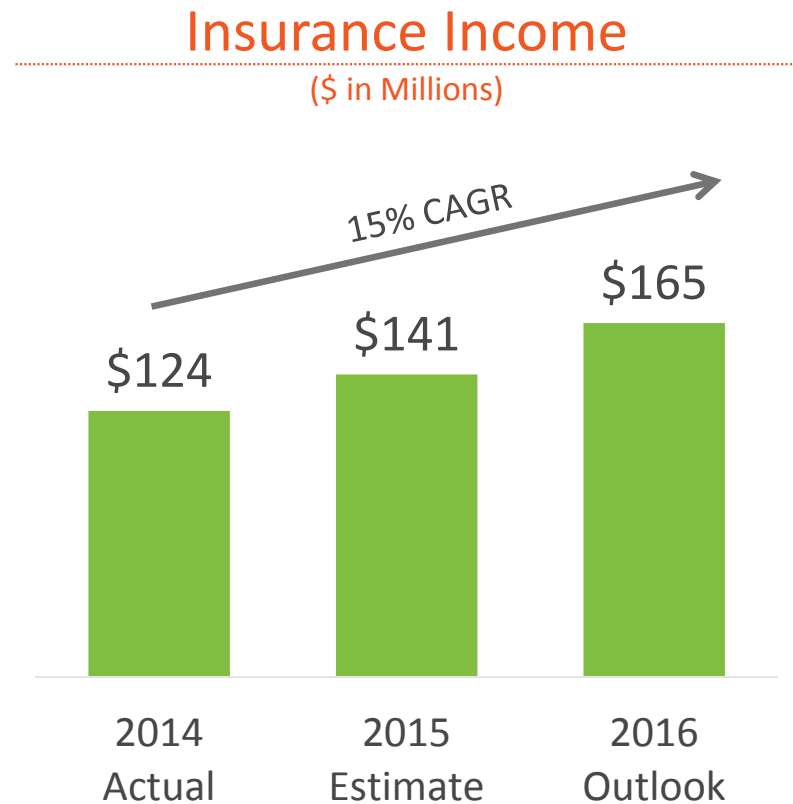
# Investments in Financial Consultants delivering results

- Hired, trained and on-boarded 225 Financial Consultants over three years
- Financial Consultants breakeven at nine months
- Brokerage assets have grown from \$0 to \$2 billion
- Targeting customers with \$500,000 or less to invest



# Steady revenue growth from investments in Insurance

- Experienced team
- Organic growth and acquisitions / lift-outs driving revenue growth
- Efficient delivery model – one technology platform
- Low risk business model

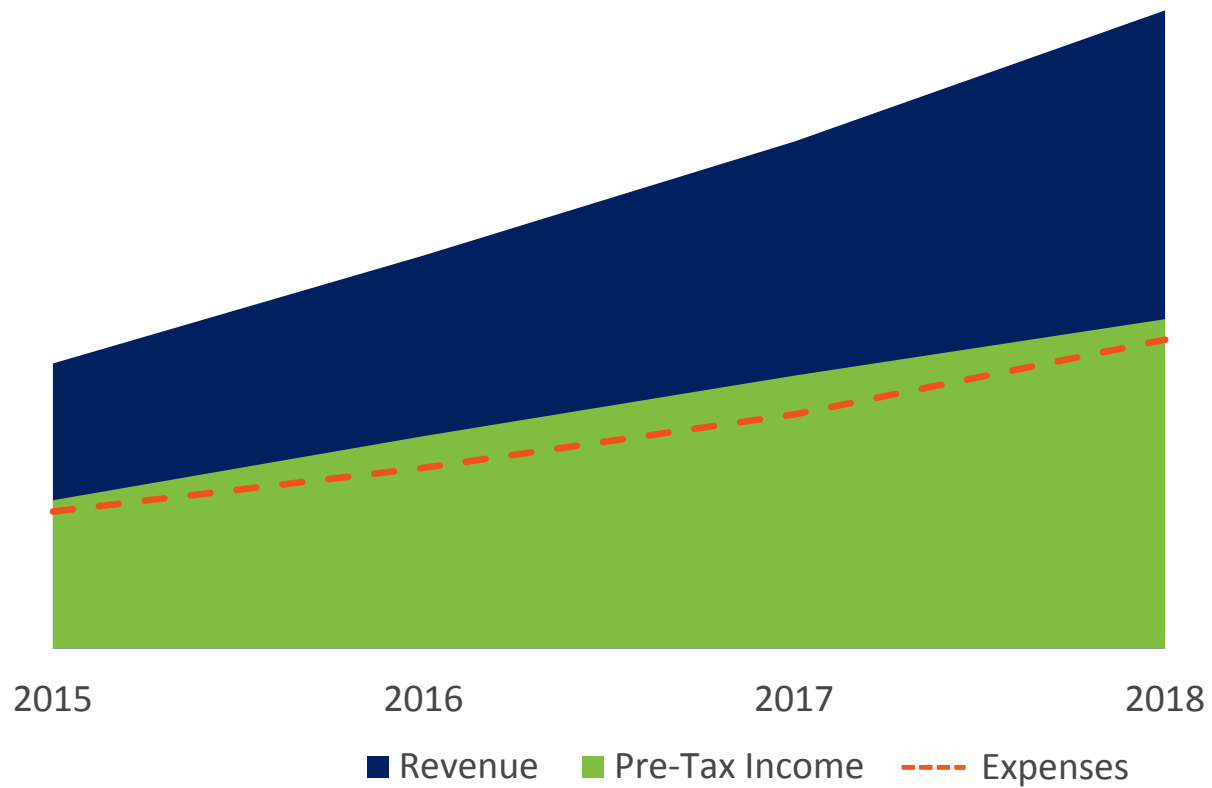


# Disciplined Expense Management

- Continue execution of Lean Six Sigma initiatives
  - Delivered \$35 million annualized financial benefits in 2015
  - Targeting \$30 million to \$50 million of revenue or expense improvements in 2016
- Usage of Remote Deposit Capture, DepositSmart ATMs<sup>®</sup> and Universal Banker, driving teller headcount down by more than 380 positions in 2014 and 2015
- Branch consolidation opportunities will continue in 2016 and 2017
- Remain focused on digitization of work processes

# Investing in people & products

## Cumulative 3-Year Financial Impact of Initiatives





# Regional Banking Group

## 2016 – 2018 Growth Outlook – Annual Growth Targets

Revenue  
growth  
of 2% - 4%  
(CAGR)

Positive  
Operating  
Leverage  
of 2% - 3%

- Customer accounts 2% - 4%
- **REGIONS 360<sup>SM</sup>** accounts 2% - 4%
- Deposits 2% - 4%
- Loans 3% - 5%
- Assets Under Management 5% - 7%
- Wealth Management Non-Interest Income 10% - 12%



**REGIONS®**

