



**REGIONS<sup>®</sup>**

**2015 Investor Day**

**Risk Management & Credit**

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November 19, 2015

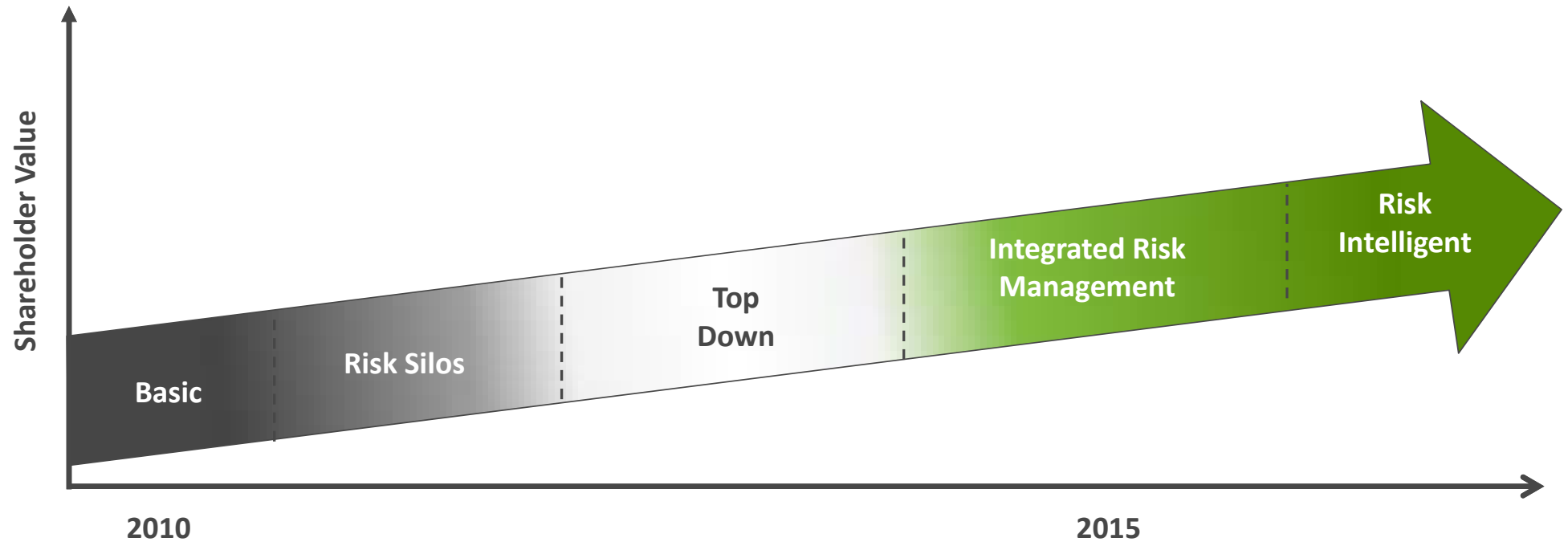
# Our priorities

5 strategic priorities that provide direction for decisions



# A look at our progress

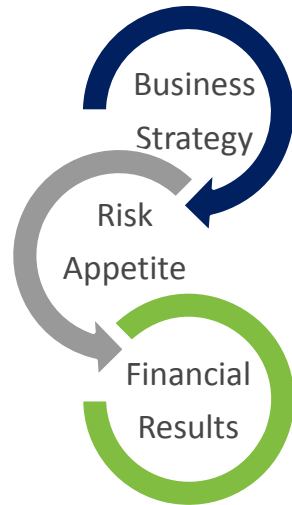
## Evolution of risk management at Regions



Regions has transitioned from a basic risk management program, guided by ad-hoc policies and procedures, to fully integrated risk management.

# Enhancing risk culture at Regions

## A strategic priority



- Ensuring Regions' business strategy is aligned with its appetite for risk



- Needs-based selling
- Deepen existing relationships
- Ensure transparency and better credit performance
- Build the Best Bank



Risk Ownership  
& Awareness

- Continuing to enhance Regions' risk culture

Regions is committed to continuous improvement and the sustainability of our mission.

# Risk Ownership & Awareness (ROA)

## Initiatives



ROA  
Communications  
& Outreach  
Campaign



Risk and Control  
Self-Assessment  
(RCSA) Refresh



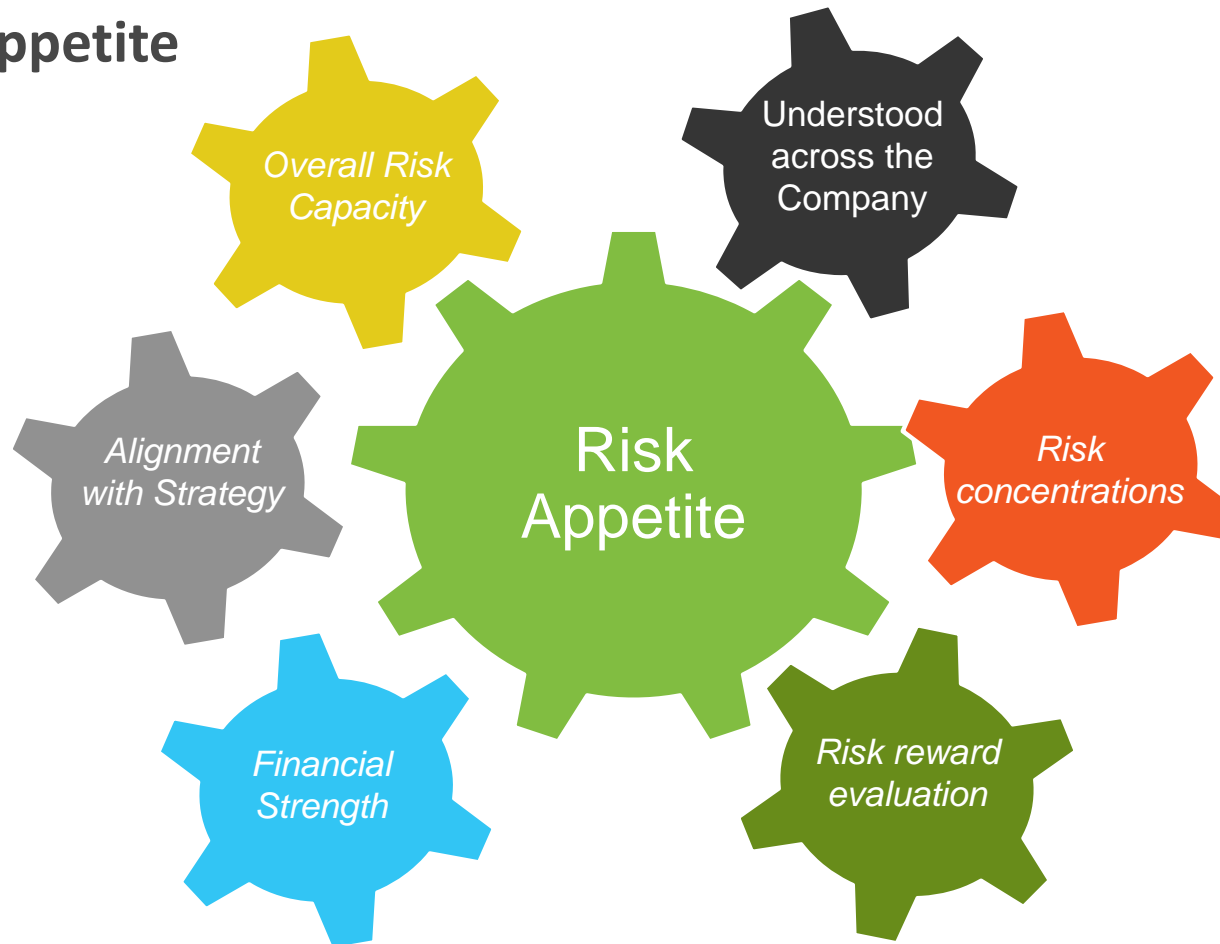
Business Risk  
Committees



IT Risk Framework  
Enhancements

# Risk Management Framework

## Sound Risk Appetite



# Regions' approach to managing risk

## Three lines of defense



# Regions' approach to managing risk

## A sound risk management framework

### Sustainable Risk Processes



### Responsible Risk Governance



Committees &  
Working Groups

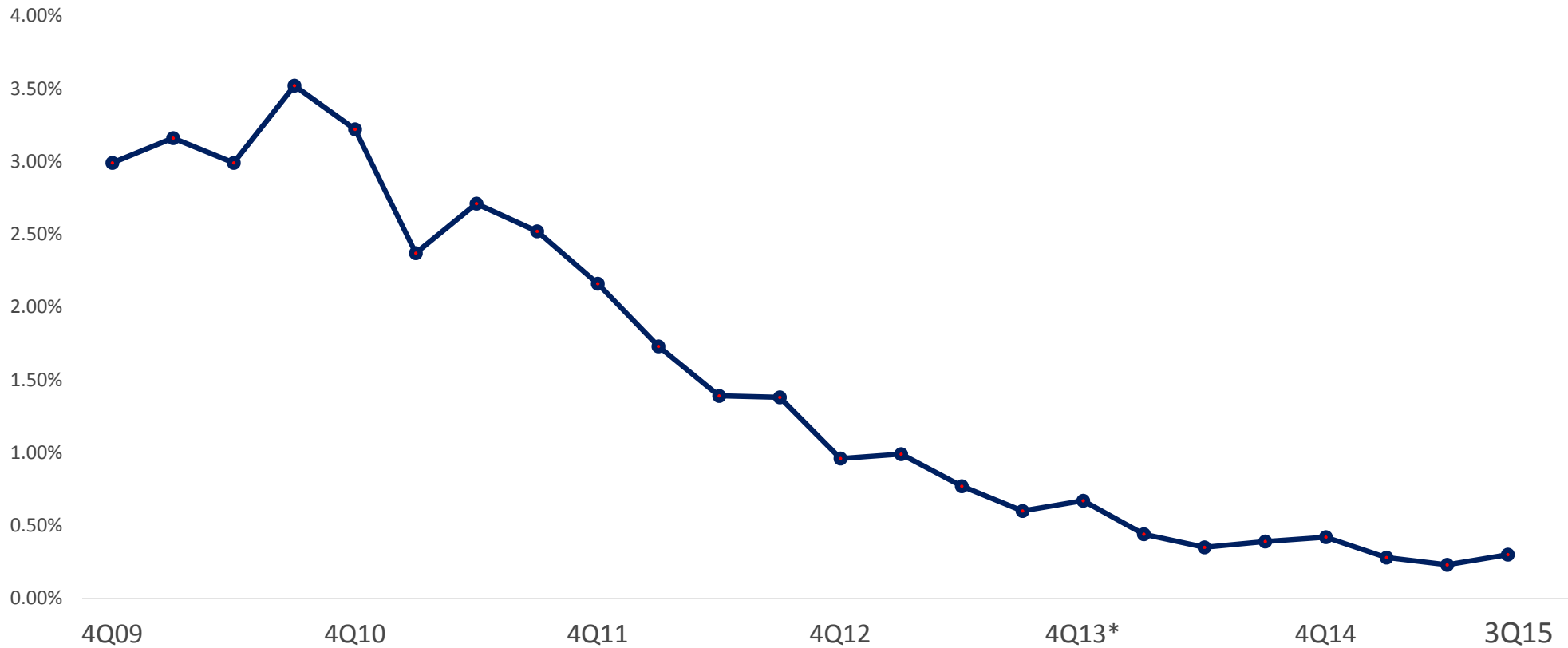
Policies & Procedures

Risk Reporting



# From de-risking to recovery

Net Charge-Offs % of Loans

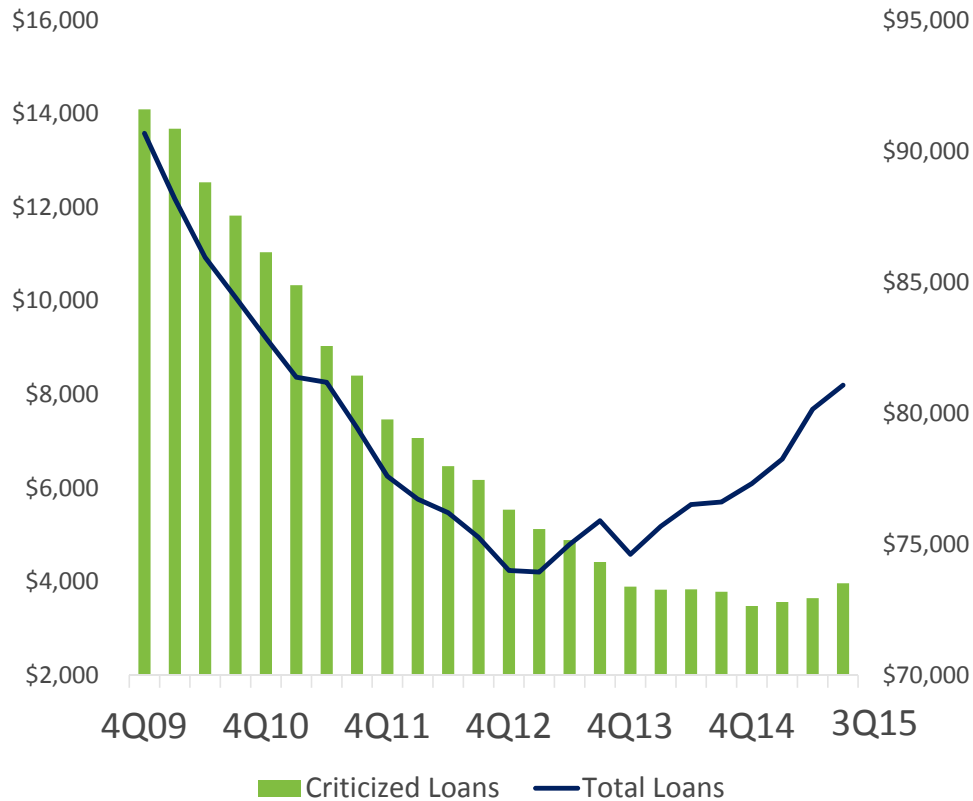


\*4Q13 included \$151 million in Net Charge-Offs related to RFM TDR loan transfer to HFS, including these charges net charge-offs were 1.46%. Net Charge-Offs as presented excluding these charges would have been 0.67%.

# Steady credit quality improvement

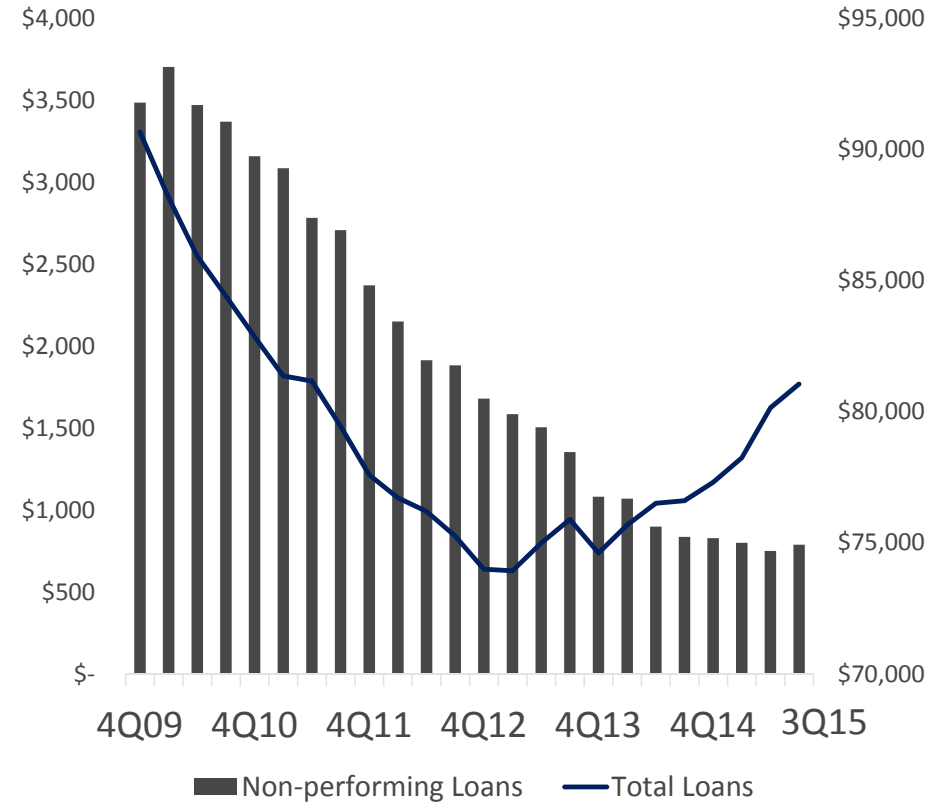
## Criticized and Total Loans

(\$ in millions)



## Non-Performing and Total Loans

(\$ in millions)



# 5 pillars of credit culture

Everybody  
Owns Credit  
Risk



Committed to  
continuous  
improvement



Asset Quality is  
Derived from  
People Quality



Associates are  
accountable for  
decisions



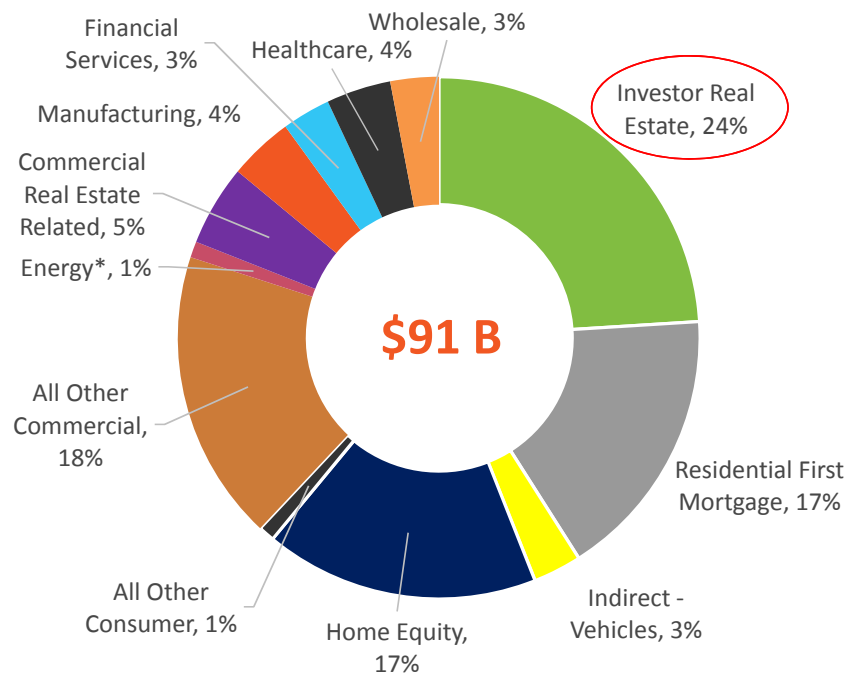
Diversification  
is key



# Diversity in the loan portfolio

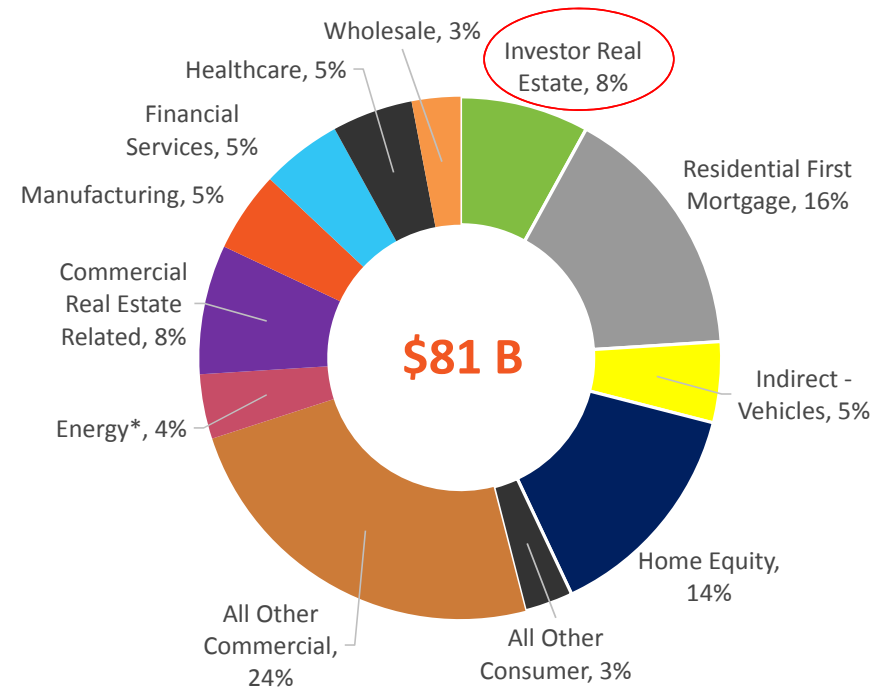
Loan Balances at December 31, 2009

(\$ in billions)



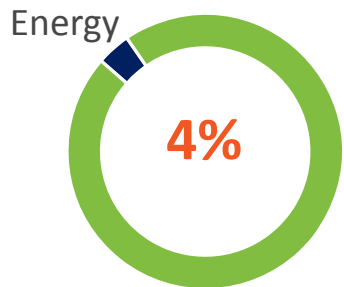
Loan Balances at September 30, 2015

(\$ in billions)



\* Energy includes both direct and indirect exposure including any amounts from Investor Real Estate.

# Energy overview

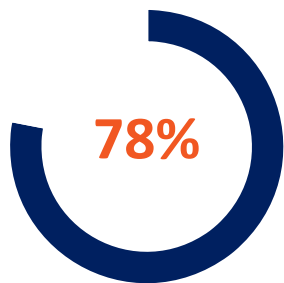


Only 4% or \$3.3B of bank-wide loan balances

E&P  
/  
OFS

40  
Years

The company has been involved with energy lending for more than 40 years



78% of balances headquartered in four states  
TX – LA – MS – AL

Majority of balances consist of approximately 40 Exploration & Production and less than 40 Oilfield Services (“OFS”) customers.

\$11  
MM

Losses since 2008 are \$11 million

# Experienced energy team



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Energy Specialty -  
266 years of  
combined  
experience



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Energy Credit –  
245 years of  
combined experience

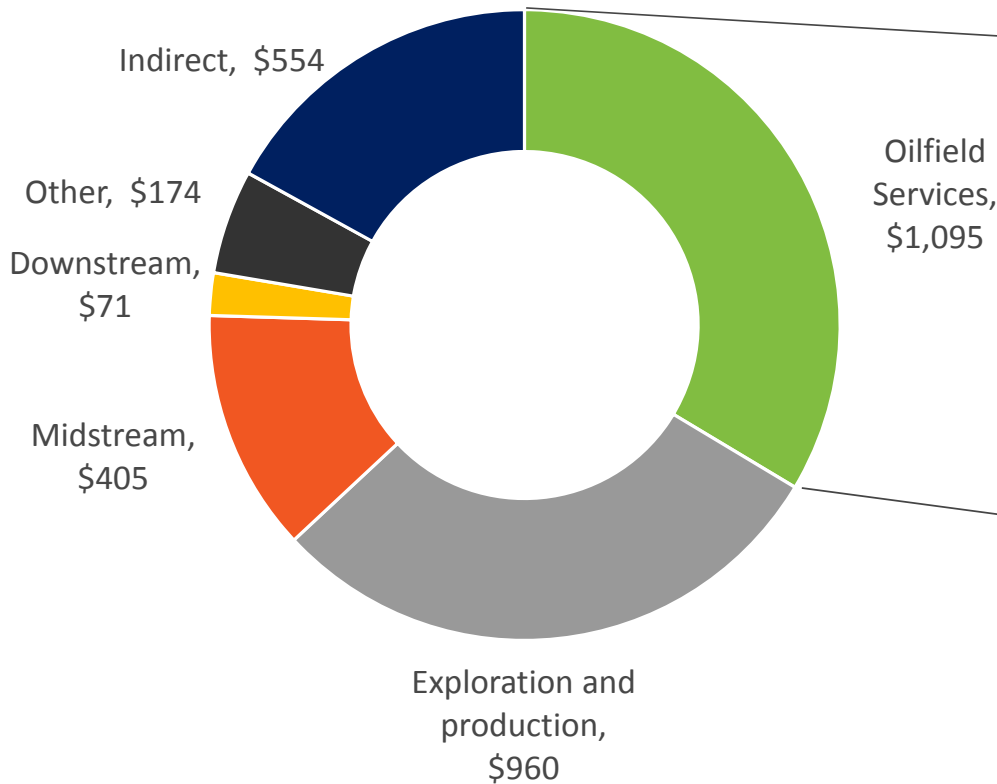


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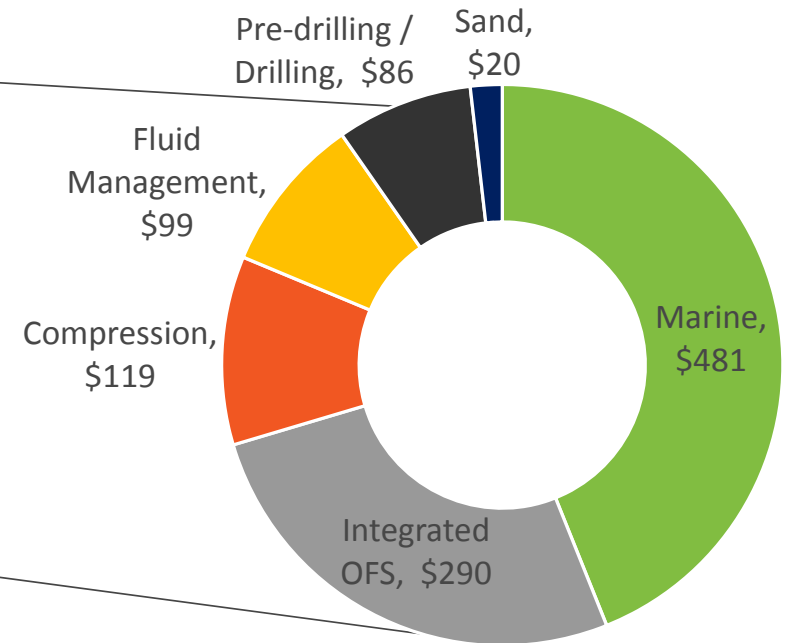
Petroleum  
Engineering –  
100 years of  
combined industry  
experience

# Energy lending

## Outstanding Balances<sup>(1)</sup>



## Oilfield Services Outstanding Balances<sup>(1)</sup>



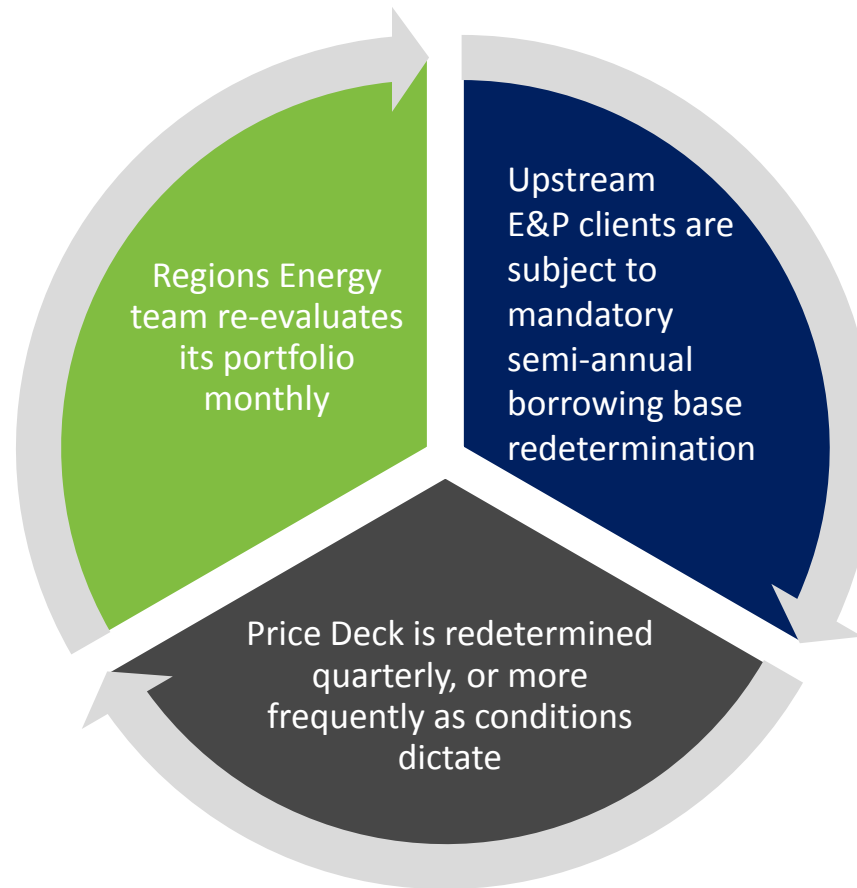
# Oil field services credit servicing

- Monthly review of all credits
- Swat Team review industry issues and tear sheets
- Renewals or new credits require CCO approval



# E&P energy credit servicing

- The majority of E&P capital expenditures are discretionary
- This led to a 20-40% reduction in lease operating expenses in this price down-cycle



# Credit quality outlook

## Net charge-offs

3Q15 Actual

30 bps

Long-term

25-35 bps

## Non-performing loans

3Q15 Actual

97 bps

Long-term

75-100 bps

## Allowance to total loans

3Q15 Actual

138 bps

Long-term

120-140 bps



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