Resolution Plan for Covered Insured Depository Institution

Public Section

Regions Bank

Plan submission due date: December 31, 2015

Regions Bank IDI Plan Public Section Table of Contents

Introduction

To promote financial stability, section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) requires that bank holding companies with total consolidated assets of $50 billion or more and nonbank financial companies designated by the Financial Stability Oversight Council ("FSOC") for supervision by the Board of Governors of the Federal Reserve System (the “Board” or "Federal Reserve") periodically submit resolution plans to the Federal Reserve and the Federal Deposit Insurance Corporation ("FDIC"). Each plan must describe the company's strategy for rapid and orderly resolution in the event of material financial distress or failure of the company, and include both public and confidential sections.

Regions Financial Corporation (the "Parent”), a bank holding company with approximately $120 billion in consolidated assets, is required to submit a resolution plan under the Dodd-Frank Act.

Regions Bank (“Regions Bank” or the "Bank”), is a wholly owned subsidiary of Regions Financial Corporation and represents the vast majority of all activity within the Parent. Regions Bank, with total assets of approximately $119 billion, is a Covered Insured Depository Institution (“CIDI”) required to submit a resolution plan. Regions Bank, the Parent's only Insured Depository Institution ("IDI") is a full-service institution providing traditional banking products and services, including wealth management, trust, mortgage banking, and insurance agency business. The Bank operates in 1,666 offices and has 1,997 ATMs across a 16 state geographic footprint: Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, South Carolina, Tennessee, Texas and Virginia.

The Parent and the Bank are collectively referred to as the Company (the "Company”).

The Company has developed Resolution Plans for the Parent ("165(d) Plan") and the Bank ("IDI Plan") pursuant to the Federal Reserve and FDIC Joint Resolution Plan Rule ("Resolution Plan Rule") as required under Title I, Section 165 (d) of the Dodd-Frank Act, and the FDIC’s Resolution Plan Rule for Covered Insured Depository Institutions (“IDI Rule”). The December 2015 submission marks the Company's third submission of Resolution Plans.

The Public Sections provide insight into the Bank’s businesses and processes and serve as a high-level overview of the Resolution Plans.

Regions Bank has robust Capital, Liquidity and Contingency Funding Plans which detail the actions it would take to avoid failure by staying well-capitalized and well-funded in adverse scenarios. In the hypothetical and unlikely event that the Bank was in danger of failure, and its Capital, Liquidity and Contingency Funding Plans or a timely private sector alternative were not able to prevent such a failure or default, Regions Bank would be subject to the FDIC receivership process under the Federal Deposit Insurance Act (the “FDIA”). Upon failure of the Bank, the Parent would be subject to the U.S. Bankruptcy Code.

The Company's Resolution Plans present executable resolution strategies in the unlikely event of failure and create a roadmap to facilitate the orderly resolution of the Bank and unwinding of the Parent within a reasonable timeframe while preserving its franchise value and with no cost to taxpayers.

Improvements to Resolvability and Resolution Planning

Through the development of an effective Resolution Plan during the years of 2013 and 2014, the Company solidified its plans for its legal entity structure simplification and implemented actions that would further facilitate the resolvability of Regions Bank and its Parent.

The resolution options proposed in this Plan ensure that the Bank's Core Business Lines would be able to continue operations during the period following a hypothetical failure, minimizing customer impact. The Company believes that it has developed an effective and feasible plan for its resolution, with no risk of systemic impact to the US financial system.

While the Bank and Parent had few interconnections that could pose potential resolution obstacles, and the Bank's resolution being already relatively simple - given its lack of foreign operations, its primary engagement in traditional banking activities and limited interdependencies with the Parent - in the process of creating feasible Resolution Plans, the Company has implemented deliberate actions to further facilitate its resolution or to enhance the Resolution Plan, in the following areas:

- Legal Entity Simplification
- Contingency Funding Plan
- Critical Services Structure Consolidation
- Governance, Process and Controls
- Material Contracts
- Key Personnel

Legal Entity Simplification

The Company has taken steps to simplify and rationalize its legal structure, as a result, while in 2012 there were 51 Bank subsidiaries, by December 2013 this number was reduced to 38 and further reduced to 37 by December 2014.

Key changes were:

- Consolidation of the Bank's REIT's structure:
- Elimination of certain Special Purpose Entities, established with the purpose of managing assets acquired in satisfaction of debts previously contracted.
- Elimination of foreign based subsidiaries subsidiary.

Contingency Funding Plan

As part of continuous enhancements to its liquidity stress testing, the Company enhanced its liquidity and funding policies and processes. Significant changes include:

- Expanding the number of funding plan scenarios including the addition of a Resolution Plan scenario
- Revising the assumptions on deposit runoff, securities market value and haircut on sale, and additional collateral required, both in the funding plan's resolution plan scenario and the 10 day runway
- Strengthening the governance structure currently in place to effectively challenge liquidity risk stress testing scenario assumptions
- Creating a reverse stress testing reporting format
- Providing direct connections with stress testing scenarios and the CFP, with each stress level corresponding to a specific stress testing scenario
- Adding a formal stress testing framework to the liquidity policy, including multiple scenarios and time horizons

Critical Services Structure Consolidation

Regions Bank's organizational structure is designed to achieve a simple and efficient operating model. The services required for the Bank's operations are centralized, shared, and utilized by all of the Company's operations, including the Bank’s two Core Business Lines and three Geographic Structures. While the vast majority of the services provided by those functions addresses the needs of the Bank, up until December 2013 there were three functions - Risk Management, Legal and Internal Audit - housed under the Parent's legal entity. Those three functions were moved to the Bank on January 1, 2014.

Since January 1, 2014, all support functions have been housed within the Bank's legal entity. Therefore the Parent no longer provides any inbound services to the Bank, eliminating the need for Transition Service Agreements (TSAs) between Bank and Parent during a resolution scenario.

Governance, Process and Controls

The 2015 Resolution Planning Corporate Governance, Process and Controls were designed combining learnings from the 2014 and 2013 seasons with the discipline fostered by the Regions Risk Ownership and Awareness ("ROA") program, aiming to provide stronger oversight and hierarchically appropriate involvement at different levels. Through the development of the first submission of its Resolution Plan, the Resolution Planning team acquired learnings that further improve on the project's governance and approach. The strengthening and evolution of the Company's risk culture and the implementation of Regions ROA also played a role in reinforcing the shared accountability and controls related to all Bank activities, Resolution Planning included.

The Resolution Planning governance was optimized and became more deeply embedded into the Risk Management process and its process and controls were strengthened with the inclusion of a formalized program under the Risks and Controls Self Assessment ("RCSA") system in 2014. The RCSA system is undergoing a series of updates and the Resolution Planning team is working with the system owners on the revamping of the Resolution Planning controls for 2016 in order to keep the process and controls up to date and relevant.

In addition, a new collaborative reporting tool was implemented to streamline the Resolution Plan development and final report production while further increasing the controls on reviews and data updates. This web tool also serves as a repository of all data and information used to produce the Plan.

Material Contracts

A material contract is defined as a contract related to products or services essential to the operations of the Core Business Lines and Critical Services. The majority of material contracts are signed under the Bank, as the Core Business Lines and Critical Services reside in the Bank's legal entity. Material contracts signed by the Parent and required for the continuation of the Bank's operations are considered operational interconnections.

Regions Bank has made progress toward identifying and flagging Resolution Planning material contracts within its central contract management system, Ariba. Another improvement was the creation of a new field in Ariba that identifies the Legal Entity under which the contract is signed, to increase visibility into this potential resolution barrier. The Company will continue the work underway to maintain and update a list of material contracts for Resolution Planning purposes.

Out of the material contracts identified, some were signed by the Parent. No Financial Market Utility ("FMU") or Payment, Clearing and Settlement System ("PCS") provider is contracted by the Parent.

To ensure continuity of those services, the Company is making a concerted effort to move those relationships to the Bank. Until this project is completed, to the extent those third party contracts are needed to continue the Bank's operations in a resolution scenario, the FDIC or bridge bank could enter into a Transitional Service Agreement ("TSA") to continue those services or either replicate relationships or contract with individual vendors.

Key Personnel

To aid the FDIC in the bridge bank operations, also used in the liquidation strategy, the Company has created a list of key positions and personnel that it believes to be essential for the day-to-day operations of a bridge bank for a certain period of time in conjunction with the resolution strategies that involve one or more merger and acquisition ("M&A") transactions. A subset of this personnel would be required for the orderly liquidation strategy and they are also identified in the personnel list.

A. The Names of Material Entities

A "Material Entity" is a subsidiary or foreign office of the covered company that is significant to the activities of a critical operation or core business line.

In determining which entities were Material Entities, consideration was given to several factors:

- Percent of total assets
- Percent of total net income
- Business purpose and mapping to core business lines and critical services
- Legal or regulatory requirements
- Impact on customer retention or growth

Regions Financial Corporation

The Parent is a Delaware corporation and a bank holding company that has elected to be a financial holding company. The Parent is listed on the New York Stock Exchange with the ticker symbol of "RF".

The Parent's subsidiaries include: the Company's only IDI, a limited purpose broker dealer, and Regions Insurance Group. Through its subsidiaries, the Parent is one of nation's largest full-service providers of consumer and commercial banking, wealth management, mortgage, and insurance products and services. The Parent is not engaged in any critical operations nor is it directly engaged in the Company's Core Business Lines.

As of December 31, 2014, the Company consisted of 54 total legal entities, the majority of which housed under the Bank. As filed in the December 31, 2014, FRY-9 filing, the Parent had $119.89 billion of consolidated assets.

Regions Bank

For the purpose of the IDI Resolution Plan, the Bank, the Parent's only IDI, is the sole material entity. The Bank represents the vast majority of activity and operations within the Company. The Bank also houses all of the Company's core business lines.

As of December 31, 2014, there were 37 subsidiaries under Regions Bank. The Bank itself represents 99.1% of its consolidated assets. The remaining subsidiaries do not provide any essential function to the Bank's operations and are considered non material for the purpose of Resolution Planning.

Regions Bank provides traditional banking products and services, including wealth management, trust, mortgage banking, and insurance agency businesses. The Bank operates in 1,666 offices and has 1,997 ATMs across a 16 state footprint: Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, South Carolina, Tennessee, Texas, and Virginia.

As of December 31, 2014, the Bank's assets totaled $118.8 billion which represents 99.1% of the Company's total assets. As of December 31, 2014, the Bank had $96.4 billion of deposits, which made up 81% of total liabilities and equity. Due to the Bank's traditional banking structure, the Bank is primarily funded by deposits.As publicly reported in its Consolidated Report of Condition and Income on FFIEC Form 031, Regions Bank net income, for the year ended December 31, 2014, was $1.3 billion.

Regions Bank has a robust and effective Capital planning process which is generally subject to supervision and examination by both the Board of Governors of the Federal Reserve System ("the Federal Reserve") and the Alabama State Banking Department. The Bank is required to comply with applicable capital adequacy standards. As of December 31, 2014, the Bank was considered as being well-capitalized as defined by regulatory guidelines.

The remainder of this Public Section, as well as publicly available financial information, provides a summary of the Company and its operations.

B. Description of Core Business Lines

Regions Bank’s Functional Structure

Regions Bank's organizational structure is uncomplicated, customer-centric and dynamic, designed to deliver on the Bank’s mission and vision while remaining nimble enough to evolve as product, service and delivery channel needs change, as well as to protect the future value of the Company. This organizational approach requires teamwork, communication, clarity of vision and disciplined attention to regulatory compliance.

The primary objective of Regions Bank's structure is to enable the business to identify customers’ needs and, based on those needs, connect its most skilled and knowledgeable bankers with customers. The Bank's structure takes advantage of its market presence and depends on teamwork connecting specialists, relationship managers and functional support teams to meet customers' needs with the best products, services and customer experience required while managing the Bank’s human capital, financial performance and risks effectively. A bank-wide program (Regions360) aims to deepen customer relationships, create shared value and bring in the right partners to serve all customers’ needs and financial goals, delivering one team, one bank, one Regions.

To deliver on this commitment, Regions Bank's management organization is a combination of regional structures, businesses/ segments and a support structure platform, all under the Bank's legal entity. This management alignment is common in the industry and streamlines management at the top of the Company, supports performance management, and is an effective model for executing the Company's strategy. The Bank's management organization has been simplified throughout the years and currently includes two management structures, the Regional Banking Group (the "Regional Bank") and the Corporate Banking Group (the "Corporate Bank"). The Regional Bank encompasses Regions Bank's three Geographic Structures ("Geographic Structures") and the Business Groups that serve retail, wealth management, and small business customers. Regions Bank’s three Geographic Structures are East, Mid-America and South. The Corporate Bank consists of the Business Group that serves middle-market and larger commercial and industrial clients.

Regions Bank's Geographic Organization

Regions Bank's 16 state footprint is organized into three Geographic Structures - East, Mid-America, and South - and delivers local banking services and products through the branch network associates, relationship managers and consumer and business oriented sales personnel.

Each of the three Geographic Structures is made up of areas and cities. Each of the Business Group Structures contains businesses and segment/ product units, as well as functional support teams. Together they work collectively to create shared value for customers, employees, communities and shareholders.

Within the three Geographic Structures, there are 19 banking areas that are led by Area Presidents, which report up to Regional Presidents. Each of the three Regional Presidents manage their respective area to ensure a consistent customer experience and that the entire scope of products and services is made available to individual customers and businesses based on identified needs.

The personnel under the Geographic Structure management is, for the most part, the face of Regions Bank to the consumer, and the Bank's sales and service work force. Each Geographic Structure and its respective Bank employees deliver local banking services and products through the branch network associates, relationship managers, and sales personnel.

Business Groups

Within the two Management Structures, there are three Business Lines - The Corporate Bank, The Consumer Bank and The Wealth Management Group - which contain businesses, segments, products, and support units, described as follows:

<u>Corporate Bank</u>:

- The Corporate Bank offers a range of products and services to commercial and corporate clients and is organized into the following businesses, segments, and products:
    - Corporate Banking
    - Commercial Banking
    - Real Estate Banking
    - Specialized Industries
    - Regions Business Capital
    - Treasury Management

  - Capital Markets
  - Equipment Finance
- It also includes Corporate Banking Administration, a support function shared by all businesses, segments, and products within the Group.
- Products and Services offered by the Corporate Bank are available in all three Geographic Structures. For the year ended December 31, 2014, the Corporate Bank contributed $573 million of net income.

Consumer Bank:

- The Consumer Bank represents the branch and ATM networks and offers consumer and small business banking products and services, including deposit products, mortgages, home equity lines and loans, credit cards, direct and indirect loans. These services are also provided through alternative channels such as the contact center, internet and mobile banking.
- The Consumer Bank is divided into three groups: Business Banking, Consumer Services, and Consumer Lending.
  - The Business Banking Group has one business unit:
    - Business Banking
  - The Consumer Services Group has the following businesses, segments, and products:
    - Retail Consumer Banking
    - Branch Small Business
    - Now Banking
    - Credit Card
  - The Consumer Lending Group has two business units:
    - Mortgage
    - Indirect Lending
- Products and Services offered by Consumer Services and Consumer Lending are available in all three Geographic Structures. For the year ended December 31, 2014, the Consumer Bank contributed $615 million of net income.

Wealth Management:

- The Wealth Management Group represents wealth management products and services such as trust activities, commercial insurance and credit related products, and investment management. The Wealth Management Group's customers include individuals and institutional clients who desire services that include investment advice, assistance in managing assets, and estate planning.
- The Wealth Management Group has the following business units:
  - Private Wealth Management
  - Institutional Services
  - Regions Insurance Group
  - Investment Services
- Products and Services offered by Wealth Management are available in all three Geographic Structures. For the year ended December 31, 2014, the Wealth Management Group contributed $62 million of net income.

Core Business Line Determination

"Core Business Lines" are those business lines of the covered insured depository institution ("CIDI"), including associated operations, services, functions and support, that, in the view of the CIDI, upon failure would result in a material loss of revenue, profit or franchise value.

The Company has determined that the Corporate Bank and the Consumer Bank are Core Business Lines for Resolution Planning purposes. Wealth Management is an important Business Line of Regions Bank, but for purposes of the Resolution Plan is not considered a Core Business Line based on an analysis of materiality and operational interdependencies.

Parent

The Parent has no non-bank Core Business Lines.

C. Consolidated Financial Information Regarding Assets, Liabilities, Capital and Major Funding Sources

The following balance sheet summary is based on Regions Bank's Consolidated Report of Condition and Income, as filed with the FDIC on FFIEC Form 031 for year-end date of December 31, 2014 and the Parent's Balance Sheet Summary, as filed on FR Y-9C, as of December 31, 2014.

Regions Bank and Regions Financial Corporation

Balance Sheet as of 12/31/2014	Regions Bank Consolidated ($000)	Regions Financial Corporation ($000)
Assets:		
Cash and Noninterest-bearing Balances	$1,742,340	$1,772,874
Interest-bearing Balances	2,300,112	2,302,587
Securities Held-to-Maturity	2,172,500	2,174,579
Total Avail-for-sale - Fair Value	21,992,284	22,052,868
Federal Funds Sold	—	—
Sec. purch. under agree to resell	100,000	100,000
Loans & leases held for sale	540,910	540,910
Loans & leases, net Unearned Inc	77,307,059	77,307,583
LESS: Allowance for Loan and Lease Loss	(1,103,261)	(1,103,261)
Loans & leases, net Unearned Inc & Allow	76,203,798	76,204,322
Total Trading Assets	395,299	395,067
Premises and Fixed Assets	2,060,625	2,090,955
Other Real Estate - Total	124,272	124,272
Investments in unconsolidated subs - Total	—	—
Goodwill	4,242,336	4,815,638
Other intangible assets	515,440	543,061
Total Other Assets	6,411,496	6,771,536
Total Assets	**$118,801,412**	**$119,888,669**
Liabilities and Stockholders' Equity:		
Deposits: Domestic Offices	96,178,217	94,147,331
Domestic Deposits: Noninterest-bearing	32,081,967	31,959,721
Domestic Deposits: Interest-bearing	64,096,250	62,187,610
Total Deps in Foreign Offices	264,925	264,925
Foreign Deposits: Noninterest-bearing	—	—
Foreign Deposits: Interest-bearing	264,925	264925
Federal funds purchased	—	—
Securities sold	1,753,068	1,753,068
Total trading liabilities	99,792	101,142
Other borrowed money	663,334	1,902,897
Subordinated Notes and Debentures	1,598,456	2,158,479
Total Other Liabilities	2,125,974	2,572,666
Total Liabilities	**102,683,766**	**102,900,508**
Perpetual Preferred Stock & Surplus	—	883,619
Common Stock	103	13,952
Surplus	16,845,903	18,766,790
Undivided Profits/Capital Reserves	(489,833)	(1,061,760)
Accumulated other comprehensive Inc	(238,527)	(237,894)
Other equity capital components	—	(1,376,546)
Total Bank Equity Capital	16,117,646	16,988,161
Minority Interest in Subsidiaries	—	—
Total Equity Capital	**16,117,646**	**16,988,161**
Total Liabs, Pref. Stck, & Equity Cap	**$118,801,412**	**$119,888,669**

Capital Summary

Regulatory Capital

Regions Bank is an Alabama state-chartered bank and a member of the Federal Reserve System. It is generally subject to supervision and examination by both the Board of Governors of the Federal Reserve System (“the Federal Reserve”) and the Alabama State Banking Department. The Company is required to comply with applicable capital adequacy standards. Currently, the minimum guidelines to be considered well-capitalized for Tier 1 Leverage, Tier 1 Risk-based capital and Total Risk-based capital are 5.0 percent, 8.0 percent and 10.0 percent, respectively. To ensure that current and projected capital levels remain adequate relative to not only these well-capitalized thresholds but also internal limits, Regions Bank employs a robust capital planning process. Among other things, this process seeks continually to evaluate and challenge the adequacy of capital by identifying and aggregating risks from across the Company to inform the creation of scenarios designed to stress the unique sensitivities of the Company.

The Company is required to submit capital plans annually, under the Federal Reserve's Comprehensive Capital Analysis and Review ("CCAR") process. The Federal Reserve assesses the overall financial condition, risk profile, and capital adequacy of bank holding companies and considers quantitative and qualitative factors when reviewing and evaluating capital plans.

In March 2015, the FRB notified the Company that it did not object to the Company’s capital plan included in the Company’s 2015 CCAR submission.

The regulatory capital summary shown in the next figure is based on Regions Bank’s Consolidated Report of Condition and Income, as filed with the FDIC on FFIEC Form 031 as well as the Parent’s Regulatory Capital Summary, as filed on FR Y-9C for year-end date of December 31, 2014.

Regions Bank and Regions Financial Regulatory Capital
December 31, 2014

Regulatory Capital ($000)		**Regions Bank**		**Regions Financial Corporation**
Total Bank Equity Capital	$	16,117,646	$	16,988,161
LESS: Net unrealized gains (losses) on available-for-sale securities		*118,848*		*119,481*
LESS: Accumulated net gains (losses) on cash flow hedges and amounts recorded in AOCI resulting from the initial and subsequent application of FASB ASC 715-20 (former FASB Statement No.158) to defined benefit postretirement plans		*(357,375)*		*(357,375)*
LESS: Disallowed goodwill and other disallowed intangible assets		*4,234,322*		*4,809,316*
LESS: Disallowed servicing assets and purchased credit card relationships		27,034		27,034
Tier 1 Capital		12,094,817		12,389,705
Qualifying subordinated debt and redeemable preferred stock		947,317		1,507,340
Allowance for loan and lease losses includible in Tier 2 capital		1,168,129		1,168,129
Unrealized gains on available-for-sale equity securities includible in Tier 2 capital		4,489		4,940
Other Tier 2 Capital		—		—
Tier 2 Capital	**$**	**2,119,935**	**$**	**2,680,409**
Total Risk-Based Capital		14,214,752		15,070,114
Average Total Assets		*117,970,183*		*118,931,706*
Less: Disallowed Goodwill and Other Intangibles		*4,234,322*		*4,809,316*
Less: Disallowed Servicing Assets, Purchased Credit Card Relationships and Deferred Taxes		*27,034*		*27,034*
Average Total Assets for Leverage Capital Purposes		113,708,827		114,095,356
Risk Weighted Assets		98,353,955		98,786,977
Capital Ratios				
Tier 1 Leverage		10.64%		10.86%
Tier 1 Risk-based Capital		12.30%		12.54%
Total Risk-based Capital		14.45%		15.26%

Major Funding Sources

The Parent is primarily funded by its only IDI, Regions Bank.

The Bank maintains access to and utilizes diverse wholesale and non-wholesale funding sources. The Bank's primary source of funding is its deposits, which represented $96.44 billion as of December 31, 2014.

Short-term borrowings used as a source of funding include Federal funds purchased, repurchase agreements and customer-related borrowings. Federal funds purchased and securities sold under agreements to repurchase used for funding purposes totaled $1.75 billion as of December 31, 2014. The Bank's long-term borrowings consist primarily of FHLB borrowings, senior notes, subordinated notes and other long-term notes payable. Long-term borrowings totaled $4.39 billion for the Bank as of December 31, 2014.

The Bank's liquidity management function ensures the availability of funds to finance assets while meeting obligations to debt holders and depositors in normal business conditions. In order to ensure an appropriate level of liquidity is maintained, the Bank performs specific procedures including scenario analysis and stress testing at the Bank and Parent affiliate levels. The securities portfolio is one of the Bank's primary sources of liquidity as are loan portfolio secured borrowings.

D. Description of Derivative Activities and Hedging Activities

Balance Sheet Hedging

Derivatives are entered into by the Bank's Treasury group to manage interest rate risk and facilitate asset/ liability management strategies. Derivative financial instruments that qualify for an ASC 815 hedging relationship are classified, based on the exposure being hedged, as either fair value hedges or cash flow hedges. The Bank formally documents all hedging relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for entering into various hedge transactions. The Bank performs periodic assessments to determine whether the hedging relationship has been effective in offsetting changes in fair values or cash flows of hedged items and whether the relationship is expected to continue to be effective in the future.

Mortgage Servicing Rights ("MSR") Hedging

The Bank's Treasury group manages the risk associated with hedging Regions Bank's MSR and leads MSR hedging efforts.The majority of hedge positions are via treasury futures, interest rate swaps and options, or to-be-announced mortgage backed securities ("TBA MBS"). TBA MBS are agreements to purchase MBS at a regular forward settlement date. Regions Bank accounts for the mortgage servicing rights and the derivatives used to hedge them using fair market value.

Capital Markets Trading

The Bank hedges interest rate risk resulting from trading interest rate swaps and options with the Bank's clients. Types of trades booked include: interest rate swaps, interest rate options (caps, floors, swaps, options), forward rate agreements ("FRAs"), Eurodollar Futures, Treasuries, Repos/ Reverse Repos). The Bank also hedges commodity risk resulting from trading commodities with the Bank's clients. Types of trades booked include: commodity swaps and commodity options. Foreign exchange rate risk is hedged as a result from trading foreign exchange with the Bank's clients. Types of trades booked include: foreign exchange spot, forward, swap and option trades.

Mortgage Origination Pipeline Hedging

Mortgage pipeline hedging objectives are conducted by using a combination of mandatory forward commitments on mortgage backed securities ("MBS") and purchased over-the-counter ("OTC") options on MBS. Mandatory forwards sales of MBS are the primary hedging vehicle for mortgage loan customer rate lock and closed loan positions. Hedges are primarily set to cover expected deliverable products/ coupons/delivery month, however, some level of cross hedging is necessary where it is not economically feasible to hedge with deliverable instruments. Options may be used to hedge the increased uncertainty of interest rate lock commitments ("IRLC") as they move further out of the money to the borrower.

E. Memberships in Material Payment, Clearing and Settlement Systems

Title VIII of the Dodd-Frank Act, the Payment, Clearing, and Settlement Supervision Act of 2010, introduces the term Financial Market Utility ("FMU") for those multilateral systems that transfer, clear, or settle payments, securities, or other financial transactions among financial institutions or between an FMU and a financial institution.

Utilities and financial institutions transfer funds and settle accounts with other financial institutions to facilitate normal day-to-day transactions occurring in the U.S. economy. Services include wire transfers, settlement, and securities safekeeping, as well as services regarding currency and coin, check clearing and collection, and automated clearing house transactions.

As the central bank of the United States, the Federal Reserve provides certain payment and settlement services to depository institutions. Private sector operators of payment, clearing and settlement systems also provide such services to financial institutions. Funds transfers occur primarily through the Fedwire Funds Service, CHIPS, the National Settlement Service ("NSS"), ACH and payment card networks.

Regions Bank utilizes directly or indirectly a series of FMUs that are operated by the Federal Reserve and by private sector organizations.

The Parent has limited use of FMUs and receives indirect access through the Bank. The Parent is not a direct member or client of the FMUs listed below.

The material systems utilized by the Bank are:

- Derivatives Clearing Houses: CME and LCH
- Securities Depository, Processing, Clearing and Settlement Systems: BONY, Fed Securities and DTC
- Payment Systems: FedWire Funds, FedACH, SWIFT, Visa

A description of each FMU utilized by the Company, including non-material providers, is presented as follows:

- **Bank of New York Mellon ("BNY Mellon")** is utilized by the Bank for the purposes of clearing, settlement and custody of collateral. BNY Mellon securities clearance service is widely utilized in the US market and offers clearance capability in Fed Clearing (through the Federal Reserve Bank's Fedwire Securities Service), DTCC Securities Clearance and Global Clearing.

- **Chicago Mercantile Exchange, Inc. ("CME")** provides clearing and settlement services for futures, options, and over-the-counter derivatives products. These clearing and settlement services are provided by the CME Clearing division of CME's wholly owned subsidiary, Chicago Mercantile Exchange Inc. CME Clearing confirms, clears and settles all CME Group trades.

- **The Depository Trust & Clearing Corporation (DTCC)** operates through 10 subsidiaries. Specifically, The Depository Trust Company (DTC) is a central securities depository providing depository and book-entry services for eligible securities and other financial assets to its participants, which are principally banks and broker-dealers. The National Securities Clearing Corporation provides clearing, settlement, risk management, central counterparty services and a guarantee of completion for certain transactions for virtually all broker-to-broker trades involving equities, corporate and municipal debt, American depositary receipts, exchange-traded funds and unit investment trusts. The Fixed Income Clearing Corporation ("FICC"), a U.S. securities clearing agency is owned by its users, including major banks, broker-dealers and other financial institutions. FICC operates two divisions, the Government Securities Division and the Mortgage-Backed Securities Division. Each division offers services to its own members pursuant to separate rules and procedures.

- **FedACH** is an electronic payment system providing ACH services and is owned and operated by the Federal Reserve. The ACH system exchanges batched debit and credit payments among business, consumer and government accounts. The system processes pre-authorized recurring payments and non-recurring payments.

- **FedWire Funds Service** is a wire transfer service provider that is owned and operated by the Federal Reserve. Fedwire Funds Service is a real-time gross settlement system. Payments are continuously settled on an individual, order-by-order basis without netting.

- **First Data Star Network** is a leading debit network in America providing PIN (Personal Identification Number) secured electronic debit transaction services.

- **LCH.Clearnet Ltd. ("LCH")** is incorporated under the laws of England and Wales. For U.K. regulatory purposes, LCH is a "recognized clearing house" under the Financial Services and Markets Act 2000. LCH also is a derivatives clearing organization in the U.S. and is subject to Commodity Futures Trading Commission rules and the U.S. Commodity Exchange Act. LCH is a wholly-owned subsidiary of LCH.Clearnet Group Limited. The group is currently majority-owned by its users.

- **The Small Value Payments Company L.L.C. ("SVPCo")** is the Check Image Exchange business of The Clearing House, providing check imaging, clearing and related services to financial institutions of all sizes. SVPCo distributes checks to other SVPCo members, including through an Image Payments Network that allows financial institutions to exchange images and share best practices amongst one another.

- **The Society for Worldwide Interbank Financial Telecommunication ("SWIFT")** is an international messaging system used by Regions Bank to execute non-dollar settlement of foreign exchange deals.

- **Viewpointe Clearing, Settlement & Association Services, LLC ("Viewpointe")** is a private sector clearinghouse that provides cloud-based information governance, check archive, end-to-end check image exchange, clearing and settlement and ACH association services.

- **Visa, Inc.** is a global payments technology company that connects consumers, businesses, banks and governments in more than 200 countries and territories, enabling them to use electronic payments instead of cash and checks.

F. Description of Foreign Operations

The Company's operations are primarily located in the United States and the Bank does not have any material foreign operations. The great majority of income, assets, and liabilities are related to the Bank's domestic operations.

G. Material Supervisory Authorities

Regions Financial, a bank holding company, has elected to be treated as a financial holding company pursuant to the Bank Holding Company ("BHC") Act of 1956, as amended. As such, Regions and its subsidiaries are subject to the requirements of the BHC Act and the regulations codified by the Federal Reserve (the "Fed"). Regions is also a state-chartered bank and is thus subject to oversight and regulation by the Alabama State Banking Department (the "State"). Regions Bank is also a member of the Federal Deposit Insurance Corporation ("FDIC"), and, as such, its deposits are insured by the FDIC to the extent provided by law.

Regions Bank is generally subject to supervision and examination by both the Fed and the State. Both the Fed and the State regularly examine the operations of Regions Bank and are given authority to approve or disapprove mergers, acquisitions, consolidations, the establishment of branches and similar corporate actions, as well as planned capital actions such as declaration of dividends and share repurchases.

Regions Bank is further subject to numerous statutes and regulations that affect its business activities and operations, including various consumer protection laws and regulations. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, depositary institutions with assets exceeding $10 billion, such as Regions Bank, are subject to oversight by the Consumer Financial Protection Bureau (the "CFPB"). Depositary institutions meeting the $10 billion threshold, their affiliates and other "larger participants" in the markets for consumer financial services (as determined by the CFPB) are subject to direct supervision by the CFPB. This can include any applicable examination, enforcement and reporting requirements that the CFPB may establish.

The Parent, as a publicly traded entity on the New York Stock Exchange, is also subject to applicable Securities and Exchange Commission ("SEC") regulations and financial filing requirements.

The Parent's limited purpose broker dealer arm, Regions Securities LLC, not material under Section 165(d) and the Resolution Plan Rule, is subject to regulation and supervision by FINRA.

The Parent's insurance agency subsidiaries, not material under Section 165(d) and the Resolution Plan Rule, are regulated by their respective State Insurance Commissioners.

The following table details the material supervisory authorities for The Company as of December 31, 2014:

Figure G-1 Regulatory and Supervisory Agencies

Regulatory/Supervisory Authority	Activities Regulated
The Federal Reserve System	The Central Bank of the United States: responsible for overseeing the nation's monetary policy; supervises banks and other financial institutions to ensure the safety and soundness of the nation's banking and financial systems; organized into 12 Districts based on geography. 7 members, nominated by the President of the United States and confirmed by the Senate, sit on the Board of Governors. Regions Bank sits in the 6th Reserve District, and its Federal Reserve Bank is located in Atlanta, Georgia.
Federal Reserve Bank of Atlanta - Safety & Soundness	Comprehensive Capital Analysis and Review (CCAR), Trust, Liquidity, Information Technology, Vendor Management, Data Integrity, among others. General compliance with applicable laws and regulations.
Federal Reserve Bank of Atlanta - Consumer Division	Community Reinvestment Act (CRA), Fair Housing Act (FHA), Service members Civil Relief Act (SCRA), Home Mortgage Disclosure Act (HMDA), flood insurance compliance, and more General compliance with applicable laws and regulations
Alabama State Banking Department	The State typically partners with Regions' other regulatory agencies (particularly the Fed) in examining the Bank
Federal Deposit Insurance Corporation (FDIC)	The FDIC typically partners with the Fed and the State on examinations and ongoing monitoring of the Bank
Consumer Financial Protection Bureau (CFPB)	Federal consumer financial protection laws
Financial Industry Regulatory Authority (FINRA)	Investor protection and market integrity through its regulation of the securities industry
Securities and Exchange Commission (SEC)	Certain required disclosures and regulatory requirements

H. Principal Officers

Executive Council members of Regions Financial Corporation and Regions Bank are described in the table below:

Principal Officers	Position and Offices Held with Registrant and Subsidiaries	Executive Officer Since
O.B. Grayson Hall, Jr.	Chairman, President and Chief Executive Officer, Regions and Regions Bank	1993
Fournier J. "Boots" Gale, III	Senior Executive Vice President, General Counsel and Corporate Secretary, Regions and Regions Bank	2011
C. Matthew Lusco	Senior Executive Vice President and Chief Risk Officer, Regions and Regions Bank	2011
John B. Owen	Senior Executive Vice President and Head of the Regional Bank, Regions and Regions Bank	2009
David J. Turner, Jr.	Senior Executive Vice President and Chief Financial Officer, Regions and Regions Bank	2010
John M. Turner, Jr.	Senior Executive Vice President and Head of the Corporate Bank, Regions and Regions Bank	2011

As of December 31, 2015, there were no changes to the composition of the Executive Council of Regions Financial Corporation and Regions Bank.

I. Resolution Planning Corporate Governance

The Company's Corporate Governance Structure, established and approved by the Board of Directors, consists of committees, working groups, processes, and procedures that provide a framework by which the Company is directed and controlled. The Resolution Planning governance is aligned with the Bank's Corporate Governance.

Ultimate authority and responsibility for The Company's Resolution Plan rests with the Board of Directors. The Resolution Planning Committee ("RPC"), an Executive Council Sponsored Committee, created in accordance with Region's Corporate Governance Structure, is delegated by the Board of Directors with Resolution Planning overseeing responsibilities.

RPC voting members are the Chief Risk Officer, Chief Financial Officer, General Counsel, Director of Market & Liquidity Risk and Corporate Treasurer. Also participating in the RPC are the Funding and Liquidity Manager, the Resolution Planning Manager and the Director of Internal Audit.

Under the RPC, an Oversight Group formed by executives of the business lines, support functions and geographies provides an additional level of control, at the appropriate hierarchical level. Its main function is to oversee the Working Group's input and vet Plans prior to the RPC's review. Members of the cross functional Working Group, high level managers and subject matter experts, are responsible for providing input, reviewing, approving and certifying their respective sections in the Plan.

The Resolution Planning Office ("RPO") is the engine of the Resolution Planning process. The RPO's responsibilities include project management, and requesting, collecting, revising and aggregating input from subject matter experts. as well as drafting of Plans. The RPO is a sub-committees that supports and reports up to the RPC.

The organizational structure of Regions Bank's Resolution Planning and its related processes and procedures are integrated into the Risk Management Organizational Structure and Governance as well.

Regions Bank has established that the RPO, led by the Director of Market & Liquidity Risk, is responsible for coordinating the development and evolution of future Resolution Plan submissions, ongoing review, revisions and maintenance of the plans as well as the execution of actions which address potential impediments to an orderly resolution.

The Board of Directors has reviewed and approved the final Resolution Plans.

J. Description of Material Management Information Systems

Management Information Systems (“MIS") are defined as the systems, applications and infrastructure that enable the Company to conduct its operations and report information to the Company's management or for regulatory compliance.

The Company compiled a list of critical MIS in three categories: financial and accounting reporting, risk management, and business operations, explained as follows:

- Financial and accounting reporting: systems used to compile and report information to monitor the Bank's financial health and to provide necessary information to the Bank's management and regulators.
- Risk management reporting: systems used to generate information to comply with regulatory requirements managed by the Risk Management function, and to inform risk management decisions by measuring, monitoring and modeling key risk indicators.
- Business operations: systems required for the operations of the Core Business Lines. Those systems were identified based on the Company's disaster recovery tier list, and this Plan assumes that most systems classified in the top tiers are considered critical MIS.

While these categories are not mutually exclusive (e.g., there are source systems required for business operations that also produce reports to comply with regulatory requirements) all critical systems included in this Plan serve at least one of these purposes, if not more.

The Operations and Technology function supports the Company’s systems to ensure that they are operational and support internal, regulatory and customer-facing business requirements.

The Company maintains appropriate policies, procedures, and organizational structure related to business continuity planning to ensure that the Company is able to provide essential business and technology services in the event of disasters and other business interruptions. The Company has established an experienced Business Continuity Management team to oversee its Business Continuity and Incident Response programs. The team works with all lines of business and their technology partners to implement the programs for developing, maintaining, and testing business continuity plans. The plans are created using an all-hazards approach with flexibility for responding to incidents of varying types.

The Company employs a comprehensive Business Continuity Program that governs plan development, maintenance, training and testing. The Company conducts an annual impact analysis of business processes that provides the requirements for plan development and testing. Businesses develop and maintain plans to ensure continuance of critical and essential functions and conduct training and testing of these plans at least annually. Business Continuity Management periodically reviews these plans to ensure compliance with planning guidance and best practices.

K. High-Level Description of Resolution Strategy

Pursuant to the IDI Rule and Section 165(d), Resolution Plans must address strategies for a quick and orderly resolution of the Holding Company, Regions Financial Corporation, and its Covered Insured Depository Institution, Regions Bank, while avoiding systemic risk to the U.S. financial system and the broader U.S. economy.

In devising and modeling a hypothetical failure scenario for the Bank, leading up to a runway and subsequent receivership status, the Resolution Planning team took into account:

1. Requirements of the 165(d) Rule, the IDI Rule, the FDIC Guidance published on December 16th, 2014 and the Joint Guidance received in July 2015

2. The Bank's structure and operating model, historical facts and conditions, and Company's CCAR submitted on January 5th, 2015

The Company has developed strategies under the assumptions provided by the rules and supervisory guidance for the Resolution Plans, considering that an hypothetical idiosyncratic event specific to Regions Bank led to the Bank's failure, and that this hypothetical failure may occur under the baseline, adverse or severely adverse macroeconomic conditions provided by the Board pursuant to 12 U.S.C. § 5365(i)(1)(B) for the purposes of the Company's Comprehensive Capital Analysis and Review ("CCAR").

The Parent

Under Section 165(d), the Resolution Plan must address strategies for a quick and orderly resolution of the Parent which avoids any systemic risk to the U.S. financial system and the broader U.S. economy. The Company's Plan assumes that a hypothetical idiosyncratic event specific to the Bank leads to the Parent's failure, and that this hypothetical failure may occur under the baseline, adverse or severely adverse macroeconomic conditions provided by the Board pursuant to 12 U.S.C. § 5365(i)(1)(B) for the purposes of the Company's Comprehensive Capital Analysis and Review ("CCAR").

Upon a failure of the Bank, the Parent would commence a proceeding under Chapter 7 of the U.S. Bankruptcy Code (a "Chapter 7 Proceeding") in order to liquidate remaining assets. The Company does not believe that a reorganization of the Parent is practical, considering that the Parent has no material operating business that could emerge as a going concern after the failure of its IDI, and it has few assets other than the Bank and cash.

The Bank

Regions Bank maintains Capital, Liquidity and Contingency Funding Plans which detail the actions it would take to avoid failure by staying well-capitalized and well-funded in adverse scenarios. In the hypothetical and highly unlikely event that the Bank was in danger of failure, and Capital, Liquidity and Contingency Funding Plans or other timely private sector alternative were not able to prevent the default, Regions Bank would be subject to the FDIC receivership.

Regions Bank's Resolution Plan considers that the FDIC will not use its orderly liquidation authority under Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd Frank Act") in connection with the resolution of the Company. The FDIC will assume receivership of the Bank according to its traditional resolution powers pursuant to the FDIA.

The Bank's Plan details four different strategies for the FDIC's consideration and presents the quantification analysis of each strategy's value. This analysis would allow the FDIC to select a strategy that would achieve maximum value for the receivership, ensure depositors' access to Regions Bank's insured deposits, and limit contagion and loss of franchise value that might be caused by a lengthy resolution process.

The four strategies outlined in the Bank's Plan are tailored to the size, complexity, and risk profile of Regions Bank and provide a range of sale and disposition options for the FDIC to consider. The options considered are consistent with the Bank's balance sheet at time of failure and the overall economic environment in which the hypothetical failure would occur. The Plan also details the methodologies, assumptions and analysis used to estimate the net present value of each strategy and the potential distribution/ losses to the FDIC's Deposit Insurance Fund ("DIF") and remaining claims.

The comparison among the options presented will assist in determining the strategy that incurs the least cost to the DIF. Based on the assumptions and analysis developed for the purposes of this Resolution Plan, the Company has selected a preferred resolution strategy. The preferred strategy would be to maintain the Bank as a whole and execute a whole bank sale after its stabilization through a bridge bank. Alternatively, the receiver could sell and transfer ownership of the Bank in multiple transactions including the sale of loan portfolios and regional segments along the Bank's geographical alignment.

Three of the four strategies presented contemplate that under the FDIA, the FDIC would form a bridge bank to maintain and operate the Bank's businesses until it is returned the bank to private ownership. The bridge bank would continue all core business lines and critical services until the whole Bank or its parts (portfolios and regional segments) are transitioned to new purchasers and fully returned to private ownership.

Regions Bank represents a desirable target for purchase due to its geographic footprint, branch network, and strong deposit base. Selling Regions Bank as a whole should preserve franchise value and minimize disruption to local communities during a transition period.

Potential acquirers of Regions Bank include US-headquartered banks with complementary branch networks and service offerings looking to expand into Regions Bank's territory or deepen their presence through an attractive franchise acquisition. Also in consideration would be foreign-based global banking groups interested in entering the US market or expanding their US operations.

Conclusion

The Company has developed Resolution Plans for the Parent ("165(d) Plan") and the Bank ("IDI Plan"), pursuant to the Federal Reserve and FDIC Joint Resolution Plan Rule ("Resolution Plan Rule") as required under Title I, Section 165 (d) of the Dodd-Frank Act, and the FDIC's Resolution Plan Rule for Covered Insured Depository Institutions ("IDI Rule"). Collectively, the IDI Plan and the 165(d) are referred to as the "Plans".

The Plans provide information for the rapid and orderly resolution of the Bank and the Parent, and contain strategic analysis describing how the Bank can be separated from the Parent and resolved without posing systemic risk to the larger financial system or needing any government or taxpayer support. The Plans also identify impediments to resolution and the remedial steps that Regions Bank has taken to address such impediments, as well as mitigation efforts that are underway.

Upon a failure of the Bank, as specified in the 165(d) Plan, the Parent would commence a Chapter 7 Proceeding in order to liquidate remaining assets. The Company does not believe that a reorganization of the Parent is practical, considering that the Parent has no material operating business that could emerge as a going concern after the failure of its IDI, and it has few assets other than the Bank and cash.

As detailed in the IDI Plan, Regions Bank's organizational structure is relatively simple and could be resolved in a relatively straightforward manner for the following reasons: (1) its businesses are almost completely domestic and conducted in an uncomplicated business model and organizational structure; (2) critical services required in the day-to-day business operation are all under the Bank (3) the majority of its revenues and profits are generated by, and core businesses are resident in, Regions Bank.

The IDI Plan details four different strategies for the FDIC's consideration and presents the quantification analysis of each strategy's value. The strategies are tailored to the size, complexity, and risk profile of the Bank. The assumptions and analysis would allow the FDIC to select a strategy that would achieve maximum value for the receivership, ensure depositors' access to Regions Bank's insured deposits, and limit contagion and loss of franchise value that might be caused by a lengthy resolution process. The Company believes that the valuation methodologies and the strategies outlined would enable the FDIC to resolve the Bank in a manner that maximizes the net present return from the sale or disposition of its assets, and minimize the amount of any loss to be realized by the DIF and by Regions Bank's creditors.

The Company remains committed to working with its Regulators to strengthen resolution planning, and to identify and remediate potential obstacles to resolution, devoting resources to develop a robust Plan.