



*Regions Financial Corporation*

## **Basel III Regulatory Capital Disclosures Report**

As of and for the quarter ended June 30, 2015

## **Regions Financial Corporation**

Basel III Regulatory Capital Disclosures Report  
As of and for the Quarter Ended June 30, 2015

### **Table of Contents**

---

Background and Overview	<a href="#"><u>3</u></a>
Table 1 Scope of Application	<a href="#"><u>3</u></a>
Table 2 Capital Structure	<a href="#"><u>4</u></a>
Table 3 Capital Adequacy	<a href="#"><u>5</u></a>
Table 4 Capital Conservation Buffer	<a href="#"><u>6</u></a>
Table 5 Credit Risk: General Disclosures	<a href="#"><u>7</u></a>
Table 6 Counterparty Credit Risk-Related Exposures	<a href="#"><u>18</u></a>
Table 7 Credit Risk Mitigation	<a href="#"><u>20</u></a>
Table 8 Securitization	<a href="#"><u>21</u></a>
Table 9 Equity Exposures Not Subject to the Market Risk Rule	<a href="#"><u>22</u></a>
Table 10 Interest Rate Risk for Non-trading Activities	<a href="#"><u>24</u></a>
Appendix 1 Basel III Regulatory Capital Disclosure Matrix	<a href="#"><u>25</u></a>

## Background and Overview

---

In July 2013, Regions Financial Corporation's (the "Company" or "Regions") and Regions Bank's (the "Bank") primary federal regulator, the Federal Reserve Board, published final rules (the "Final Rules") establishing a new comprehensive capital framework for U.S. banking organizations. The Final Rules implement the Basel Committee's December 2010 framework known as "Basel III" for strengthening international capital standards as well as certain provisions of the Dodd-Frank Act. The Final Rules substantially revise the risk-based capital requirements applicable to bank holding companies and depository institutions, including the Company and the Bank, compared to the U.S. risk-based capital rules in effect prior to the effective date of the Final Rules. The Final Rules define the components of capital and address other issues affecting the numerator in banking institutions' regulatory capital ratios. The Final Rules also address risk weights and other issues affecting the denominator in banking institutions' regulatory capital ratios and replace the existing risk-weighting approach, which was derived from the "Basel I" capital accords of the Basel Committee, with a more risk-sensitive approach based, in part, on the standardized approach in the Basel Committee's 2004 "Basel II" capital accords. The Final Rules were effective for Regions and Regions Bank on January 1, 2015 (subject to a phase-in period). Regions is currently not subject to the U.S. market risk capital rule, which applies only to banking institutions with significant trading activity.

This document and certain of the Company's public filings present the Regulatory Capital Disclosures in compliance with Basel III as described in Section 63 of the Final Rules. The Company's Annual Report on Form 10-K for the year ended December 31, 2014 and its Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 filed with the Securities and Exchange Commission contain management's discussion of the overall risk profile of the Company and related management strategies. These Regulatory Capital Disclosures should be read in conjunction with the Form 10-K and Form 10-Q, as well as the Consolidated Financial Statements for Holding Companies - FR Y-9C. The Regulatory Capital Disclosures Matrix presented in Appendix 1 specifies where all disclosures required by the Final Rules are located.

### Table 1 Scope of Application

---

Regions Financial Corporation is a financial holding company headquartered in Birmingham, Alabama. The terms "Regions," "the Company," "we," "us" and "our" mean Regions Financial Corporation, a Delaware corporation and its subsidiaries, when appropriate. Regions conducts its banking operations through Regions Bank, an Alabama state-chartered commercial bank that is a member of the Federal Reserve System. At June 30, 2015, Regions operated 1,960 ATMs and 1,631 banking offices in Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, South Carolina, Tennessee, Texas and Virginia. Regions provides traditional commercial, retail and mortgage banking services, as well as other financial services in the fields of asset management, wealth management, securities brokerage, insurance, trust services, and other specialty financing. At June 30, 2015, Regions had total consolidated assets of approximately \$121.9 billion, total consolidated deposits of approximately \$97.1 billion and total consolidated stockholders' equity of approximately \$16.9 billion.

The Company's accounting and reporting policies conform to accounting principles generally accepted in the United States of America (GAAP). Additionally, where applicable, the policies conform to the accounting and reporting guidelines prescribed by bank regulatory authorities. See Note 1, "Summary of Significant Accounting Policies" to the consolidated financial statements included in Regions' 2014 Form 10-K. The basis of consolidation for accounting and regulatory purposes is the same.

Regions is a legal entity separate and distinct from its banking and other subsidiaries. The principal source of cash flow to Regions, including cash flow to pay dividends to its stockholders and principal and interest on any of its outstanding debt, is dividends from Regions Bank. There are statutory and regulatory limitations on the payment of dividends by Regions Bank to Regions. Under the Federal Reserve's Regulation H, Regions Bank may not, without approval of the Federal Reserve, declare or pay a dividend to Regions if the total of all dividends declared in a calendar year exceeds the total of (a) Regions Bank's net income for that year and (b) its retained net income for the preceding two calendar years, less any required transfers to additional paid-in capital or to a fund for the retirement of preferred stock.

Under Alabama law, Regions Bank may not pay a dividend in excess of 90% of its net earnings until the bank's surplus is equal to at least 20% of capital. Regions Bank is also required by Alabama law to seek the approval of the Alabama Superintendent of Banking prior to the payment of dividends if the total of all dividends declared by Regions Bank in any calendar year will exceed the total of (a) Regions Bank's net earnings for that year, plus (b) its retained net earnings for the preceding two years, less any required transfers to surplus. The statute defines net earnings as the remainder of all earnings from current operations plus actual recoveries on loans and investments and other assets, after deducting from the total thereof all current operating expenses, actual losses, accrued dividends on preferred stock, if any, and all federal, state and local taxes. Regions Bank cannot, without approval from the Federal Reserve and the Alabama Superintendent of Banking, declare or pay a dividend to Regions unless Regions Bank is able to satisfy the criteria discussed above.

Regions' insurance subsidiaries are insurance brokers and do not currently engage in underwriting activities. However, Regions did engage in underwriting activities in the past. At June 30, 2015, the Company's insurance subsidiaries' aggregate amount of surplus capital included in the total capital of the consolidated group was minimal.

At June 30, 2015, none of the Company's subsidiaries that have a capital requirement had capital less than the minimum total capital requirement.

## Table 2 Capital Structure

Regions has issued a variety of capital instruments to meet its regulatory capital requirements. These capital instruments include common stock that qualifies as Common Equity Tier 1 capital ("CET1"), noncumulative perpetual preferred stock that qualifies as additional Tier 1 capital and subordinated debt that qualifies as Tier 2 capital. For further information on the Company's capital instruments, see Note 12, "Long-Term Borrowings", and Note 14, "Stockholders' Equity and Accumulated Other Comprehensive Income (Loss)", to the consolidated financial statements in Part II, Item 8 of the 2014 Form 10-K. See also Note 7, "Stockholders' Equity and Accumulated Other Comprehensive Income (Loss)", to the consolidated financial statements in Part I, Item 1 of the June 30, 2015 Form 10-Q. See also Table 13, "Long-Term Borrowings", in Part I, Item 2 of the June 30, 2015 Form 10-Q.

The following table represents the amounts of CET1, Tier 1 capital and Total capital along with the related components and regulatory adjustments and deductions.

**Table 2 Capital Structure**

	June 30, 2015	
	Regions Financial Corporation	Regions Bank
	(In millions)	
<b>Common Equity Tier 1 Capital:</b>		
Common stock and surplus (net of treasury stock)	\$ 16,992	\$ 16,518
Retained earnings (deficit)	(658)	(112)
Accumulated other comprehensive income	(287)	(288)
Regulatory adjustments and deductions made to CET1	(4,520)	(3,928)
Common Equity Tier 1 Capital	11,527	12,190
<b>Additional Tier 1 Capital:</b>		
Preferred stock	852	—
Regulatory adjustments and deductions made to Tier 1 capital	(63)	—
Tier 1 Capital	12,316	12,190
<b>Tier 2 Capital:</b>		
Qualifying subordinated debt	560	848
Qualifying allowance for loan and lease losses	1,179	1,179
Total capital minority interest not included in Tier 1 capital	628	—
Includible unrealized gains on available-for-sale equity exposures	5	5
Total Capital	\$ 14,688	\$ 14,222

## Table 3 Capital Adequacy

### Capital Adequacy Assessment

Regions believes that the prudent management of capital is paramount in ensuring the Company's continued ability to provide uninterrupted high quality service to the businesses and communities it serves. Regions believes that no single tool or model can sufficiently assess capital adequacy. As such, Regions has established a multi-faceted approach which is designed to capture relevant information from across the Company and consolidate it in a way that can be reliably used to facilitate capital adequacy assessments and broader capital planning decision making. This framework is directly integrated with the Risk Appetite Statement, as defined by Regions' Board of Directors, and includes, but is not limited to, analysis of economic capital, regulatory capital, liquidity, and internal enterprise risk assessments. Certain of these elements are analyzed on a spot and forecasted basis and under a multiple of assumed macroeconomic conditions, including adverse scenarios of varying severity. With respect to these adverse scenarios, this "stress testing" is a critical input into Regions' internal capital adequacy assessment and is also a primary focus of the Federal Reserve's Comprehensive Capital Analysis and Review ("CCAR") and Dodd-Frank Act Stress Testing ("DFAST"). For additional information on the risks considered and methodology employed by Regions as part of its internal stress testing routines see Regions' semi-annual DFAST disclosure posted on Regions' website.

### Regulatory Capital Ratios

Regions also manages its capital to exceed regulatory capital requirements for well-capitalized financial institutions. For June 30, 2015, the Company's applicable capital requirement for regulatory and supervisory purposes is based upon the ratios determined under the standardized approach.

Under the standardized approach, banking regulators define capital requirements for banks and bank holding companies expressed in the form of a CET1 capital ratio, a Tier 1 capital ratio, a Total risk-based capital ratio, and a Leverage ratio. The current minimum required levels for these ratios are 4.5 percent, 6.0 percent, 8.0 percent, and 4.0 percent, respectively, for both Regions and Regions Bank. The requirements for Regions Bank to be considered "well capitalized" are 6.5 percent, 8.0 percent, 10.0 percent, and 5.0 percent, respectively. The requirements for Regions to be considered "well capitalized" are 6.0 percent for Tier 1 capital and 10.0 percent for Total capital.

A summary of the risk-weighted assets by exposure category and the capital ratios under the standardized approach as of June 30, 2015 are shown below.

**Table 3 Capital Adequacy**

	June 30, 2015
	Regions Financial Corporation
	(In millions)
Risk-Weighted Assets:	
Exposures to government sponsored enterprises	\$ 3,064
Exposures to depository institutions, foreign banks and credit unions	326
Exposures to public service entities	1,019
Corporate exposures	48,295
Residential mortgage exposures	16,360
High volatility commercial real estate loans	2,112
Past due loans	888
Other assets	10,623
Securitization exposures	425
Equity exposures	1,967
Other:	
Off-balance-sheet commitments	14,720
Derivatives	814
Letters of credit and other	1,360
<b>Total risk-weighted assets</b>	<b>\$ 101,973</b>

June 30, 2015

Capital Ratios:	Regions Financial Corporation	Regions Bank
Common equity tier 1	11.30%	11.99%
Tier 1	12.08%	11.99%
Total risk-based capital	14.40%	13.99%

#### **Table 4      Capital Conservation Buffer**

The Final Rules introduce a new capital conservation buffer designed to absorb losses during periods of economic stress. The capital conservation buffer is composed entirely of CET1, in addition to minimum risk-weighted asset ratios. Banking institutions with a ratio of CET1 to risk-weighted assets above the minimum but below the capital conservation buffer will face constraints on payouts, which include dividends, equity repurchases and compensation, based on the amount of the shortfall.

The capital conservation buffer becomes effective for the Company and the Bank on January 1, 2016. When fully phased-in on January 1, 2019, the Final Rules will require the Company and the Bank to maintain an additional capital conservation buffer of 2.5% of CET1 to risk-weighted assets, effectively resulting in minimum ratios of (i) CET1 to risk-weighted assets of at least 7%, (ii) Tier 1 capital to risk-weighted assets of at least 8.5%, and (iii) Total capital to risk-weighted assets of at least 10.5%. As the phase-in of the capital conservation buffer has not yet begun, Regions is not currently subject to any limitations on its capital distributions. Moreover, if the capital conservation buffer was fully phased-in on June 30, 2015, Regions would not be subject to any limitation on its capital distributions as Regions' capital levels are in excess of the defined minimum levels, inclusive of the full capital conservation buffer.

## Table 5 Credit Risk: General Disclosures

---

Credit risk is the risk of loss arising from a borrower or counterparty failing to meet a contractual obligation. Credit risk exists in the securities portfolio, the loan portfolio, and derivatives activities. Regions maintains a highly rated securities portfolio consisting primarily of agency mortgage-backed securities, in order to manage credit risk in the securities portfolio. Regions uses financial derivative instruments for management of interest rate sensitivity, as well as to offset the risks associated with customer derivatives, which include interest rate, credit and foreign exchange risks. Regions manages the credit risk of these derivative instruments in much the same way it manages credit risk of the loan portfolios by establishing credit limits for each counterparty and through collateral agreements for dealer transactions. For non-dealer transactions, the need for collateral is evaluated on an individual transaction basis and is primarily dependent on the financial strength of the counterparty. Credit risk related to derivatives is also reduced significantly by entering into legally enforceable master netting agreements.

Regions has established a risk management framework to manage risks and provide reasonable assurance of the achievement of the Company's strategic objectives. Regions' risk management framework is founded on three pillars, each of which is critical to ensuring that risks are properly identified, assessed and managed. Those three pillars are 1) the three lines of defense, 2) enterprise risk management governance and 3) continuous improvement cycle. The Risk Management Group, led by the Company's Chief Risk Officer, ensures the consistent application of Regions' risk management approach within the structure of the Company's operating, capital and strategic plans. As part of its ongoing assessment process, the Risk Management Group makes recommendations to management and the Risk Committee of the Board of Directors regarding adjustments to controls as conditions or risk tolerances change. Management, with the assistance of the Risk Management Group, follows a formal process for identifying and documenting key risks (including credit risk) facing each business group and determining how those risks can be controlled or mitigated, as well as how controls can be monitored to ensure they are effective. The Risk Committee receives reports from management to ensure operations are within the limits established by the Committee's Risk Appetite Statement.

For further information on Regions' credit risk and risk management framework, see "Quantitative and Qualitative Disclosures about Market Risk-Risk Management" in Part II, Item 7A of the 2014 Form 10-K and "Quantitative and Qualitative Disclosures about Market Risk-Credit Risk" in Part II, Item 7A of the 2014 Form 10-K. Also see "Quantitative and Qualitative Disclosures about Market Risk-Interest Rate Risk" in Part II, Item 7A of the 2014 Form 10-K for a discussion of Regions' derivative credit risk.

Regions has documented policies related to determining past due or delinquency status of a loan, placing loans on non-accrual status, returning loans to accrual status, identifying impaired loans and charging-off uncollectible loans. See Note 1 "Summary of Significant Accounting Policies" to the consolidated financial statements included in Regions' 2014 Form 10-K for further information.

Disclosures included in this Credit Risk: General Disclosures section report classifications consistent with the 2014 Form 10-K and the June 30, 2015 Form 10-Q. Credit risk associated with loans combined with related commitments to extend credit and letters of credit, corporate and other debt securities and over the counter ("OTC") derivatives are presented in this section since they represent Regions' major types of credit exposure.

### Loans and Related Commitments

The Company categorizes its loan portfolio into three segments, which is the level at which it develops and documents a systematic methodology to determine the allowance for credit losses. The Company's three loan portfolio segments are commercial lending, investor real estate lending and consumer lending. Regions further disaggregates its loans into various classes based on their underlying risk characteristics. The three classes within the commercial lending segment are commercial and industrial, commercial real estate mortgage-owner occupied and commercial real estate construction-owner occupied. The two classes within investor real estate lending are commercial investor real estate mortgage and commercial investor real estate construction. The six classes within the consumer lending segment are residential first mortgage, home equity, indirect-vehicles, indirect-other consumer, consumer credit card and other consumer loans. The following tables present certain of the Company's on- and off-balance sheet positions for which the Company is subject to credit risk exposure and are presented on a U.S. GAAP basis. These amounts do not include the effects of certain credit risk mitigation techniques (for example, netting not permitted under U.S. GAAP), equity investments or liability positions that also would be subject to credit risk capital calculations, and amounts related to items that are deducted from regulatory capital. For the tables below, the residential first mortgage and home equity lending classes have been combined into "consumer real estate" and the indirect-vehicles, indirect-other consumer, consumer credit card and other consumer loan classes have been combined into "other consumer". For further information on the Company's loan portfolios, see the "Portfolio Characteristics" sections of Management's Discussion and Analysis in Part II, Item 7A of the 2014 Form 10-K and in Part I, Item 2 of the June 30, 2015 Form 10-Q.

Table 5a provides the geographic distribution of loans and related commitments by the top ten states within the United States and all other. The table includes loans, contractual commitments to extend credit and letters of credit, and excludes loans held for sale.

**Table 5a**                    **Loans and Related Commitments Exposure by Geography**

	June 30, 2015					
	Commercial <sup>(1)</sup>	Investor Real Estate <sup>(2)</sup>	Consumer Real Estate <sup>(2)</sup>	Other Consumer <sup>(1)</sup>	Total	Percent of Total
	(Dollars in millions)					
Florida	\$ 7,849	\$ 2,350	\$ 9,984	\$ 2,273	\$ 22,456	17.7%
Alabama	10,052	524	4,876	2,062	17,514	13.8%
Texas	9,937	2,125	831	972	13,865	10.9%
Tennessee	6,658	520	5,057	1,336	13,571	10.7%
Georgia	5,537	668	2,084	1,007	9,296	7.3%
Louisiana	4,445	362	1,425	610	6,842	5.4%
Mississippi	2,561	132	1,385	650	4,728	3.7%
North Carolina	1,580	663	552	379	3,174	2.5%
Arkansas	1,883	88	733	462	3,166	2.5%
Missouri	2,003	202	679	211	3,095	2.5%
Other <sup>(3)</sup>	20,547	3,577	3,349	1,719	29,192	23.0%
	<u>\$ 73,052</u>	<u>\$ 11,211</u>	<u>\$ 30,955</u>	<u>\$ 11,681</u>	<u>\$ 126,899</u>	<u>100.0%</u>

(1) Geography defined by location of customer.

(2) Geography defined by location of collateral.

(3) Includes commitments to make commitments.



Table 5b provides loans and related commitments by industry distribution. The table includes loans, contractual commitments to extend credit and letters of credit, and excludes loans held for sale. Table 5b differs from the industry distribution of commercial loans disclosed in Regions' 2014 Form 10-K, which includes only funded loans.

**Table 5b      Loans and Related Commitments Exposure by Industry**

	June 30, 2015	
	Amount	Percent of Subtotal
	(Dollars in millions)	
<b>Commercial:</b>		
Administrative, support, waste and repair	\$ 1,411	1.9%
Agriculture	1,137	1.5%
Educational services	2,120	2.9%
Energy	5,533	7.5%
Financial services <sup>(1)</sup>	6,499	8.9%
Government and public sector	2,521	3.5%
Healthcare	5,699	7.8%
Information	1,961	2.7%
Manufacturing <sup>(1)</sup>	8,052	11.0%
Professional, scientific and technical services <sup>(1)</sup>	2,452	3.4%
Real estate	11,214	15.4%
Religious, leisure, personal and non-profit services	2,634	3.6%
Restaurant, accommodation and lodging	2,837	3.9%
Retail trade	5,107	7.0%
Transportation and warehousing <sup>(1)</sup>	3,225	4.4%
Utilities	2,175	3.0%
Wholesale goods <sup>(1)</sup>	5,766	7.9%
Other	2,709	3.7%
<b>Total commercial</b>	<b>73,052</b>	<b>100.0%</b>
<b>Investor Real Estate:</b>		
Hotel	419	3.7%
Industrial	1,160	10.3%
Land	418	3.7%
Multi-family	3,249	29.0%
Office	1,857	16.6%
Retail	1,278	11.4%
Single-family/condo	1,634	14.6%
Other	1,196	10.7%
<b>Total investor real estate</b>	<b>11,211</b>	<b>100.0%</b>
<b>Consumer:</b>		
Consumer real estate secured	30,955	
Consumer non-real estate secured	11,681	
<b>Total consumer</b>	<b>42,636</b>	
<b>Total</b>	<b>\$ 126,899</b>	
<b>Average for the quarter</b>	<b>\$ 125,706</b>	

(1) Regions' definition of indirect energy-related lending includes certain balances within each of these selected industry categories. As of June 30, 2015, total indirect energy-related lending and commitments were approximately \$1.1 billion.

Table 5c provides a distribution based on remaining maturity by loan category for the funded amount of loans. Table 5d provides a maturity distribution by loan category for contractual commitments to extend credit and letters of credit. The funded amount of loans combined with the contractual amounts of commitments to extend credit and letters of credit represent the Company's maximum exposure to credit loss in the event of default by the borrower if the borrower were to fully draw against the commitment. Regions manages this credit risk by using the same credit policies it applies to loans. Refer to Note 23, "Commitments, Contingencies and Guarantees", to the consolidated financial statements in Part II, Item 8 of the Company's 2014 Form 10-K for further details.

**Table 5c Loan Maturities by Exposure Type**

	June 30, 2015			
	One Year or Less	Over One Through Five Years	Over Five Years	Total
	(In millions)			
Commercial	\$ 5,890	\$ 28,030	\$ 9,672	\$ 43,592
Investor real estate	2,097	4,387	444	6,928
Consumer real estate	236	994	22,258	23,488
Other consumer	1,171	2,881	2,089	6,141
	<u>\$ 9,394</u>	<u>\$ 36,292</u>	<u>\$ 34,463</u>	<u>\$ 80,149</u>
Average for the quarter				<u>\$ 79,175</u>

**Table 5d Commitments and Letters of Credit Maturities by Exposure Type**

	June 30, 2015		
	One Year or Less	Greater Than One Year	Total
	(In millions)		
Commercial	\$ 8,396	\$ 21,064	\$ 29,460
Investor real estate	1,492	2,791	4,283
Consumer real estate	829	6,638	7,467
Other consumer	5,144	396	5,540
	<u>\$ 15,861</u>	<u>\$ 30,889</u>	<u>\$ 46,750</u>
Average for the quarter			<u>\$ 46,531</u>

Table 5e provides geographic detail on past due and nonperforming loans, excluding loans held for sale. The geographic distribution is consistent with the methodology utilized in Table 5a. The table also excludes unfunded commitments and letters of credit because Regions' obligation to provide additional funding is reduced as a result of the performing status of these loans.

**Table 5e Past Due and Nonperforming Loans by Geography**

	June 30, 2015				
	Accruing Loans <sup>(1)</sup>		Non-accrual Loans		
	30-89 Days Past Due	90 or More Days Past Due	Less Than 90 Days Past Due	90 or More Days Past Due	Total Non-accrual
	(In millions)				
Florida	\$ 117	\$ 104	\$ 136	\$ 109	\$ 245
Alabama	57	38	65	18	83
Texas	15	7	95	17	112
Tennessee	50	35	17	24	41
Georgia	38	20	33	12	45
Louisiana	19	18	25	18	43
Mississippi	22	18	13	14	27
North Carolina	9	6	10	3	13
Arkansas	11	12	16	14	30
Missouri	6	5	2	9	11
Other	37	37	73	28	101
	<u>\$ 381</u>	<u>\$ 300</u>	<u>\$ 485</u>	<u>\$ 266</u>	<u>\$ 751</u>

(1) Includes residential first mortgage loans that are 100% guaranteed by the Federal Housing Administration (FHA) and all guaranteed loans sold to the Government National Mortgage Association (GNMA) where Regions has the right but not the obligation to repurchase. Total 30-89 days past due guaranteed loans included above were \$23 million. Total 90 days or more past due guaranteed loans included above were \$103 million.

Impaired loans include non-accrual commercial and investor real estate loans (excluding leases) and all troubled debt restructurings ("TDRs"). Total impaired loans at June 30, 2015 were approximately \$1.8 billion and included approximately \$1.4 billion of TDRs.

Table 5f provides industry distribution of the past due and nonperforming loans for each class of loans, excluding loans held for sale. Unfunded commitments and letters of credit are also excluded as discussed above.

**Table 5f Past Due and Nonperforming Loans by Industry**

	June 30, 2015				
	Accruing Loans		Non-accrual Loans		
	30-89 Days Past Due	90 or More Days Past Due	Less Than 90 Days Past Due	90 or More Days Past Due	Total Non-accrual
	(In millions)				
<b>Commercial:</b>					
Administrative, support, waste and repair	\$ 2	\$ 1	\$ 14	\$ 6	\$ 20
Agriculture	5	—	19	8	27
Educational services	1	—	26	3	29
Energy	—	—	103	11	114
Financial services	2	—	16	10	26
Government and public sector	—	—	6	1	7
Healthcare	4	—	43	18	61
Manufacturing	6	—	29	4	33
Professional, scientific and technical services	2	—	32	6	38
Real estate	12	—	29	11	40
Religious, leisure, personal and non-profit services	17	—	30	11	41
Restaurant, accommodation and lodging	1	—	10	2	12
Retail trade	3	1	9	4	13
Transportation and warehousing	1	1	19	1	20
Wholesale goods	4	—	16	6	22
Other	1	2	—	1	1
<b>Total commercial</b>	<b>61</b>	<b>5</b>	<b>401</b>	<b>103</b>	<b>504</b>
<b>Investor real estate:</b>					
Industrial	—	—	6	1	7
Land	1	—	11	5	16
Multi-family	—	—	2	6	8
Office	4	—	2	2	4
Retail	10	—	2	7	9
Single family/condo	1	1	6	5	11
Other	2	—	9	1	10
<b>Total investor real estate</b>	<b>18</b>	<b>1</b>	<b>38</b>	<b>27</b>	<b>65</b>
<b>Consumer:</b>					
Consumer real estate secured <sup>(1)</sup>	231	273	46	136	182
Consumer non-real estate secured	71	21	—	—	—
<b>Total consumer</b>	<b>302</b>	<b>294</b>	<b>46</b>	<b>136</b>	<b>182</b>
<b>Total</b>	<b>\$ 381</b>	<b>\$ 300</b>	<b>\$ 485</b>	<b>\$ 266</b>	<b>\$ 751</b>

(1) Includes residential first mortgage loans that are 100% guaranteed by the Federal Housing Administration (FHA) and all guaranteed loans sold to the Government National Mortgage Association (GNMA) where Regions has the right but not the obligation to repurchase. Total 30-89 days past due guaranteed loans included above were \$23 million. Total 90 days or more past due guaranteed loans included above were \$103 million.



Table 5h presents loan charge-offs by industry for each of the Company's loan portfolios.

**Table 5h Charge-Offs by Industry**

	Three Months Ended June 30, 2015 (In millions)
<b>Commercial:</b>	
Administrative, support, waste and repair	\$ 1
Agriculture	3
Healthcare	4
Manufacturing	4
Professional, scientific and technical services	2
Real estate	2
Religious, leisure, personal and non-profit services	2
Retail trade	2
Transportation and warehousing	4
Wholesale goods	1
Total commercial charge-offs	25
Total commercial recoveries	(18)
Total commercial net charge-offs	7
<b>Investor real estate:</b>	
Multi-family	1
Office	2
Single-family/condo	1
Total investor real estate charge-offs	4
Total investor real estate recoveries	(5)
Total investor real estate net charge-offs	(1)
<b>Consumer:</b>	
Consumer real estate secured charge-offs	25
Consumer real estate secured recoveries	(9)
Consumer non-real estate secured net charge-offs	32
Consumer non-real estate secured recoveries	(8)
Total consumer net charge-offs	40
Total net charge-offs	\$ 46

Table 5i details the level of Regions' impaired loans by industry along with the amount of those loans with a related allowance and those with no related allowance.

**Table 5i Impaired Loans by Industry**

	June 30, 2015		
	Impaired Loans with Related Allowance	Impaired Loans With No Related Allowance	Total Impaired Loans
	(In millions)		
<b>Commercial:</b>			
Administrative, support, waste and repair	\$ 23	\$ 4	\$ 27
Agriculture	32	1	33
Educational services	56	12	68
Energy	99	16	115
Financial services	26	5	31
Government and public sector	6	—	6
Healthcare	52	16	68
Information	1	—	1
Manufacturing	55	3	58
Professional, scientific and technical services	25	20	45
Real estate	68	3	71
Religious, leisure, personal and non-profit services	60	12	72
Restaurant, accommodation and lodging	14	—	14
Retail trade	47	—	47
Transportation and warehousing	23	—	23
Wholesale goods	33	9	42
Other	1	—	1
<b>Total commercial</b>	<b>621</b>	<b>101</b>	<b>722</b>
<b>Investor real estate:</b>			
Hotel	10	—	10
Industrial	27	6	33
Land	25	10	35
Multi-family	68	1	69
Office	26	1	27
Retail	45	—	45
Single-family/condo	25	—	25
Other	18	2	20
<b>Total investor real state</b>	<b>244</b>	<b>20</b>	<b>264</b>
<b>Consumer:</b>			
Consumer real estate secured	828	—	828
Consumer non-real estate secured	17	—	17
<b>Total consumer</b>	<b>845</b>	<b>—</b>	<b>845</b>
<b>Total</b>	<b>\$ 1,710</b>	<b>\$ 121</b>	<b>\$ 1,831</b>

### Corporate and Other Debt Securities

The Company's investment securities portfolio primarily includes U.S. Treasury and agencies, agency mortgage-backed securities, and corporate and other debt obligations. Obligations of state and political subdivisions (municipal securities) and equity securities are minimal. The most important feature management relies on when assessing credit risk for U.S. Treasury and

agencies and agency mortgage-backed securities is the guarantee of the federal government or its agencies. Geography is one of the factors the Company considers in managing its investment in corporate and other debt obligations. Table 5j reflects the Company's corporate and other debt obligations' geographic distribution consistent with the methodology utilized in Table 5a. Table 5k reflects the Company's corporate and other debt obligations' distribution by the industry of the issuer, which is another factor considered in assessing risk. Table 5l illustrates the maturity distribution of the corporate and other debt obligations.

**Table 5j Corporate and Other Debt Securities by Geography**

	June 30, 2015	
	Amount	Percent of Total
	(Dollars in millions)	
Texas	\$ 218	12.1%
California	168	9.3%
New York	167	9.3%
Illinois	97	5.4%
Pennsylvania	81	4.5%
Georgia	57	3.2%
North Carolina	56	3.1%
New Jersey	54	3.0%
Michigan	49	2.7%
Arkansas	48	2.7%
Other	809	44.7%
	<u>\$ 1,804</u>	<u>100.0%</u>
Average for the quarter	<u>\$ 1,935</u>	

**Table 5k Corporate and Other Debt Securities by Issuer Industry**

	June 30, 2015	
	Amount	Percent of Total
	(Dollars in millions)	
Industrial	\$ 1,192	66.1%
Utilities - electric	204	11.3%
Special purpose	171	9.5%
Telecommunications	105	5.8%
Gas transmission	51	2.8%
Transportation - rail	27	1.5%
Utilities - gas	26	1.5%
Financial	24	1.3%
Other	4	0.2%
	<u>\$ 1,804</u>	<u>100.0%</u>



**Table 5l Corporate and Other Debt Securities by Maturity**

	June 30, 2015	
	Amount	Percent of Total
	(Dollars in millions)	
One year or less	\$ 91	5.0%
Over one year through five years	477	26.4%
Over five years	1,236	68.6%
	\$ 1,804	100.0%

**OTC Derivatives**

Tables 5m, 5n, and 5o present information related to credit exposure for OTC derivatives. OTC derivatives include bilateral trades, which are transactions directly between trading parties. Transactions cleared through central counterparties are not included due to the lower level of associated credit risk. The values in the tables represent current credit exposure, which is the fair value of derivatives in a net asset position, after giving effect to counterparty netting. This basis is similar to the calculation used for risk-based capital calculation purposes. Derivatives used to meet the needs of bank customers, as well as residential mortgage interest rate lock commitments which are reported as derivatives, are shown by counterparty type and by geography in tables 5m and 5n, respectively. The geographic distribution is consistent with the methodology utilized in Table 5a. Table 5o presents maturity information. Derivatives used by Regions to hedge its own interest rate, commodity, and foreign exchange risk are shown in a single line in all three tables. Counterparties for these transactions are financial entity dealers; accordingly, counterparty and geographic breakout is not considered meaningful for disclosure.

**Table 5m OTC Derivative Exposures by Counterparty**

	June 30, 2015	
	Exposure	Percent of Total
	(Dollars in millions)	
Customer derivatives:		
Corporate	\$ 285	72.8%
Consumer	18	4.6%
Banks	5	1.3%
Public	4	1.0%
Non-bank financial institutions	1	0.3%
Total customer	313	80.0%
Dealer hedges (non-customer)	78	20.0%
Net current credit exposure	391	100.0%
Collateral held	(78)	
Unsecured net current credit exposure	\$ 313	

**Table 5n OTC Derivative Exposures by Geography**

	June 30, 2015	
	Exposure	Percent of Total
(Dollars in millions)		
Customer derivatives:		
Tennessee	\$ 48	12.3%
Florida	45	11.5%
Alabama	45	11.5%
Louisiana	35	9.0%
Mississippi	28	7.2%
Texas	27	6.9%
Georgia	14	3.6%
Arkansas	13	3.3%
Missouri	12	3.0%
North Carolina	6	1.5%
Other	40	10.2%
Total customer	<u>313</u>	<u>80.0%</u>
Dealer hedges (non-customer)	78	20.0%
Net current credit exposure	<u>391</u>	<u>100.0%</u>
Collateral held	(78)	
Unsecured net current credit exposure	<u>\$ 313</u>	

**Table 5o OTC Derivative Exposures by Maturity**

	June 30, 2015			
	One Year or Less	Over One Through Five Years	Over Five Years	Total
	(In millions)			
OTC Derivatives	\$ 105	\$ 313	\$ 231	\$ 649
Counterparty netting <sup>(a)</sup>				(258)
Net current credit exposure				<u>391</u>
Collateral held				(78)
Unsecured net current credit exposure				<u>\$ 313</u>
Average for the quarter				<u>\$ 351</u>

(a) Represents netting of derivative assets and liabilities with the same counterparty subject to master netting agreements.

## **Table 6 Counterparty Credit Risk-Related Exposures**

Counterparty credit risk is the risk that a counterparty to a financial contract or transaction could default and be unable to fulfill its contractual obligation which could potentially lead to financial losses for the Company. Activities in OTC derivatives, margin loans, and repo-style transactions are the most common types of transactions that create counterparty credit risk exposure. At present, Regions does not engage in margin loans with any of its financial institution counterparties. At June 30, 2015, Regions did not have any repo-style transactions outstanding. Exposure from OTC derivatives transactions with other financial institutions is managed through netting agreements documented through the execution of standard International Swaps and Derivatives Association (“ISDA”) master agreements, with Credit Support Annexes (“CSA”) dictating terms related to the collateralization of exposures. The agreements provide the framework governing activities across a full range of OTC products and contractually

bind both parties to apply close-out netting across all outstanding transactions covered by an agreement if either party defaults or other predetermined events occur.

Standard ISDA agreements and CSAs are required for all OTC derivative financial institution counterparties. These agreements provide for netting and the exchange of collateral to further mitigate exposure associated with OTC derivative transactions. Regions has infrastructure in place to calculate net positions and manage collateral exchanges with financial counterparties on a daily basis. Eligible collateral types are documented in a CSA to the ISDA master agreement and managed under established credit policies. This collateral is and has primarily been cash, though certain fixed income securities may be exchanged as well on occasion. In the event of a material adverse change in the Bank's own credit rating, financial counterparties may require additional collateral (independent amount) to maintain the trading relationship resulting in additional exposure. At June 30, 2015, the additional collateral required to be posted for a three-notch downgrade of Regions Financial Corporation or Regions Bank would be approximately \$118 million.

To reduce derivative counterparty credit exposure to individual counterparties, Regions centrally clears eligible transactions. OTC transactions are not centrally cleared and are therefore the only derivatives included in Table 6a below. All exposures, including exposures related to centrally cleared transactions, are managed through internally established limits set by the Company's Financial Institution and Counterparty Credit group. All OTC derivative financial institution counterparties must be reviewed and approved by the Financial Institution and Counterparty Credit group. The approval of all counterparties and the subsequent setting of limits is based on in-depth analysis of each counterparty's creditworthiness and assessment of the credit exposure associated with a counterparty. Internal ratings-based tools along with additional quantitative and qualitative assessments of the creditworthiness of a counterparty are utilized to assign a risk rating. Utilizing the internal risk rating along with an assessment of the risks associated with the specific type of exposure are then evaluated to set limits in accordance with Regions' risk tolerance.

Regions also enters into transactions possessing counterparty credit risk with corporate, institutional and real estate customers. These transactions are primarily designed to hedge the customers' exposures to interest rate, commodity price or foreign exchange rate movements. These transactions are usually not cleared through a clearinghouse; rather, Regions retains the credit exposure of the clients for the life of the trade. The credit risk in these transactions is usually underwritten in conjunction with a loan transaction for the customer, and, when the loan is collateralized, the derivative shares in the collateral which can be real estate, working capital assets, securities, contracts or other assets. The credit approval process for these transactions includes independent credit officers familiar with the underlying credit risk, working in conjunction with a Capital Markets credit officer experienced in derivatives and the underlying documentation.

The following table is presented on a U.S. GAAP basis and summarizes the netting and collateral positions of the Company's OTC derivatives transactions by exposure type. As defined, the gross current credit exposure is the greater of the positive fair value of the derivative or zero (asset derivatives). The collateral is comprised of \$74 million of cash and \$4 million of U.S. government agency securities.

**Table 6a OTC Derivative Credit Exposures**

	June 30, 2015 (In millions)
Interest rate swaps	\$ 494
Options	14
Commodities	104
Forward agreements	7
Foreign exchange	30
Gross current credit exposure	649
Netting <sup>(a)</sup>	(258)
Net current credit exposure	391
Collateral	(78)
Net unsecured credit exposure	\$ 313

(a) Represents netting of derivative assets and liabilities and related collateral with the same counterparty subject to master netting agreements.

The following table reflects the notional amount of outstanding credit derivatives used to hedge the Company's own portfolio. The Company does not undertake credit derivatives in connection with client intermediation activities. The Company has both

bought and sold credit protection in the form of participations on interest rate swaps (swap participations). Swap participations, whereby Regions has purchased credit protection, entitle Regions to receive a payment from the counterparty when the customer fails to make payment on any amounts due to Regions upon early termination of the swap transaction.

**Table 6b Credit Derivatives**

	June 30, 2015	
	Purchased	Sold
	(In millions)	
Swap participations notional amounts	\$ 145	\$ 1,513

For a further discussion of the Company’s credit derivatives, see Note 20, “Derivative Financial Instruments and Hedging Activities”, to the consolidated financial statements in Part II, Item 8 of the Company’s 2014 Form 10-K; Note 12, “Derivative Financial Instruments and Hedging Activities”, to the consolidated financial statements in Part I, Item 1 of the Company’s June 30, 2015 Form 10-Q; and Schedule HC-L, Derivatives and Off-Balance-Sheet Items, in the Company’s Consolidated Financial Statements for Holding Companies - FR Y-9C dated June 30, 2015.

**Table 7 Credit Risk Mitigation**

Credit risk mitigation techniques are primarily utilized in the loan portfolio and derivative transactions. Regions’ objective regarding credit risk mitigation related to the loan portfolio is to maintain a high-quality credit portfolio that provides for stable credit costs with acceptable volatility through an economic cycle. Regions has a diversified loan portfolio in terms of product type, collateral and geography which helps to mitigate credit risk. Regions’ objective regarding credit risk related to derivative transactions is to enter into master netting agreements and collateral agreements with counterparties.

The amount and type of collateral supporting a loan impacts the level of credit risk related to that loan. During the underwriting process, the collateral is assessed as part of the overall credit evaluation of the loan. In recurring support of loan collateral values, Regions obtains updated valuations for non-performing loans on at least an annual basis. For loans that are individually identified for impairment, those valuations are currently discounted from the most recent appraisal to consider continued declines in property values. The discounted valuations are utilized in the measurement of the level of impairment in the allowance calculation. For loans that are not individually identified for impairment and secured by real estate, Regions considers the impact of declines in real estate valuations in the loss given default estimates within the allowance calculation.

As a matter of business practice, Regions may require some form of credit support as a mitigating factor, such as a guarantee. Guarantees are legally binding and entered into simultaneously with the primary loan agreements. Regions underwrites the ability of each guarantor to perform under its guarantee in the same manner and to the same extent as would be required to underwrite the repayment plan of a direct obligor. This entails obtaining sufficient information on the guarantor, including financial and operating information, to sufficiently measure the guarantor’s ability to perform under the guarantee. Evaluation of guarantors’ ability and willingness to pay is considered as part of the risk rating process, which provides the basis for the allowance for the commercial and investor real estate portfolios. In some cases, the credit support provided by the guarantor is integral to the risk rating.

The “Quantitative and Qualitative Disclosures about Market Risk - Risk Management - Credit Risk” in Part II, Item 7A of the 2014 Form 10-K contains more information on credit risk management and mitigation.

In connection with derivative activities, credit risk is mitigated by entering into legally enforceable master netting agreements. When there is more than one transaction with a counterparty and there is a legally enforceable master netting agreement in place, the exposure represents the net of the gain and loss positions with and collateral received from and/or posted to that counterparty. Many interest rate derivatives traded by Regions are subject to mandatory clearing. The counterparty risk for cleared trades effectively moves from the executing broker to the clearinghouse allowing Regions to benefit from the risk mitigation controls in place at the respective clearinghouse.

See “Quantitative and Qualitative Disclosures about Market Risk-Interest Rate Risk” in Part II, Item 7A of the 2014 Form 10-K for a discussion of derivatives’ credit risk.

The Final Rules allow eligible financial collateral, eligible guarantees, and eligible credit derivatives to be recognized in the calculation of risk weighted assets. The Company’s use of credit risk mitigants related to Regions’ major types of credit exposure in the calculation of risk-weighted assets is presented in Tables 7a and 7b below. When financial collateral is obtained that qualifies as eligible collateral under the Final Rules, the eligible collateral can be substituted for the collateralized portion of the credit

exposure in the risk-weighted asset calculation. The impact of any applicable collateral haircuts on the exposure amount secured by eligible collateral is immaterial. As illustrated below, the bulk of eligible financial collateral consists of cash and U.S. Treasury or agency securities; therefore the associated risk weighted asset amounts are immaterial. Similarly, when an eligible guarantee is received, the risk weight applicable to the eligible guarantor would apply to the exposure covered by the guarantee.

**Table 7a Eligible Financial Collateral**

		June 30, 2015	
		Exposure Amount Secured by Eligible Collateral	
Collateral Type		(In millions)	
Loans	Cash on deposit at bank	\$	252
Unfunded commitments	Cash on deposit at bank		13
Letters of credit	Cash on deposit at bank		55
OTC derivatives	Cash on deposit at bank and U.S. Treasury and agency securities		78

**Table 7b Eligible Guarantees**

		June 30, 2015	
		Exposure Amount	Risk Weighted Assets
Guarantor		(In millions)	
Securities	U.S. government, agencies, and government sponsored entities	\$ 20,561	\$ 3,033
Loans	U.S. government and agencies	782	156
Other assets	U.S. government and agencies	71	11

**Table 8 Securitization**

Regions has not engaged in securitization activities that it sponsors in several years. The remaining estimated fair value of legacy securitization exposures totals approximately \$3 million and is included in securities available for sale. Regions has purchased tranches of non-agency securitizations (primarily commercial mortgage-backed securities) for its securities available for sale portfolio.

The credit and market risks inherent in the securitization exposures are mitigated due to the highly rated instruments that are purchased. Additionally, personnel within Treasury and Risk areas monitor these securities for downgrades and potential credit problems. Currently, Regions does not own any resecuritization exposures, but these would be subject to the same review and monitoring processes.

For the purchased securitization exposures, the Company applies the Simplified Supervisory Formula Approach (“SSFA”). The SSFA is a formula that starts with a baseline derived from the capital requirements that apply to all exposures underlying the securitization and then assigns risk weights based on the subordination level and the level of delinquencies of an exposure. The agencies designed the SSFA to apply relatively higher capital requirements to the more risky junior tranches of a securitization that are the first to absorb losses, and relatively lower requirements to the most senior exposures.

The tables below illustrate Regions' securitization exposures, related capital requirements and risk-weighted asset impact.

**Table 8a**      **Securitized Exposures by Exposure Type**

	June 30, 2015		
	Balance Sheet Exposure	Off-balance Sheet Exposure	Total Exposure
(In millions)			
Commercial non-agency mortgage-backed securities	\$ 1,481	\$ —	\$ 1,481
Residential non-agency mortgage-backed securities	6	—	6
Asset-backed securities	5	—	5
Total securitization exposure	<u>\$ 1,492</u>	<u>\$ —</u>	<u>\$ 1,492</u>

**Table 8b**      **Securitized Exposures by Capital Treatment and Risk Weight**

	June 30, 2015				Capital Impact
	Exposure	SSFA Risk Weighted Assets	Gross-Up Risk Weighted Assets	1250% Risk Weighted Assets	
(In millions)					
20% risk weighting	\$ 1,453	\$ 290	\$ —	\$ —	\$ 23
150% risk weighting	31	45	—	—	3
195% - 1000% risk weighting	2	10	—	—	1
1250% risk weighting	6	—	—	78	6
	<u>\$ 1,492</u>	<u>\$ 345</u>	<u>\$ —</u>	<u>\$ 78</u>	<u>\$ 33</u>

The capital impact of risk-weighted assets is calculated by multiplying each risk-weighted asset amount in the table above by the minimum total risk-based capital ratio of 8%.

## **Table 9**      **Equity Exposures Not Subject to the Market Risk Rule**

Regions has total equity exposures ("equities") of approximately \$3.7 billion, with \$1.6 billion in individual equities and \$2.1 billion in equity funds at June 30, 2015. The majority of the individual equity investments are related to community reinvestment activities, including tax-advantaged investments. The majority of the equity funds are related to the Company's separate account bank owned life insurance ("BOLI").

The Company applies the Simple Risk-Weight Approach for its individual equity securities. Under this approach, the risk weight for each equity exposure is calculated by multiplying the carrying value of the equity exposure by the applicable regulatory prescribed risk weight. The Company applies the Simple Modified Look-Through Approach for equity exposures to investment funds. Under this approach, the carrying value of this exposure is multiplied by the highest risk weight that applies to any exposure the fund is permitted to hold under its prospectus or related documents. For the separate account BOLI investment, the Company uses the Alternative Modified Look-Through Approach. Under this approach, the carrying value (cash surrender value) of this exposure is assigned on a pro rata basis to different risk weight categories based on the information in the fund's prospectus or related documents. Investment guidelines specify objectives and constraints for separate account BOLI investment funds, including permitted and non-permitted investments, concentration and diversification requirements, credit quality requirements and duration parameters. In compliance with these guidelines, the underlying investment exposures consist of high quality, investment grade securities that are generally similar to those in the Barclays U.S. Aggregate Index.

Equity securities classified as trading comprise mutual fund investments made in connection with employee deferred compensation plans and are reported at fair value. Changes in fair value are recorded in earnings.

The majority of nonpublic equity securities are the common stock of the Federal Reserve Bank ("FRB") and the Federal Home Loan Bank ("FHLB") of Atlanta. Regions is required to maintain certain levels of FHLB stock as a member. Shares in the FRB and FHLB are accounted for at amortized cost, which approximates fair value. Under regulatory reporting rules, these equities are reported in other assets (rather than in securities available for sale) because they do not have readily determinable fair values.

Public equity securities are recorded as available for sale and carried at fair value with unrealized net gains or losses reported within other comprehensive income (loss) in stockholders' equity. For regulatory capital purposes, 45% of unrealized gains are included in Tier 2 capital.

Table 9a summarizes the amortized cost and fair value of the Company's equities not subject to the market risk rule.

**Table 9a Equities Not Subject to the Market Risk Rule**

	June 30, 2015			
	Nonpublic	Public	Separate Account BOLI	Total
	(In millions)			
Amortized cost	\$ 1,609	\$ 325	\$ 1,786	\$ 3,720
Unrealized gains (losses)	—	11	—	11
Fair value	<u>\$ 1,609</u>	<u>\$ 336</u>	<u>\$ 1,786</u>	<u>\$ 3,731</u>

Table 9b summarizes the capital impact of equities which is calculated by multiplying each risk-weighted asset amount in the table below by the minimum total risk-based capital ratio of 8%.

**Table 9b Equities Risk Weights and Capital Impact**

	June 30, 2015		
	Exposure	Risk Weighted Assets	Capital Impact of RWA Total
	(In millions)		
0%	\$ 519	\$ —	\$ —
20%	144	29	2
100%	1,237	1,237	99
Alternative modified look-through approach	1,786	602	48
Simple modified look-through approach	34	94	8
	<u>3,720</u>	<u>1,962</u>	<u>157</u>
Unrealized gains included in Tier 1 or Tier 2 capital	5	5	—
	<u>\$ 3,725</u>	<u>\$ 1,967</u>	<u>\$ 157</u>

Table 9c summarizes information related to the realized and unrealized gains or losses on equities. Latent revaluation gains/losses are unrealized gains/losses on nonpublic equities recorded at cost which are not recognized in the Company's balance sheet or income statement. At June 30, 2015, the amount of latent revaluation gains/losses is insignificant.

**Table 9c Equities Realized and Unrealized Gains (Losses)**

	June 30, 2015
	(In millions)
Quarter to date realized gains from sales and liquidations	\$ 2
Total unrealized gains	\$ 11
Unrealized gains included in Tier 1 or Tier 2 capital	\$ 5

## **Table 10 Interest Rate Risk for Non-trading Activities**

---

Regions' primary market risk is interest rate risk, including uncertainty with respect to absolute interest rate levels as well as uncertainty with respect to relative interest rate levels, which is impacted by both the shape and the slope of the various yield curves that affect the financial products and services that the Company offers. To quantify this risk, Regions measures the change in its net interest income in various interest rate scenarios compared to a base case scenario. Net interest income sensitivity is a useful short-term indicator of Regions' interest rate risk. Regions also evaluates the change in the net present value of the balance sheet, also known as the economic value of equity, due to changes in market interest rates. The economic value of equity sensitivity is a useful indicator of Regions' longer-term interest rate risk exposure and is used in conjunction with net interest income sensitivity measurement.

Financial simulation models are Regions' primary tools used to measure interest rate exposure. Using a wide range of sophisticated simulation techniques provides management with extensive information on the potential impact to net interest income caused by changes in interest rates. Models are structured to simulate cash flows and accrual characteristics of Regions' balance sheet. Assumptions are made about the direction and volatility of interest rates, the slope of the yield curve, and the changing composition of the balance sheet that result from both strategic plans and from customer behavior. Among the assumptions are expectations of balance sheet growth and composition, the pricing and maturity characteristics of existing business and the characteristics of future business. Interest rate-related risks are expressly considered, such as pricing spreads, the pricing of deposit accounts, prepayments and other option risks. Regions considers these factors, as well as the degree of certainty or uncertainty surrounding their future behavior.

For further information on interest rate risk and interest rate sensitivity analyses, see "Market Risk-Interest Rate Risk" and "Market Risk-Prepayment Risk" in Part II, Item 7A of the 2014 Form 10-K and "Market Risk-Interest Rate Risk" and "Market Risk-Prepayment Risk" in Part I, Item 2 of the June 30, 2015 Form 10-Q.



## Appendix 1 Basel III Regulatory Capital Disclosure Matrix

Table Number	Disclosure Requirement	Description	Disclosures Report	June 30, 2015 Form 10-Q	2014 Form 10-K
(Disclosure starts on page numbers)					
1	Scope of application	Name of the top corporate entity	3	55	5
		Descriptions of differences in basis for consolidating entities	3	—	—
		Restrictions on transfers of funds or total capital within the group	3	89	12
		Aggregate amount of surplus capital of insurance subsidiaries	4	—	—
		Aggregate amount of total capital that is less than minimum capital	4	—	—
2	Capital structure	Terms and conditions of capital instruments	4	29	73, 138
		Capital components	4	70	43, 136
3	Capital adequacy	Capital adequacy assessment process	5	—	—
		Risk-weighted assets by exposure type	5	—	—
		Market risk-weighted assets	NA	NA	NA
		Capital ratios	6	72	137
		Risk-weighted assets	5	—	43
4	Capital conservation buffer	Calculation of capital conservation buffer	6	NA	NA
		Calculation of eligible retained income	NA	NA	NA
		Limitations on distributions and discretionary bonus payments	NA	NA	NA
5	Credit risk: general disclosures	Policies and practices	7	83	83, 100, 101
		Credit risk exposures:			
		Loans and related commitments	8	—	57, 58
		Impaired loans by industry	15	—	—
		Past due loans by industry	12	—	—
		Allowance disaggregated on the basis of impairment methodology	13	16	119
		Charge-offs by industry	14	—	—
		Impaired loans by geography	11	—	—
		Reconciliation of changes in allowance	13	16	119
		Debt securities	15	—	56
OTC derivatives	17	—	—		
6	Counterparty credit risk-related exposures	Policies and practices	18	—	85
		Counterparty risk exposure	19	—	—
		Credit derivatives purchased and sold	20	39	154

<b>Table Number</b>	<b>Disclosure Requirement</b>	<b>Description</b>	<b>Disclosures Report</b>	<b>June 30, 2015 Form 10-Q</b>	<b>2014 Form 10-K</b>
<b>(Disclosure starts on page numbers)</b>					
7	Credit risk mitigation	Policies and processes	20	83	83
		Exposures covered by eligible financial collateral	21	—	—
		Exposures covered by guarantees/credit derivatives and related risk-weighted assets	21	—	—
8	Securitization	Policies and practices	21	—	—
		SPEs and affiliated entities	NA	NA	NA
		Accounting policies for securitization activities	NA	NA	NA
		Exposures securitized by the bank and resecritizations	NA	NA	NA
		Securitization exposures	22	—	—
9	Equities not subject to the market risk rule	Policies and practices	22	—	99, 112
		Amortized cost and fair value by type/nature and public versus nonpublic	23	—	—
		Realized and unrealized gains (losses)	23	—	—
		Capital requirements	23	—	—
10	Interest rate risk for non-trading activities	Nature, assumptions and frequency of measurement	24	79	78
		Earnings sensitivity to rate movements	24	79	79
NA	Disclosure is not applicable to Regions				