REGIONS FINANCIAL CORP
Form 10-Q
August 04, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

ý Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 2017
or
.. Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from to
Commission File Number: 001-34034

Regions Financial Corporation
(Exact name of registrant as specified in its charter)

Delaware	63-0589368
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1900 Fifth Avenue North Birmingham, Alabama	35203
(Address of principal executive offices)	(Zip Code)

(800) 734-4667
(Registrant's telephone number, including area code)
NOT APPLICABLE
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ý Yes ¨ No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ý Yes ¨ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer ý Accelerated filer ¨ Non-accelerated filer ¨ (Do not check if a smaller reporting company) Smaller reporting company ¨
Emerging growth company ¨
If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ¨ Yes ý No
The number of shares outstanding of each of the issuer’s classes of common stock was 1,195,080,193 shares of common stock, par value $.01, outstanding as of August 2, 2017.

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Glossary of Defined Terms
Agencies - collectively, FNMA, FHLMC and GNMA.
ALCO - Asset/Liability Management Committee.
AOCI - Accumulated other comprehensive income.
ASU - Accounting Standards Update.
ATM - Automated teller machine.
Basel I - Basel Committee's 1988 Regulatory Capital Framework (First Accord).
Basel III - Basel Committee's 2010 Regulatory Capital Framework (Third Accord).
Basel III Rules - Final capital rules adopting the Basel III capital framework approved by U.S. federal regulators in 2013.
Basel Committee - Basel Committee on Banking Supervision.
BHC - Bank Holding Company.
BITS - Technology arm of the Financial Services Roundtable.
Bank - Regions Bank.
Board - The Company’s Board of Directors.
CAP - Customer Assistance Program.
CCAR - Comprehensive Capital Analysis and Review.
CD - Certificate of deposit.
CEO - Chief Executive Officer.
CET1 - Common Equity Tier 1.
CFPB - Consumer Financial Protection Bureau.
Company - Regions Financial Corporation and its subsidiaries.
CPR - Constant (or Conditional) Prepayment Rate.
CRA - Community Reinvestment Act of 1977.
Dodd-Frank Act - The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.
DPD - Days Past Due.
DUS - Fannie Mae Delegated Underwriting & Servicing.
FASB - Financial Accounting Standards Board.
FDIC - Federal Deposit Insurance Corporation.
Federal Reserve - Board of Governors of the Federal Reserve System.
FHA - Federal Housing Administration.
FHLB - Federal Home Loan Bank.
FHLMC - Federal Home Loan Mortgage Corporation, known as Freddie Mac.
FNMA - Federal National Mortgage Association, known as Fannie Mae.
FS-ISAC - Financial Services - Information Sharing & Analysis Center.
FRB - Federal Reserve Bank.
GAAP - Generally Accepted Accounting Principles in the United States.
GCM - Guideline Public Company Method.
GDP - Gross Domestic Product.
GNMA - Government National Mortgage Association.

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GTM - Guideline Transaction Method.
HUD - U.S. Department of Housing and Urban Development.
IP - Intellectual Property.
IPO - Initial public offering.
LCR - Liquidity coverage ratio.
LIBOR - London InterBank Offered Rates.
LTIP - Long-term incentive plan.
LTV - Loan to value.
MBS - Mortgage-backed securities.
Morgan Keegan - Morgan Keegan & Company, Inc.
MSAs - Metropolitan Statistical Areas.
MSR - Mortgage servicing right.
NM - Not meaningful.
NPR - Notice of Proposed Rulemaking.
OAS - Option-Adjusted Spread.
OCC - Office of the Comptroller of the Currency.
OCI - Other comprehensive income.
OIS - Overnight indexed swap.
OTTI - Other-than-temporary impairment.
Raymond James - Raymond James Financial, Inc.
RICO - Racketeer Influenced and Corrupt Organizations Act.
SEC - U.S. Securities and Exchange Commission.
SERP - Supplemental Executive Retirement Plan.
SSFA - Simplified Supervisory Formula Approach.
TDR - Troubled debt restructuring.
U.S. - United States.
U.S. Treasury - United States Department of the Treasury.
UTB - Unrecognized tax benefits.
VIE - Variable interest entity.

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Forward-Looking Statements

This Quarterly Report on Form 10-Q, other periodic reports filed by Regions Financial Corporation under the Securities Exchange Act of 1934, as amended, and any other written or oral statements made by us or on our behalf to analysts, investors, the media and others, may include forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. The terms “Regions,” the “Company,” “we,” “us” and “our” mean Regions Financial Corporation, a Delaware corporation, and its subsidiaries when or where appropriate. The words “anticipates,” “intends,” “plans,” “seeks,” “believes,” “estimates,” “expects,” “targets,” “projects,” “outlook,” “forecast,” “will,” “may,” “could,” “shou expressions often signify forward-looking statements. Forward-looking statements are not based on historical information, but rather are related to future operations, strategies, financial results or other developments.

Forward-looking statements are based on management’s current expectations as well as certain assumptions and estimates made by, and information available to, management at the time the statements are made. Those statements are based on general assumptions and are subject to various risks, and because they also relate to the future they are likewise subject to inherent uncertainties and other factors that may cause actual results to differ materially from the views, beliefs and projections expressed in such statements. Therefore, we caution you against relying on any of these forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, those described below:

- Current and future economic and market conditions in the United States generally or in the communities we serve, including the effects of declines in property values, unemployment rates and potential reductions of economic growth, which may adversely affect our lending and other businesses and our financial results and conditions.
- Possible changes in trade, monetary and fiscal policies of, and other activities undertaken by, governments, agencies, central banks and similar organizations, which could have a material adverse effect on our earnings.
- The effects of a possible downgrade in the U.S. government’s sovereign credit rating or outlook, which could result in risks to us and general economic conditions that we are not able to predict.
- Possible changes in market interest rates or capital markets could adversely affect our revenue and expense, the value of assets and obligations, and the availability and cost of capital and liquidity.
- Any impairment of our goodwill or other intangibles, or any adjustment of valuation allowances on our deferred tax assets due to adverse changes in the economic environment, declining operations of the reporting unit, or other factors.
- Possible changes in the creditworthiness of customers and the possible impairment of the collectability of loans and leases, including operating leases.
- Changes in the speed of loan prepayments, loan origination and sale volumes, charge-offs, loan loss provisions or actual loan losses where our allowance for loan losses may not be adequate to cover our eventual losses.
- Possible acceleration of prepayments on mortgage-backed securities due to low interest rates, and the related acceleration of premium amortization on those securities.
- Our ability to effectively compete with other financial services companies, some of whom possess greater financial resources than we do and are subject to different regulatory standards than we are.
- Loss of customer checking and savings account deposits as customers pursue other, higher-yield investments, which could increase our funding costs.
- Our inability to develop and gain acceptance from current and prospective customers for new products and services in a timely manner could have a negative impact on our revenue.
- The effects of any developments, changes or actions relating to any litigation or regulatory proceedings brought against us or any of our subsidiaries.
- Changes in laws and regulations affecting our businesses, such as the Dodd-Frank Act and other legislation and regulations relating to bank products and services, as well as changes in the enforcement and interpretation of such laws and regulations by applicable governmental and self-regulatory agencies, which could require us to change certain business practices, increase compliance risk, reduce our revenue, impose additional costs on us, or otherwise negatively affect our businesses.
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- Our ability to obtain a regulatory non-objection (as part of the CCAR process or otherwise) to take certain capital actions, including paying dividends and any plans to increase common stock dividends, repurchase common stock under current or future programs, or redeem preferred stock or other regulatory capital instruments, may impact our ability to return capital to stockholders and market perceptions of us.
- Our ability to comply with stress testing and capital planning requirements (as part of the CCAR process or otherwise) may continue to require a significant investment of our managerial resources due to the importance and intensity of such tests and requirements.

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- Our ability to comply with applicable capital and liquidity requirements (including, among other things, the Basel III capital standards and the LCR rule), including our ability to generate capital internally or raise capital on favorable terms, and if we fail to meet requirements, our financial condition could be negatively impacted.
- The Basel III framework calls for additional risk-based capital surcharges for globally systemically important banks. Although we are not subject to such surcharges, it is possible that in the future we may become subject to similar surcharges.
- The costs, including possibly incurring fines, penalties, or other negative effects (including reputational harm) of any adverse judicial, administrative, or arbitral rulings or proceedings, regulatory enforcement actions, or other legal actions to which we or any of our subsidiaries are a party, and which may adversely affect our results.
- Our ability to manage fluctuations in the value of assets and liabilities and off-balance sheet exposure so as to maintain sufficient capital and liquidity to support our business.
- Our ability to execute on our strategic and operational plans, including our ability to fully realize the financial and non-financial benefits relating to our strategic initiatives.
- The success of our marketing efforts in attracting and retaining customers.
- Possible changes in consumer and business spending and saving habits and the related effect on our ability to increase assets and to attract deposits, which could adversely affect our net income.
- Our ability to recruit and retain talented and experienced personnel to assist in the development, management and operation of our products and services may be affected by changes in laws and regulations in effect from time to time.
- Fraud or misconduct by our customers, employees or business partners.
- Any inaccurate or incomplete information provided to us by our customers or counterparties.
- The risks and uncertainties related to our acquisition and integration of other companies.
- Inability of our framework to manage risks associated with our business such as credit risk and operational risk, including third-party vendors and other service providers, which could, among other things, result in a breach of operating or security systems as a result of a cyber attack or similar act.
- The inability of our internal disclosure controls and procedures to prevent, detect or mitigate any material errors or fraudulent acts.
- The effects of geopolitical instability, including wars, conflicts and terrorist attacks and the potential impact, directly or indirectly, on our businesses.
- The effects of man-made and natural disasters, including fires, floods, droughts, tornadoes, hurricanes, and environmental damage, which may negatively affect our operations and/or our loan portfolios and increase our cost of conducting business.
- Changes in commodity market prices and conditions could adversely affect the cash flows of our borrowers operating in industries that are impacted by changes in commodity prices (including businesses indirectly impacted by commodities prices such as businesses that transport commodities or manufacture equipment used in the production of commodities), which could impair their ability to service any loans outstanding to them and/or reduce demand for loans in those industries.
- Our inability to keep pace with technological changes could result in losing business to competitors.
- Our ability to identify and address cyber-security risks such as data security breaches, malware, “denial of service” attacks, “hacking” and identity theft, a failure of which could disrupt our business and result in the disclosure of and/or misuse or misappropriation of confidential or proprietary information; disruption or damage to our systems; increased costs; losses; or adverse effects to our reputation.
- Our ability to realize our adjusted efficiency ratio target as part of our expense management initiatives.
- Significant disruption of, or loss of public confidence in, the Internet and services and devices used to access the Internet could affect the ability of our customers to access their accounts and conduct banking transactions.
- Possible downgrades in our credit ratings or outlook could increase the costs of funding from capital markets.
- The effects of problems encountered by other financial institutions that adversely affect us or the banking industry generally could require us to change certain business practices, reduce our revenue, impose additional costs on us, or otherwise negatively affect our businesses.

- The effects of the failure of any component of our business infrastructure provided by a third party could disrupt our businesses; result in the disclosure of and/or misuse of confidential information or proprietary information; increase our costs; negatively affect our reputation; and cause losses.
- Our ability to receive dividends from our subsidiaries could affect our liquidity and ability to pay dividends to stockholders.

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- Changes in accounting policies or procedures as may be required by the FASB or other regulatory agencies could materially affect how we report our financial results.
- Other risks identified from time to time in reports that we file with the SEC.
- The effects of any damage to our reputation resulting from developments related to any of the items identified above.

You should not place undue reliance on any forward-looking statements, which speak only as of the date made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible to predict all of them. We assume no obligation to update or revise any forward-looking statements that are made from time to time, either as a result of future developments, new information or otherwise, except as may be required by law.

See also the reports filed with the Securities and Exchange Commission, including the discussion under the "Risk Factors" section of Regions' Annual Report on Form 10-K for the year ended December 31, 2016 as filed with the Securities and Exchange Commission and available on its website at www.sec.gov.

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PART I
FINANCIAL INFORMATION
Item 1. Financial Statements (Unaudited)
REGIONS FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	June 30, 2017	December 31, 2016
	(In millions, except share data)	
Assets		
Cash and due from banks	$ 1,873	$ 1,853
Interest-bearing deposits in other banks	2,258	3,583
Federal funds sold and securities purchased under agreements to resell	—	15
Trading account securities	178	124
Securities held to maturity (estimated fair value of $1,770 and $1,369, respectively)	1,754	1,362
Securities available for sale	23,608	23,781
Loans held for sale (includes $379 and $447 measured at fair value, respectively)	573	718
Loans, net of unearned income	80,127	80,095
Allowance for loan losses	(1,041)	(1,091)
Net loans	79,086	79,004
Other earning assets	1,537	1,644
Premises and equipment, net	2,060	2,096
Interest receivable	313	319
Goodwill	4,904	4,904
Residential mortgage servicing rights at fair value	346	324
Other identifiable intangible assets	198	221
Other assets	5,955	6,020
Total assets	$ 124,643	$ 125,968
Liabilities and Stockholders' Equity		
Deposits:		
Non-interest-bearing	$ 37,119	$ 36,046
Interest-bearing	60,974	62,989
Total deposits	98,093	99,035
Borrowed funds:		
Short-term borrowings:		
Other short-term borrowings	600	—
Total short-term borrowings	600	—
Long-term borrowings	6,765	7,763
Total borrowed funds	7,365	7,763
Other liabilities	2,292	2,506
Total liabilities	107,750	109,304
Stockholders' equity:		
Preferred stock, authorized 10 million shares, par value $1.00 per share		
Non-cumulative perpetual, liquidation preference $1,000.00 per share, including related surplus, net of issuance costs; issued—1,000,000 shares	820	820
Common stock, authorized 3 billion shares, par value $.01 per share:		
Issued including treasury stock—1,240,526,496 and 1,255,839,866 shares, respectively	12	13
Additional paid-in capital	16,828	17,092

Retained earnings	1,089	666
Treasury stock, at cost—41,259,320 and 41,259,319 shares, respectively	(1,377)	(1,377)
Accumulated other comprehensive income (loss), net	(479)	(550)
Total stockholders’ equity	16,893	16,664
Total liabilities and stockholders’ equity	$ 124,643	$ 125,968

See notes to consolidated financial statements.

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REGIONS FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended June 30		Six Months Ended June 30	
	2017	2016	2017	2016
	(In millions, except per share data)			
Interest income, including other financing income on:				
Loans, including fees	$ 801	$ 762	$ 1,574	$ 1,530
Securities - taxable	151	145	299	292
Loans held for sale	4	4	8	7
Trading account securities	—	1	2	4
Other earning assets	9	8	21	18
Operating lease assets	24	32	51	64
Total interest income, including other financing income	989	952	1,955	1,915
Interest expense on:				
Deposits	37	28	72	55
Short-term borrowings	2	—	2	—
Long-term borrowings	50	50	100	97
Total interest expense	89	78	174	152
Depreciation expense on operating lease assets	18	26	40	53
Total interest expense and depreciation expense on operating lease assets	107	104	214	205
Net interest income and other financing income	882	848	1,741	1,710
Provision for loan losses	48	72	118	185
Net interest income and other financing income after provision for loan losses	834	776	1,623	1,525
Non-interest income:				
Service charges on deposit accounts	169	166	337	325
Card and ATM fees	104	99	208	194
Investment management and trust	57	52	113	102

fee income				
Mortgage income	40	46	81	84
Securities gains (losses), net	1	6	1	1
Other	154	157	295	326
Total non-interest income	525	526	1,035	1,032
Non-interest expense:				
Salaries and employee benefits	497	480	975	955
Net occupancy expense	86	86	171	172
Furniture and equipment expense	85	79	165	157
Other	241	270	475	500
Total non-interest expense	909	915	1,786	1,784
Income from continuing operations before income taxes	450	387	872	773
Income tax expense	133	115	261	228
Income from continuing operations	317	272	611	545
Discontinued operations:				
Income (loss) from discontinued operations before income taxes	(1)	5	10	5
Income tax expense (benefit)	—	2	4	2
Income (loss) from discontinued operations, net of tax	(1)	3	6	3
Net income	$ 316	$ 275	$ 617	$ 548
Net income from continuing operations available to common shareholders	$ 301	$ 256	$ 579	$ 513
Net income available to common shareholders	$ 300	$ 259	$ 585	$ 516
Weighted-average number of shares outstanding:				
Basic	1,202	1,265	1,205	1,275
Diluted	1,212	1,268	1,218	1,279
Earnings per common share from continuing operations:				
Basic	$ 0.25	$ 0.20	$ 0.48	$ 0.40

Diluted	0.25	0.20	0.48	0.40
Earnings per common share:				
Basic	$ 0.25	$ 0.20	$ 0.49	$ 0.40
Diluted	0.25	0.20	0.48	0.40
Cash dividends declared per common share	0.07	0.065	0.135	0.125

See notes to consolidated financial statements.

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REGIONS FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended June 30	
	2017	2016
	(In millions)	
Net income	$316	$275
Other comprehensive income (loss), net of tax:		
Unrealized losses on securities transferred to held to maturity:		
Unrealized losses on securities transferred to held to maturity during the period (net of zero and zero tax effect, respectively)	—	—
Less: reclassification adjustments for amortization of unrealized losses on securities transferred to held to maturity (net of ($1) and ($3) tax effect, respectively)	(1)	(5)
Net change in unrealized losses on securities transferred to held to maturity, net of tax	1	5
Unrealized gains (losses) on securities available for sale:		
Unrealized holding gains (losses) arising during the period (net of $30 and $62 tax effect, respectively)	51	103
Less: reclassification adjustments for securities gains (losses) realized in net income (net of zero and $2 tax effect, respectively)	1	4
Net change in unrealized gains (losses) on securities available for sale, net of tax	50	99
Unrealized gains (losses) on derivative instruments designated as cash flow hedges:		
Unrealized holding gains (losses) on derivatives arising during the period (net of $21 and $51 tax effect, respectively)	37	84
Less: reclassification adjustments for gains (losses) on derivative instruments realized in net income (net of $8 and $13 tax effect, respectively)	14	22
Net change in unrealized gains (losses) on derivative instruments, net of tax	23	62
Defined benefit pension plans and other post employment benefits:		
Net actuarial gains (losses) arising during the period (net of zero and $1 tax effect, respectively)	—	—
Less: reclassification adjustments for amortization of actuarial loss and settlements realized in net income (net of ($7) and ($3) tax effect, respectively)	(12)	(5)
Net change from defined benefit pension plans and other post employment benefits, net of tax	12	5
Other comprehensive income (loss), net of tax	86	171
Comprehensive income	$402	$446

	Six Months Ended June 30	
	2017	2016
	(In millions)	
Net income	$617	$548
Other comprehensive income (loss), net of tax:		
Unrealized losses on securities transferred to held to maturity:		
Unrealized losses on securities transferred to held to maturity during the period (net of zero and zero tax effect, respectively)	—	—
Less: reclassification adjustments for amortization of unrealized losses on securities transferred to held to maturity (net of ($2) and ($4) tax effect, respectively)	(3)	(7)
Net change in unrealized losses on securities transferred to held to maturity, net of tax	3	7
Unrealized gains (losses) on securities available for sale:		
Unrealized holding gains (losses) arising during the period (net of $31 and $187 tax effect, respectively)	52	308

Less: reclassification adjustments for securities gains (losses) realized in net income (net of zero and zero tax effect, respectively)	1	1
Net change in unrealized gains (losses) on securities available for sale, net of tax	51	307
Unrealized gains (losses) on derivative instruments designated as cash flow hedges:		
Unrealized holding gains (losses) on derivatives arising during the period (net of $20 and $153 tax effect, respectively)	33	249
Less: reclassification adjustments for gains (losses) on derivative instruments realized in net income (net of $20 and $28 tax effect, respectively)	33	46
Net change in unrealized gains (losses) on derivative instruments, net of tax	—	203
Defined benefit pension plans and other post employment benefits:		
Net actuarial gains (losses) arising during the period (net of zero and $1 tax effect, respectively)	(1)	—
Less: reclassification adjustments for amortization of actuarial loss and settlements realized in net income (net of ($10) and ($6) tax effect, respectively)	(18)	(11)
Net change from defined benefit pension plans and other post employment benefits, net of tax	17	11
Other comprehensive income (loss), net of tax	71	528
Comprehensive income	$688	$1,076

See notes to consolidated financial statements.

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REGIONS FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings (Deficit)	Treasury Stock, At Cost	Accumulated Other Comprehensive Income (Loss), Net	Total
	Shares	Amount	Shares	Amount					
	(In millions, except per share data)								
BALANCE AT JANUARY 1, 2016	1	$ 820	1,297	$ 13	$ 17,883	$ (115)	$ (1,377)	$ (380)	$ 16,844
Net income	—	—	—	—	—	548	—	—	548
Amortization of unrealized losses on securities transferred to held to maturity, net of tax	—	—	—	—	—	—	—	7	7
Net change in unrealized gains and losses on securities available for sale, net of tax and reclassification adjustment	—	—	—	—	—	—	—	307	307
Net change in unrealized gains and losses on derivative instruments, net of tax and reclassification adjustment	—	—	—	—	—	—	—	203	203
Net change from employee benefit plans, net of tax	—	—	—	—	—	—	—	11	11
Cash dividends declared—$0.125 per share	—	—	—	—	—	(159)	—	—	(159)
Preferred stock dividends	—	—	—	—	—	(32)	—	—	(32)
Common stock transactions:									
Impact of share repurchases	—	—	(42)	—	(354)	—	—	—	(354)
Impact of stock transactions under compensation plans, net and other	—	—	4	—	10	—	—	—	10
BALANCE AT JUNE 30, 2016	1	$ 820	1,259	$ 13	$ 17,539	$ 242	$ (1,377)	$ 148	$ 17,385
BALANCE AT JANUARY 1, 2017	1	$ 820	1,214	$ 13	$ 17,092	$ 666	$ (1,377)	$ (550)	$ 16,664
Net income	—	—	—	—	—	617	—	—	617
Amortization of unrealized losses on securities transferred to held to maturity, net of tax	—	—	—	—	—	—	—	3	3
Net change in unrealized gains and losses on securities available for sale, net of tax and reclassification adjustment	—	—	—	—	—	—	—	51	51
Net change in unrealized gains and losses on derivative instruments, net of tax and reclassification adjustment	—	—	—	—	—	—	—	—	—
Net change from employee benefit plans, net of tax	—	—	—	—	—	—	—	17	17
Cash dividends declared—$0.135 per share	—	—	—	—	—	(162)	—	—	(162)

Preferred stock dividends	—	—	—	—	—	(32)	—	—	(32)
Common stock transactions:									
Impact of share repurchases	—	—	(19)	(1)	(274)	—	—	—	(275)
Impact of stock transactions under compensation plans, net and other	—	—	4	—	10	—	—	—	10
BALANCE AT JUNE 30, 2017	1	$ 820	1,199	$ 12	$ 16,828	$ 1,089	$ (1,377)	$ (479)	$ 16,893

See notes to consolidated financial statements.

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REGIONS FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30	
	2017	2016
	(In millions)	
Operating activities:		
Net income	$617	$548
Adjustments to reconcile net income to net cash from operating activities:		
Provision for loan losses	118	185
Depreciation, amortization and accretion, net	274	267
Securities (gains) losses, net	(1)	(1)
Deferred income tax expense	62	10
Originations and purchases of loans held for sale	(1,729)	(1,837)
Proceeds from sales of loans held for sale	1,922	1,823
(Gain) loss on sale of loans, net	(54)	(59)
Net change in operating assets and liabilities:		
Trading account securities	(54)	26
Other earning assets	67	83
Interest receivable and other assets	(21)	(126)
Other liabilities	(88)	197
Other	42	28
Net cash from operating activities	1,155	1,144
Investing activities:		
Proceeds from maturities of securities held to maturity	101	305
Proceeds from sales of securities available for sale	592	1,527
Proceeds from maturities of securities available for sale	1,755	1,983
Purchases of securities available for sale	(2,208)	(4,092)
Purchases of securities held to maturity	(494)	—
Proceeds from sales of loans	13	47
Purchases of loans	(147)	(579)
Purchases of mortgage servicing rights	(18)	(24)
Net change in loans	(110)	(202)
Net purchases of other assets	(45)	(41)
Net cash from investing activities	(561)	(1,076)
Financing activities:		
Net change in deposits	(942)	(1,185)
Net change in short-term borrowings	600	(8)
Proceeds from long-term borrowings	1,250	1,607
Payments on long-term borrowings	(2,252)	(1,000)
Cash dividends on common stock	(241)	(154)
Cash dividends on preferred stock	(32)	(32)
Repurchases of common stock	(275)	(354)
Taxes paid related to net share settlement of equity awards	(22)	(14)
Other	—	(5)
Net cash from financing activities	(1,914)	(1,145)
Net change in cash and cash equivalents	(1,320)	(1,077)

Cash and cash equivalents at beginning of year	5,451	5,314
Cash and cash equivalents at end of period	$4,131	$4,237

See notes to consolidated financial statements.

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REGIONS FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
Three and Six Months Ended June 30, 2017 and 2016

NOTE 1. BASIS OF PRESENTATION

Regions Financial Corporation ("Regions" or the "Company") provides a full range of banking and bank-related services to individual and corporate customers through its subsidiaries and branch offices located across the South, Midwest and Texas. The Company competes with other financial institutions located in the states in which it operates, as well as other adjoining states. Regions is subject to the regulations of certain government agencies and undergoes periodic examinations by certain regulatory authorities.

The accounting and reporting policies of Regions and the methods of applying those policies that materially affect the consolidated financial statements conform with GAAP and with general financial services industry practices. The accompanying interim financial statements have been prepared in accordance with the instructions for Form 10-Q and, therefore, do not include all information and notes to the consolidated financial statements necessary for a complete presentation of financial position, results of operations, comprehensive income and cash flows in conformity with GAAP. In the opinion of management, all adjustments, consisting of normal and recurring items, necessary for the fair presentation of the consolidated financial statements have been included. These interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto in Regions' Annual Report on Form 10-K for the year ended December 31, 2016. Regions has evaluated all subsequent events for potential recognition and disclosure through the filing date of this Form 10-Q.

On January 11, 2012, Regions entered into an agreement to sell Morgan Keegan and related affiliates. The transaction closed on April 2, 2012. See Note 2 and Note 14 for further details. Results of operations for the entities sold are presented separately as discontinued operations for all periods presented on the consolidated statements of income. This presentation is consistent with the consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2016.

NOTE 2. DISCONTINUED OPERATIONS

On January 11, 2012, Regions entered into a stock purchase agreement to sell Morgan Keegan and related affiliates to Raymond James. The transaction closed on April 2, 2012. Regions Investment Management, Inc. (formerly known as Morgan Asset Management, Inc.) and Regions Trust were not included in the sale. In connection with the closing of the sale, Regions agreed to indemnify Raymond James for all litigation matters related to pre-closing activities. See Note 14 for related disclosure.

The following table represents the condensed results of operations for discontinued operations:

	Three Months Ended June 30		Six Months Ended June 30	
	2017	2016	2017	2016
	(In millions, except per share data)			
Non-interest expense:				
Professional and legal expenses/(recoveries)	$—	$(5)	$(11)	$(5)
Other	1	—	1	—
Total non-interest expense	1	(5)	(10)	(5)
Income (loss) from discontinued operations before income taxes	(1)	5	10	5
Income tax expense (benefit)	—	2	4	2
Income (loss) from discontinued operations, net of tax	$(1)	$3	$6	$3
Earnings (loss) per common share from discontinued operations:				
Basic	$(0.00)	$0.00	$0.00	$0.00
Diluted	$(0.00)	$0.00	$0.00	$0.00

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NOTE 3. SECURITIES

The amortized cost, gross unrealized gains and losses, and estimated fair value of securities held to maturity and securities available for sale are as follows:

	June 30, 2017						
		Recognized in OCI (1)			Not Recognized in OCI		
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In millions)						
Securities held to maturity:							
Mortgage-backed securities:							
Residential agency	$1,149	$—	$ (45)	$1,104	$ 14	$ (2)	$ 1,116
Commercial agency	654	—	(4)	650	6	(2)	654
	$1,803	$—	$ (49)	$1,754	$ 20	$ (4)	$ 1,770
Securities available for sale:							
U.S. Treasury securities	$313	$1	$ —	$314			$ 314
Federal agency securities	25	—	—	25			25
Mortgage-backed securities:							
Residential agency	17,648	87	(211)	17,524			17,524
Residential non-agency	3	—	—	3			3
Commercial agency	3,475	17	(18)	3,474			3,474
Commercial non-agency	811	6	(1)	816			816
Corporate and other debt securities	1,226	29	(6)	1,249			1,249
Equity securities	194	9	—	203			203
	$23,695	$149	$ (236)	$23,608			$ 23,608

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	December 31, 2016						
		Recognized in OCI [1]			Not Recognized in OCI		
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In millions)						
Securities held to maturity:							
Mortgage-backed securities:							
Residential agency	$1,249	$—	$ (49)	$1,200	$ 12	$ (3)	$ 1,209
Commercial agency	167	—	(5)	162	—	(2)	160
	$1,416	$—	$ (54)	$1,362	$ 12	$ (5)	$ 1,369
Securities available for sale:							
U.S. Treasury securities	$303	$1	$ (1)	$303			$ 303
Federal agency securities	35	—	—	35			35
Obligations of states and political subdivisions	1	—	—	1			1
Mortgage-backed securities:							
Residential agency	17,531	95	(255)	17,371			17,371
Residential non-agency	4	—	—	4			4
Commercial agency	3,486	9	(32)	3,463			3,463
Commercial non-agency	1,124	8	(3)	1,129			1,129
Corporate and other debt securities	1,272	19	(17)	1,274			1,274
Equity securities	194	7	—	201			201
	$23,950	$139	$ (308)	$23,781			$ 23,781

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(1) The gross unrealized losses recognized in OCI on securities held to maturity resulted from a transfer of securities available for sale to held to maturity in the second quarter of 2013.

Securities with carrying values of $9.3 billion and $11.6 billion at June 30, 2017 and December 31, 2016, respectively, were pledged to secure public funds, trust deposits and certain borrowing arrangements. Included within total pledged securities is approximately $50 million of encumbered U.S. Treasury securities at both June 30, 2017 and December 31, 2016.

The amortized cost and estimated fair value of securities held to maturity and securities available for sale at June 30, 2017, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

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	Amortized Cost	Estimated Fair Value
	(In millions)	
Securities held to maturity:		
Mortgage-backed securities:		
Residential agency	$1,149	$ 1,116
Commercial agency	654	654
	$1,803	$ 1,770
Securities available for sale:		
Due in one year or less	$75	$ 75
Due after one year through five years	722	731
Due after five years through ten years	556	566
Due after ten years	211	216
Mortgage-backed securities:		
Residential agency	17,648	17,524
Residential non-agency	3	3
Commercial agency	3,475	3,474
Commercial non-agency	811	816
Equity securities	194	203
	$23,695	$ 23,608

The following tables present gross unrealized losses and the related estimated fair value of securities held to maturity and available for sale at June 30, 2017 and December 31, 2016. For securities transferred to held to maturity from available for sale, the analysis in the tables below is comparing the securities' original amortized cost to its current estimated fair value. These securities are segregated between investments that have been in a continuous unrealized loss position for less than twelve months and for twelve months or more.

	June 30, 2017					
	Less Than Twelve Months		Twelve Months or More		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
	(In millions)					
Securities held to maturity:						
Mortgage-backed securities:						
Residential agency	$786	$ (21)	$330	$ (12)	$1,116	$ (33)
Commercial agency	29	(1)	155	(5)	184	(6)
	$815	$ (22)	$485	$ (17)	$1,300	$ (39)
Securities available for sale:						
U.S. Treasury securities	$86	$ —	$18	$ —	$104	$ —
Mortgage-backed securities:						
Residential agency	11,593	(202)	539	(9)	12,132	(211)
Commercial agency	1,318	(18)	44	—	1,362	(18)
Commercial non-agency	261	(1)	29	—	290	(1)
All other securities	154	(1)	132	(5)	286	(6)
	$13,412	$ (222)	$762	$ (14)	$14,174	$ (236)

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	December 31, 2016					
	Less Than Twelve Months		Twelve Months or More		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
	(In millions)					
Securities held to maturity:						
Mortgage-backed securities:						
Residential agency	$850	$ (26)	$359	$ (14)	$1,209	$ (40)
Commercial agency	—	—	160	(7)	160	(7)
	$850	$ (26)	$519	$ (21)	$1,369	$ (47)
Securities available for sale:						
U.S. Treasury securities	$112	$ (1)	$18	$ —	$130	$ (1)
Mortgage-backed securities:						
Residential agency	12,071	(245)	570	(10)	12,641	(255)
Commercial agency	2,199	(31)	45	(1)	2,244	(32)
Commercial non-agency	402	(2)	176	(1)	578	(3)
All other securities	382	(6)	218	(11)	600	(17)
	$15,166	$ (285)	$1,027	$ (23)	$16,193	$ (308)

The number of individual positions in an unrealized loss position in the tables above decreased from 1,613 at December 31, 2016 to 1,458 at June 30, 2017. The decrease in the number of securities and the total amount of unrealized losses from year-end 2016 was primarily due to changes in market interest rates. In instances where an unrealized loss existed, there was no indication of an adverse change in credit on the underlying positions in the tables above. As it relates to these positions, management believes no individual unrealized loss, other than those discussed below, represented an OTTI as of those dates. The Company does not intend to sell, and it is not more likely than not that the Company will be required to sell, the positions before the recovery of their amortized cost basis, which may be at maturity.

As part of the Company's normal process for evaluating OTTI, management did identify a limited number of positions where an OTTI was believed to exist as of June 30, 2017. For the six months ended June 30, 2017, such impairments were immaterial.

Gross realized gains and gross realized losses on sales of securities available for sale, as well as OTTI losses, are shown in the table below. The cost of securities sold is based on the specific identification method.

	Three Months Ended June 30		Six Months Ended June 30	
	2017	2016	2017	2016
	(In millions)			
Gross realized gains	$3	$13	$4	$29
Gross realized losses	(2)	(7)	(3)	(27)
OTTI	—	—	—	(1)
Securities gains (losses), net	$1	$6	$1	$1

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NOTE 4. LOANS AND THE ALLOWANCE FOR CREDIT LOSSES

LOANS

The following table presents the distribution of Regions' loan portfolio by segment and class, net of unearned income:

	June 30, 2017	December 31, 2016
	(In millions, net of unearned income)	
Commercial and industrial	$ 35,656	$ 35,012
Commercial real estate mortgage—owner-occupied	6,445	6,867
Commercial real estate construction—owner-occupied	388	334
Total commercial	42,489	42,213
Commercial investor real estate mortgage	4,126	4,087
Commercial investor real estate construction	2,163	2,387
Total investor real estate	6,289	6,474
Residential first mortgage	13,765	13,440
Home equity	10,419	10,687
Indirect—vehicles	3,653	4,040
Indirect—other consumer	1,188	920
Consumer credit card	1,183	1,196
Other consumer	1,141	1,125
Total consumer	31,349	31,408
	$ 80,127	$ 80,095

During the three months ended June 30, 2017, Regions purchased approximately $143 million in indirect-other consumer loans from third parties. During the three months ended June 30, 2016, Regions purchased approximately $300 million in indirect-vehicles and indirect-other consumer loans from third parties. During the six months ended June 30, 2017 and 2016, the comparable loan purchase amounts were approximately $147 million and $579 million, respectively.

At June 30, 2017, $18.2 billion in securities and net eligible loans held by Regions were pledged to secure current and potential borrowings from the FHLB. At June 30, 2017, an additional $22.2 billion in net eligible loans held by Regions were pledged to the FRB for potential borrowings.

ALLOWANCE FOR CREDIT LOSSES

Regions determines the appropriate level of the allowance on a quarterly basis. Refer to Note 1 “Summary of Significant Accounting Policies” to the consolidated financial statements to the Annual Report on Form 10-K for the year ended December 31, 2016, for a description of the methodology.

ROLLFORWARD OF ALLOWANCE FOR CREDIT LOSSES

The following tables present analyses of the allowance for credit losses by portfolio segment for the three and six months ended June 30, 2017 and 2016. The total allowance for loan losses and the related loan portfolio ending balances are disaggregated to detail the amounts derived through individual evaluation and collective evaluation for impairment. The allowance for loan losses related to individually evaluated loans is attributable to reserves for non-accrual commercial and investor real estate loans and all TDRs. The allowance for loan losses and the loan portfolio ending balances related to collectively evaluated loans is attributable to the remainder of the portfolio.

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	Three Months Ended June 30, 2017			
	Commercial	Investor Real Estate	Consumer	Total
	(In millions)			
Allowance for loan losses, April 1, 2017	$727	$ 87	$ 247	$1,061
Provision (credit) for loan losses	7	(9)	50	48
Loan losses:				
Charge-offs	(38)	(1)	(60)	(99)
Recoveries	11	5	15	31
Net loan losses	(27)	4	(45)	(68)
Allowance for loan losses, June 30, 2017	707	82	252	1,041
Reserve for unfunded credit commitments, April 1, 2017	66	4	—	70
Provision (credit) for unfunded credit losses	(3)	—	—	(3)
Reserve for unfunded credit commitments, June 30, 2017	63	4	—	67
Allowance for credit losses, June 30, 2017	$770	$ 86	$ 252	$1,108

	Three Months Ended June 30, 2016			
	Commercial	Investor Real Estate	Consumer	Total
	(In millions)			
Allowance for loan losses, April 1, 2016	$821	$ 91	$ 239	$1,151
Provision (credit) for loan losses	38	(4)	38	72
Loan losses:				
Charge-offs	(42)	(1)	(55)	(98)
Recoveries	8	1	17	26
Net loan losses	(34)	—	(38)	(72)
Allowance for loan losses, June 30, 2016	825	87	239	1,151
Reserve for unfunded credit commitments, April 1, 2016	48	5	—	53
Provision (credit) for unfunded credit losses	11	—	—	11
Reserve for unfunded credit commitments, June 30, 2016	59	5	—	64
Allowance for credit losses, June 30, 2016	$884	$ 92	$ 239	$1,215

	Six Months Ended June 30, 2017			
	Commercial	Investor Real Estate	Consumer	Total
	(In millions)			
Allowance for loan losses, January 1, 2017	$753	$ 85	$253	$1,091
Provision (credit) for loan losses	33	(8)	93	118
Loan losses:				
Charge-offs	(96)	(2)	(125)	(223)
Recoveries	17	7	31	55
Net loan losses	(79)	5	(94)	(168)
Allowance for loan losses, June 30, 2017	707	82	252	1,041
Reserve for unfunded credit commitments, January 1, 2017	64	5	—	69
Provision (credit) for unfunded credit losses	(1)	(1)	—	(2)
Reserve for unfunded credit commitments, June 30, 2017	63	4	—	67
Allowance for credit losses, June 30, 2017	$770	$ 86	$252	$1,108
Portion of ending allowance for loan losses:				
Individually evaluated for impairment	$228	$ 17	$57	$302
Collectively evaluated for impairment	479	65	195	739

Total allowance for loan losses	$707	$ 82	$252	$1,041
Portion of loan portfolio ending balance:				
Individually evaluated for impairment	$1,052	$ 120	$747	$1,919
Collectively evaluated for impairment	41,437	6,169	30,602	78,208
Total loans evaluated for impairment	$42,489	$ 6,289	$31,349	$80,127

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	Six Months Ended June 30, 2016			
	Commercial	Investor Real Estate	Consumer	Total
	(In millions)			
Allowance for loan losses, January 1, 2016	$758	$ 97	$251	$1,106
Provision (credit) for loan losses	123	(14)	76	185
Loan losses:				
Charge-offs	(71)	(1)	(122)	(194)
Recoveries	15	5	34	54
Net loan losses	(56)	4	(88)	(140)
Allowance for loan losses, June 30, 2016	825	87	239	1,151
Reserve for unfunded credit commitments, January 1, 2016	47	5	—	52
Provision (credit) for unfunded credit losses	12	—	—	12
Reserve for unfunded credit commitments, June 30, 2016	59	5	—	64
Allowance for credit losses, June 30, 2016	$884	$ 92	$239	$1,215
Portion of ending allowance for loan losses:				
Individually evaluated for impairment	$264	$ 20	$65	$349
Collectively evaluated for impairment	561	67	174	802
Total allowance for loan losses	$825	$ 87	$239	$1,151
Portion of loan portfolio ending balance:				
Individually evaluated for impairment	$1,046	$ 156	$815	$2,017
Collectively evaluated for impairment	42,615	6,806	30,264	79,685
Total loans evaluated for impairment	$43,661	$ 6,962	$31,079	$81,702

PORTFOLIO SEGMENT RISK FACTORS

The following describe the risk characteristics relevant to each of the portfolio segments.

Commercial—The commercial loan portfolio segment includes commercial and industrial loans to commercial customers for use in normal business operations to finance working capital needs, equipment purchases or other expansion projects. Commercial also includes owner-occupied commercial real estate mortgage loans to operating businesses, which are loans for long-term financing of land and buildings, and are repaid by cash flow generated by business operations. Owner-occupied construction loans are made to commercial businesses for the development of land or construction of a building where the repayment is derived from revenues generated from the business of the borrower. Collection risk in this portfolio is driven by the creditworthiness of underlying borrowers, particularly cash flow from customers' business operations, and the sensitivity to market fluctuations in commodity prices.

Investor Real Estate—Loans for real estate development are repaid through cash flow related to the operation, sale or refinance of the property. This portfolio segment includes extensions of credit to real estate developers or investors where repayment is dependent on the sale of real estate or income generated from the real estate collateral. A portion of Regions' investor real estate portfolio segment consists of loans secured by residential product types (land, single-family and condominium loans) within Regions' markets. Additionally, these loans are made to finance income-producing properties such as apartment buildings, office and industrial buildings, and retail shopping centers. Loans in this portfolio segment are particularly sensitive to the valuation of real estate.

Consumer—The consumer loan portfolio segment includes residential first mortgage, home equity, indirect-vehicles, indirect-other consumer, consumer credit card, and other consumer loans. Residential first mortgage loans represent loans to consumers to finance a residence. These loans are typically financed over a 15 to 30 year term and, in most cases, are extended to borrowers to finance their primary residence. Home equity lending includes both home equity loans and lines of credit. This type of lending, which is secured by a first or second mortgage on the borrower's residence, allows customers to borrow against the equity in their home. Real estate market values as of the time the loan or line is secured directly affect the amount of credit extended and, in addition, changes in these values impact the depth of potential losses. Indirect-vehicles lending, which is lending initiated through third-party business partners, largely consists of loans made through automotive dealerships. Indirect-other consumer lending represents other point of sale lending through third parties. Consumer credit card includes Regions branded consumer credit card accounts. Other consumer loans include other revolving consumer accounts, direct consumer loans, and overdrafts. Loans in this portfolio segment are sensitive to unemployment and other key consumer economic measures.

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CREDIT QUALITY INDICATORS

The following tables present credit quality indicators for the loan portfolio segments and classes, excluding loans held for sale, as of June 30, 2017, and December 31, 2016. Commercial and investor real estate loan portfolio segments are detailed by categories related to underlying credit quality and probability of default. Regions assigns these categories at loan origination and reviews the relationship utilizing a risk-based approach on, at minimum, an annual basis or at any time management becomes aware of information affecting the borrowers' ability to fulfill their obligations. Both quantitative and qualitative factors are considered in this review process. These categories are utilized to develop the associated allowance for credit losses.

- Pass—includes obligations where the probability of default is considered low;
- Special Mention—includes obligations that have potential weakness that may, if not reversed or corrected, weaken the credit or inadequately protect the Company’s position at some future date. Obligations in this category may also be subject to economic or market conditions that may, in the future, have an adverse effect on debt service ability;
- Substandard Accrual—includes obligations that exhibit a well-defined weakness that presently jeopardizes debt repayment, even though they are currently performing. These obligations are characterized by the distinct possibility that the Company may incur a loss in the future if these weaknesses are not corrected;
- Non-accrual—includes obligations where management has determined that full payment of principal and interest is in doubt.

Substandard accrual and non-accrual loans are often collectively referred to as “classified.” Special mention, substandard accrual, and non-accrual loans are often collectively referred to as “criticized and classified.” Classes in the consumer portfolio segment are disaggregated by accrual status.

	June 30, 2017				
	Pass	Special Mention	Substandard Accrual	Non-accrual	Total
	(In millions)				
Commercial and industrial	$33,456	$ 643	$1,017	$ 540	$35,656
Commercial real estate mortgage—owner-occupied	5,893	189	215	148	6,445
Commercial real estate construction—owner-occupied	372	7	6	3	388
Total commercial	$39,721	$ 839	$1,238	$ 691	$42,489
Commercial investor real estate mortgage	$3,712	$ 270	$132	$ 12	$4,126
Commercial investor real estate construction	2,065	53	45	—	2,163
Total investor real estate	$5,777	$ 323	$177	$ 12	$6,289

	Accrual	Non-accrual	Total
	(In millions)		
Residential first mortgage	$13,719	$ 46	$13,765
Home equity	10,346	73	10,419
Indirect—vehicles	3,652	1	3,653
Indirect—other consumer	1,188	—	1,188
Consumer credit card	1,183	—	1,183
Other consumer	1,141	—	1,141
Total consumer	$31,229	$ 120	$31,349
			$80,127

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	December 31, 2016				
	Pass	Special Mention	Substandard Accrual	Non-accrual	Total
	(In millions)				
Commercial and industrial	$32,619	$ 658	$1,112	$ 623	$35,012
Commercial real estate mortgage—owner-occupied	6,190	221	246	210	6,867
Commercial real estate construction—owner-occupied	308	8	15	3	334
Total commercial	$39,117	$ 887	$1,373	$ 836	$42,213
Commercial investor real estate mortgage	$3,766	$ 190	$114	$ 17	$4,087
Commercial investor real estate construction	2,192	129	66	—	2,387
Total investor real estate	$5,958	$ 319	$180	$ 17	$6,474

	Accrual	Non-accrual	Total
	(In millions)		
Residential first mortgage	$13,390	$ 50	$13,440
Home equity	10,595	92	10,687
Indirect—vehicles	4,040	—	4,040
Indirect—other consumer	920	—	920
Consumer credit card	1,196	—	1,196
Other consumer	1,125	—	1,125
Total consumer	$31,266	$ 142	$31,408
			$80,095

AGING ANALYSIS

The following tables include an aging analysis of DPD for each portfolio segment and class as of June 30, 2017 and December 31, 2016:

	June 30, 2017						
	Accrual Loans						
	30-59 DPD	60-89 DPD	90+ DPD	Total 30+ DPD	Total Accrual	Non-accrual	Total
	(In millions)						
Commercial and industrial	$17	$ 6	$ 4	$ 27	$35,116	$ 540	$35,656
Commercial real estate mortgage—owner-occupied	23	8	2	33	6,297	148	6,445
Commercial real estate construction—owner-occupied	1	—	—	1	385	3	388
Total commercial	41	14	6	61	41,798	691	42,489
Commercial investor real estate mortgage	12	5	—	17	4,114	12	4,126
Commercial investor real estate construction	—	—	—	—	2,163	—	2,163
Total investor real estate	12	5	—	17	6,277	12	6,289
Residential first mortgage	83	55	169	307	13,719	46	13,765
Home equity	57	19	30	106	10,346	73	10,419
Indirect—vehicles	42	12	8	62	3,652	1	3,653
Indirect—other consumer	5	4	—	9	1,188	—	1,188
Consumer credit card	9	5	15	29	1,183	—	1,183
Other consumer	11	3	3	17	1,141	—	1,141
Total consumer	207	98	225	530	31,229	120	31,349
	$260	$ 117	$ 231	$ 608	$79,304	$ 823	$80,127

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	December 31, 2016						
	Accrual Loans						
	30-59 DPD	60-89 DPD	90+ DPD	Total 30+ DPD	Total Accrual	Non-accrual	Total
	(In millions)						
Commercial and industrial	$59	$ 11	$ 6	$ 76	$34,389	$ 623	$35,012
Commercial real estate mortgage—owner-occupied	29	7	2	38	6,657	210	6,867
Commercial real estate construction—owner-occupied	1	—	—	1	331	3	334
Total commercial	89	18	8	115	41,377	836	42,213
Commercial investor real estate mortgage	6	8	—	14	4,070	17	4,087
Commercial investor real estate construction	—	—	—	—	2,387	—	2,387
Total investor real estate	6	8	—	14	6,457	17	6,474
Residential first mortgage	99	63	212	374	13,390	50	13,440
Home equity	60	22	33	115	10,595	92	10,687
Indirect—vehicles	56	14	10	80	4,040	—	4,040
Indirect—other consumer	5	3	—	8	920	—	920
Consumer credit card	9	7	15	31	1,196	—	1,196
Other consumer	13	5	5	23	1,125	—	1,125
Total consumer	242	114	275	631	31,266	142	31,408
	$337	$ 140	$ 283	$ 760	$79,100	$ 995	$80,095

IMPAIRED LOANS

The following tables present details related to the Company's impaired loans as of June 30, 2017 and December 31, 2016. Loans deemed to be impaired include all TDRs and all non-accrual commercial and investor real estate loans, excluding leases. Loans that have been fully charged-off do not appear in the tables below.

	Non-accrual Impaired Loans As of June 30, 2017							
			Book Value[3]					
	Unpaid Principal Balance[1]	Charge-offs and Payments Applied[2]	Total Impaired Loans on Non-accrual Status	Impaired Loans on Non-accrual Status with No Related Allowance	Impaired Loans on Non-accrual Status with Related Allowance	Related Allowance for Loan Losses	Coverage %[4]	
	(Dollars in millions)							
Commercial and industrial	$665	$ 130	$535	$ 71	$ 464	$ 131	39.2	%
Commercial real estate mortgage—owner-occupied	164	16	148	21	127	43	36.0	
Commercial real estate construction—owner-occupied	3	—	3	—	3	1	33.3	
Total commercial	832	146	686	92	594	175	38.6	
Commercial investor real estate mortgage	14	2	12	4	8	4	42.9	
Total investor real estate	14	2	12	4	8	4	42.9	
Residential first mortgage	27	1	26	—	26	3	14.8	
Home equity	11	1	10	—	10	—	9.1	
Total consumer	38	2	36	—	36	3	13.2	

$884	$ 150	$734	$ 96	$ 638	$ 182	37.6	%

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	Accruing Impaired Loans As of June 30, 2017				
	Unpaid Principal Balance(1)	Charge-offs and Payments Applied(2)	Book Value(3)	Related Allowance for Loan Losses	Coverage %(4)
	(Dollars in millions)				
Commercial and industrial	$297	$ 7	$ 290	$ 46	17.8 %
Commercial real estate mortgage—owner-occupied	80	5	75	7	15.0
Commercial real estate construction—owner-occupied	1	—	1	—	—
Total commercial	378	12	366	53	17.2
Commercial investor real estate mortgage	56	2	54	5	12.5
Commercial investor real estate construction	54	—	54	8	14.8
Total investor real estate	110	2	108	13	13.6
Residential first mortgage	429	1	428	50	11.9
Home equity	272	—	272	4	1.5
Indirect—vehicles	1	—	1	—	—
Consumer credit card	1	—	1	—	—
Other consumer	9	—	9	—	—
Total consumer	712	1	711	54	7.7
	$1,200	$ 15	$ 1,185	$ 120	11.3 %

	Total Impaired Loans As of June 30, 2017						
			Book Value(3)				
	Unpaid Principal Balance(1)	Charge-offs and Payments Applied(2)	Total Impaired Loans	Impaired Loans with No Related Allowance	Impaired Loans with Related Allowance	Related Allowance for Loan Losses	Coverage %(4)
	(Dollars in millions)						
Commercial and industrial	$962	$ 137	$825	$ 71	$ 754	$ 177	32.6 %
Commercial real estate mortgage—owner-occupied	244	21	223	21	202	50	29.1
Commercial real estate construction—owner-occupied	4	—	4	—	4	1	25.0
Total commercial	1,210	158	1,052	92	960	228	31.9
Commercial investor real estate mortgage	70	4	66	4	62	9	18.6
Commercial investor real estate construction	54	—	54	—	54	8	14.8
Total investor real estate	124	4	120	4	116	17	16.9
Residential first mortgage	456	2	454	—	454	53	12.1
Home equity	283	1	282	—	282	4	1.8
Indirect—vehicles	1	—	1	—	1	—	—
Consumer credit card	1	—	1	—	1	—	—
Other consumer	9	—	9	—	9	—	—
Total consumer	750	3	747	—	747	57	8.0
	$2,084	$ 165	$1,919	$ 96	$ 1,823	$ 302	22.4 %

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	Non-accrual Impaired Loans As of December 31, 2016							
			Book Value(3)					
	Unpaid Principal Balance(1)	Charge-offs and Payments Applied(2)	Total Impaired Loans on Non-accrual Status	Impaired Loans on Non-accrual Status with No Related Allowance	Impaired Loans on Non-accrual Status with Related Allowance	Related Allowance for Loan Losses	Coverage %(4)	
	(Dollars in millions)							
Commercial and industrial	$685	$ 72	$613	$ 126	$ 487	$ 138	30.7	%
Commercial real estate mortgage—owner-occupied	231	21	210	39	171	53	32.0	
Commercial real estate construction—owner-occupied	4	1	3	—	3	2	75.0	
Total commercial	920	94	826	165	661	193	31.2	
Commercial investor real estate mortgage	18	1	17	5	12	5	33.3	
Total investor real estate	18	1	17	5	12	5	33.3	
Residential first mortgage	41	12	29	—	29	4	39.0	
Home equity	12	1	11	—	11	—	8.3	
Total consumer	53	13	40	—	40	4	32.1	
	$991	$ 108	$883	$ 170	$ 713	$ 202	31.3	%

	Accruing Impaired Loans As of December 31, 2016					
	Unpaid Principal Balance(1)	Charge-offs and Payments Applied(2)	Book Value(3)	Related Allowance for Loan Losses	Coverage %(4)	
	(Dollars in millions)					
Commercial and industrial	$187	$ 1	$ 186	$ 33	18.2	%
Commercial real estate mortgage—owner-occupied	60	4	56	5	15.0	
Commercial real estate construction—owner-occupied	1	—	1	—	—	
Total commercial	248	5	243	38	17.3	
Commercial investor real estate mortgage	82	8	74	7	18.3	
Commercial investor real estate construction	16	—	16	1	6.3	
Total investor real estate	98	8	90	8	16.3	
Residential first mortgage	435	10	425	51	14.0	
Home equity	292	—	292	5	1.7	
Indirect—vehicles	1	—	1	—	—	
Consumer credit card	2	—	2	—	—	
Other consumer	10	—	10	—	—	
Total consumer	740	10	730	56	8.9	
	$1,086	$ 23	$ 1,063	$ 102	11.5	%

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	Total Impaired Loans As of December 31, 2016						
			Book Value[3]				
	Unpaid Principal Balance[1]	Charge-offs and Payments Applied[2]	Total Impaired Loans	Impaired Loans with Related Allowance	Impaired Loans with No Related Allowance	Related Allowance for Loan Losses	Coverage %[4]
	(Dollars in millions)						
Commercial and industrial	$872	$ 73	$799	$ 126	$ 673	$ 171	28.0 %
Commercial real estate mortgage—owner-occupied	291	25	266	39	227	58	28.5
Commercial real estate construction—owner-occupied	5	1	4	—	4	2	60.0
Total commercial	1,168	99	1,069	165	904	231	28.3
Commercial investor real estate mortgage	100	9	91	5	86	12	21.0
Commercial investor real estate construction	16	—	16	—	16	1	6.3
Total investor real estate	116	9	107	5	102	13	19.0
Residential first mortgage	476	22	454	—	454	55	16.2
Home equity	304	1	303	—	303	5	2.0
Indirect—vehicles	1	—	1	—	1	—	—
Consumer credit card	2	—	2	—	2	—	—
Other consumer	10	—	10	—	10	—	—
Total consumer	793	23	770	—	770	60	10.5
	$2,077	$ 131	$1,946	$ 170	$ 1,776	$ 304	20.9 %

(1) Unpaid principal balance represents the contractual obligation due from the customer and includes the net book value plus charge-offs and payments applied.

(2) Charge-offs and payments applied represents cumulative partial charge-offs taken, as well as interest payments received that have been applied against the outstanding principal balance.

(3) Book value represents the unpaid principal balance less charge-offs and payments applied; it is shown before any allowance for loan losses.

(4) Coverage % represents charge-offs and payments applied plus the related allowance as a percent of the unpaid principal balance.

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The following table presents the average balances of total impaired loans and interest income for the three and six months ended June 30, 2017 and 2016. Interest income recognized represents interest on accruing loans modified in a TDR.

	Three Months Ended June 30				Six Months Ended June 30			
	2017		2016		2017		2016	
	Average Balance	Interest Income Recognized	Average Balance	Interest Income Recognized	Average Balance	Interest Income Recognized	Average Balance	Interest Income Recognized
	(In millions)							
Commercial and industrial	$846	$ 4	$719	$ 2	$833	$ 6	$597	$ 3
Commercial real estate mortgage—owner-occupied	229	1	314	1	246	2	321	2
Commercial real estate construction—owner-occupied	4	—	3	—	5	—	3	—
Total commercial	1,079	5	1,036	3	1,084	8	921	5
Commercial investor real estate mortgage	76	1	126	1	84	2	134	3
Commercial investor real estate construction	53	1	28	—	43	1	28	—
Total investor real estate	129	2	154	1	127	3	162	3
Residential first mortgage	460	4	479	4	457	8	478	8
Home equity	286	3	328	4	290	7	332	9
Indirect—vehicles	—	—	—	—	—	—	1	—
Consumer credit card	2	—	2	—	2	—	2	—
Other consumer	9	—	12	—	10	—	12	—
Total consumer	757	7	821	8	759	15	825	17
Total impaired loans	$1,965	$ 14	$2,011	$ 12	$1,970	$ 26	$1,908	$ 25

TROUBLED DEBT RESTRUCTURINGS

Regions regularly modifies commercial and investor real estate loans in order to facilitate a workout strategy. Similarly, Regions works to meet the individual needs of consumer borrowers to stem foreclosure through its CAP. Refer to Note 6 "Allowance For Credit Losses" in the 2016 Annual Report on Form 10-K for additional information regarding the Company's TDRs.

None of the modified consumer loans listed in the following TDR disclosures were collateral-dependent at the time of modification. At June 30, 2017, approximately $18 million in residential first mortgage TDRs were in excess of 180 days past due and were considered collateral-dependent. At June 30, 2017, approximately $5 million in home equity first lien TDRs were in excess of 180 days past due and approximately $2 million in home equity second lien TDRs were in excess of 120 days past due, both of which were considered collateral-dependent.

Further discussion related to TDRs, including their impact on the allowance for loan losses and designation of TDRs in periods subsequent to the modification is included in Note 1 "Summary of Significant Accounting Policies" in the 2016 Annual Report on Form 10-K.

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The following tables present the end of period balance for loans modified in a TDR during the periods presented by portfolio segment and class, and the financial impact of those modifications. The tables include modifications made to new TDRs, as well as renewals of existing TDRs. Loans first reported as TDRs during the six months ended June 30, 2017 and 2016 totaled approximately $328 million and $211 million, respectively.

	Three Months Ended June 30, 2017		
	Number of Obligors	Recorded Investment	Financial Impact of Modifications Considered TDRs Increase in Allowance at Modification
	(Dollars in millions)		
Commercial and industrial	38	$ 193	$ 4
Commercial real estate mortgage—owner-occupied	30	37	1
Commercial real estate construction—owner-occupied	1	1	—
Total commercial	69	231	5
Commercial investor real estate mortgage	13	29	1
Commercial investor real estate construction	2	44	1
Total investor real estate	15	73	2
Residential first mortgage	52	17	2
Home equity	33	2	—
Consumer credit card	24	—	—
Indirect—vehicles and other consumer	40	—	—
Total consumer	149	19	2
	233	$ 323	$ 9

	Three Months Ended June 30, 2016		
	Number of Obligors	Recorded Investment	Financial Impact of Modifications Considered TDRs Increase in Allowance at Modification
	(Dollars in millions)		
Commercial and industrial	57	$ 122	$ 4
Commercial real estate mortgage—owner-occupied	46	21	1
Total commercial	103	143	5
Commercial investor real estate mortgage	24	17	—
Commercial investor real estate construction	3	10	—
Total investor real estate	27	27	—
Residential first mortgage	75	15	2
Home equity	89	5	—
Consumer credit card	27	—	—
Indirect—vehicles and other consumer	47	—	—
Total consumer	238	20	2
	368	$ 190	$ 7

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	Six Months Ended June 30, 2017		
	Number of Obligors	Recorded Investment	Financial Impact of Modifications Considered TDRs Increase in Allowance at Modification
	(Dollars in millions)		
Commercial and industrial	69	$ 292	$ 7
Commercial real estate mortgage—owner-occupied	61	65	2
Commercial real estate construction—owner-occupied	3	2	—
Total commercial	133	359	9
Commercial investor real estate mortgage	25	48	1
Commercial investor real estate construction	5	70	2
Total investor real estate	30	118	3
Residential first mortgage	101	25	3
Home equity	91	7	—
Consumer credit card	43	—	—
Indirect—vehicles and other consumer	87	1	—
Total consumer	322	33	3
	485	$ 510	$ 15

	Six Months Ended June 30, 2016		
	Number of Obligors	Recorded Investment	Financial Impact of Modifications Considered TDRs Increase in Allowance at Modification
	(Dollars in millions)		
Commercial and industrial	95	$ 181	$ 6
Commercial real estate mortgage—owner-occupied	76	34	1
Total commercial	171	215	7
Commercial investor real estate mortgage	49	60	1
Commercial investor real estate construction	5	11	—
Total investor real estate	54	71	1
Residential first mortgage	138	29	4
Home equity	206	11	—
Consumer credit card	51	—	—
Indirect—vehicles and other consumer	101	1	—
Total consumer	496	41	4
	721	$ 327	$ 12

Defaulted TDRs

The following table presents, by portfolio segment and class, TDRs that defaulted during the three and six months ended June 30, 2017 and 2016, and that were modified in the previous twelve months (i.e., the twelve months prior to the default). For purposes of this disclosure, default is defined as placement on non-accrual status for the commercial and investor real estate portfolio segments, and 90 days past due and still accruing for the consumer portfolio segment. Consideration of defaults in the calculation of the allowance for loan losses is described in detail in the consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2016.

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	Three Months Ended June 30 2017	2016	Six Months Ended June 30 2017	2016
	(In millions)			
Defaulted During the Period, Where Modified in a TDR Twelve Months Prior to Default				
Commercial and industrial	$6	$ 6	$8	$ 12
Commercial real estate mortgage—owner-occupied	—	—	—	1
Total commercial	6	6	8	13
Commercial investor real estate mortgage	—	—	—	1
Total investor real estate	—	—	—	1
Residential first mortgage	2	8	5	11
Home equity	1	1	1	1
Total consumer	3	9	6	12
	$9	$ 15	$14	$ 26

Commercial and investor real estate loans that were on non-accrual status at the time of the latest modification are not included in the default table above, as they are already considered to be in default at the time of the restructuring. At June 30, 2017, approximately $57 million of commercial and investor real estate loans modified in a TDR during the three months ended June 30, 2017 were on non-accrual status. Approximately 0.9 percent of this amount was 90 days past due.

At June 30, 2017, Regions had restructured binding unfunded commitments totaling $18 million where a concession was granted and the borrower was in financial difficulty.

NOTE 5. SERVICING OF FINANCIAL ASSETS

RESIDENTIAL MORTGAGE BANKING ACTIVITIES

The fair value of residential MSRs is calculated using various assumptions including future cash flows, market discount rates, expected prepayment rates, servicing costs and other factors. A significant change in prepayments of mortgages in the servicing portfolio could result in significant changes in the valuation adjustments, thus creating potential volatility in the carrying amount of residential MSRs. The Company compares fair value estimates and assumptions to observable market data where available, and also considers recent market activity and actual portfolio experience.

The table below presents an analysis of residential MSRs under the fair value measurement method:

	Three Months Ended June 30 2017	2016	Six Months Ended June 30 2017	2016
	(In millions)			
Carrying value, beginning of period	$326	$239	$324	$252
Additions	39	8	47	39
Increase (decrease) in fair value[1]:				
Due to change in valuation inputs or assumptions	(8)	(22)	(3)	(58)
Economic amortization associated with borrower repayments	(11)	(9)	(22)	(17)
Carrying value, end of period	$346	$216	$346	$216

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(1) "Economic amortization associated with borrower repayments" includes both total loan payoffs as well as partial paydowns.

On February 29, 2016, the Company purchased the rights to service approximately $2.6 billion in residential mortgage loans for approximately $24 million.

On April 28, 2017, the Company purchased the rights to service approximately $2.7 billion in residential mortgage loans for approximately $30 million.

Data and assumptions used in the fair value calculation, as well as the valuation’s sensitivity to rate fluctuations, related to residential MSRs (excluding related derivative instruments) are as follows:

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	June 30	
	2017	2016
	(Dollars in millions)	
Unpaid principal balance	$33,055	$27,360
Weighted-average prepayment speed (CPR; percentage)	7.9 %	16.5 %
Estimated impact on fair value of a 10% increase	$(19)	$(12)
Estimated impact on fair value of a 20% increase	$(35)	$(24)
Option-adjusted spread (basis points)	1,052	999
Estimated impact on fair value of a 10% increase	$(14)	$(8)
Estimated impact on fair value of a 20% increase	$(28)	$(15)
Weighted-average coupon interest rate	4.2 %	4.3 %
Weighted-average remaining maturity (months)	281	279
Weighted-average servicing fee (basis points)	27.4	27.8

The sensitivity calculations above are hypothetical and should not be considered to be predictive of future performance. Changes in fair value based on adverse changes in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, the effect of an adverse variation in a particular assumption on the fair value of residential MSRs is calculated without changing any other assumption, while in reality changes in one factor may result in changes in another, which may either magnify or counteract the effect of the change. The derivative instruments utilized by Regions would serve to reduce the estimated impacts to fair value included in the table above.

The following table presents servicing related fees, which includes contractually specified servicing fees, late fees and other ancillary income resulting from the servicing of residential mortgage loans:

	Three Months Ended June 30		Six Months Ended June 30	
	2017	2016	2017	2016
	(In millions)			
Servicing related fees and other ancillary income	$24	$ 22	$47	$ 42

Residential mortgage loans are sold in the secondary market with standard representations and warranties regarding certain characteristics such as the quality of the loan, the absence of fraud, the eligibility of the loan for sale and the future servicing associated with the loan. Regions may be required to repurchase these loans at par, or make-whole or indemnify the purchasers for losses incurred when representations and warranties are breached.

Regions maintains an immaterial repurchase liability related to residential mortgage loans sold with representations and warranty provisions. This repurchase liability is reported in other liabilities on the consolidated balance sheets and reflects management’s estimate of losses based on historical repurchase and loss trends, as well as other factors that may result in anticipated losses different from historical loss trends. Adjustments to this reserve are recorded in other non-interest expense on the consolidated statements of income.

COMMERCIAL MORTGAGE BANKING ACTIVITIES

On July 18, 2014, Regions was approved as a Fannie Mae DUS lender and acquired a DUS servicing portfolio totaling approximately $1.0 billion. The Fannie Mae DUS program provides liquidity to the multi-family housing market. As part of the transaction, Regions recorded $12 million in commercial MSRs and $15 million in intangible assets associated with the DUS license purchased. Regions also assumed a loss share guarantee associated with the purchased portfolio and any future originations. Regions estimated the fair value of the loss share guarantee to be approximately $4 million. See Note 1 "Summary of Significant Accounting Policies" in the 2016 Annual Report on Form 10-K for additional information. Also see Note 14 herein for additional information related to the guarantee.

As of June 30, 2017 and December 31, 2016, the DUS servicing portfolio was approximately $2.0 billion and $1.8 billion, respectively. The related commercial MSRs were valued at approximately $35 million and $30 million at

June 30, 2017 and December 31, 2016, respectively. The estimated fair value of the loss share guarantee was valued at approximately $4 million at both June 30, 2017 and December 31, 2016.

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NOTE 6. GOODWILL

Goodwill allocated to each reportable segment (each a reporting unit) is presented as follows:

	June 30, 2017	December 31, 2016
	(In millions)	
Corporate Bank	$2,474	$ 2,474
Consumer Bank	1,978	1,978
Wealth Management	452	452
	$4,904	$ 4,904

Regions evaluates each reporting unit's goodwill for impairment on an annual basis in the fourth quarter, or more often if events or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. A detailed description of the Company's methodology and valuation approaches used to determine the estimated fair value of each reporting unit is included in the consolidated financial statements of the Annual Report on Form 10-K for the year ended December 31, 2016. Adverse changes in the economic environment, declining operations, or other factors could result in a decline in the implied fair value of goodwill.

During the second quarter of 2017, Regions assessed events and circumstances for all three reporting units as of June 30, 2017, and through the date of the filing of this Quarterly Report on Form 10-Q that could potentially indicate goodwill impairment. The indicators assessed included:

- Recent operating performance,
- Changes in market capitalization,
- Regulatory actions and assessments,
- Changes in the business climate (including legislation, legal factors, and competition),
- Company-specific factors (including changes in key personnel, asset impairments, and business dispositions), and
- Trends in the banking industry.

After assessing the indicators noted above, Regions determined that it was not more likely than not that the fair value of each of its reporting units had declined below their carrying value as of June 30, 2017. Therefore, Regions determined that a test of goodwill impairment was not required for each of Regions' reporting units for the June 30, 2017 interim period.

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NOTE 7. STOCKHOLDERS' EQUITY AND ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)
PREFERRED STOCK
The following table presents a summary of the non-cumulative perpetual preferred stock:

	Issuance Date	Earliest Redemption Date	Dividend Rate	Liquidation Amount	June 30, 2017 Carrying Amount	December 31, 2016 Carrying Amount
	(Dollars in millions)					
Series A	11/1/2012	12/15/2017	6.375%	$ 500	$ 387	$ 387
Series B	4/29/2014	9/15/2024	6.375% (1)	500	433	433
				$ 1,000	$ 820	$ 820

(1) Dividends, if declared, will be paid quarterly at an annual rate equal to (i) for each period beginning prior to September 15, 2024, 6.375%, and (ii) for each period beginning on or after September 15, 2024, three-month LIBOR plus 3.536%.

For each preferred stock issuance listed above, Regions issued depositary shares, each representing a 1/40th ownership interest in a share of the Company's preferred stock, with a liquidation preference of $1,000.00 per share of preferred stock (equivalent to $25.00 per depositary share). Dividends on the preferred stock, if declared, accrue and are payable quarterly in arrears. The preferred stock has no stated maturity and redemption is solely at Regions' option, subject to regulatory approval, in whole, or in part, after the earliest redemption date or in whole, but not in part, within 90 days following a regulatory capital treatment event for the Series A preferred stock or at any time following a regulatory capital treatment event for the Series B preferred stock.

The Board of Directors declared $16 million in cash dividends on Series A Preferred Stock during the first six months of 2017 and 2016. Series B Preferred Stock dividends were also $16 million for the first six months of 2017 and 2016. In the event Series A and Series B preferred shares are redeemed at the liquidation amounts, $113 million and $67 million excess of the redemption amount over the carrying amount will be recognized, respectively. Approximately $100 million of Series A preferred dividends that were recorded as a reduction of preferred stock, including related surplus, will be recorded as a reduction to retained earnings, and approximately $13 million of related issuance costs that were recorded as a reduction of preferred stock, including related surplus, will be recorded as a reduction to net income available to common shareholders. Approximately $52 million of Series B preferred dividends that were recorded as a reduction of preferred stock, including related surplus, will be recorded as a reduction to retained earnings, and approximately $15 million of related issuance costs that were recorded as a reduction of preferred stock, including related surplus, will be recorded as a reduction to net income available to common shareholders.

COMMON STOCK

On June 28, 2017, Regions received no objection from the Federal Reserve to its 2017 capital plan that was submitted as part of the CCAR process, which included the repurchase of common shares and a common stock dividend increase. As part of the Company's capital plan, the Board authorized a new $1.47 billion common stock repurchase plan, permitting repurchases from the beginning of the third quarter of 2017 through the second quarter of 2018. The capital plan also included a proposed increase of the quarterly common stock dividend to $0.09 per common share beginning in the third quarter of 2017, subject to quarterly Board approval. The Company began to repurchase shares under this plan in the third quarter of 2017, and as of August 3, 2017, Regions had additional repurchases of approximately 9.9 million shares of common stock at a total cost of approximately $144.9 million. All of these shares were immediately retired upon repurchase and, therefore, will not be included in treasury stock.

Prior to the new common stock repurchase plan, Regions had authorization to repurchase $760 million in common shares. As of June 30, 2017, Regions had repurchased approximately 65.8 million shares of common stock at a total cost of approximately $760 million under this plan and concluded the plan during the second quarter of 2017.

Regions' Board declared a cash dividend for the second quarter of 2017 of $0.07 per common share compared to $0.065 per common share for the first quarter of 2017, totaling $0.135 per common share for the first six months of

2017. The Board declared a $0.065 per share cash dividend on common stock for the second quarter of 2016 as compared to $0.06 per common share for the first quarter of 2016, totaling $0.125 per common share for the first six months of 2016.

On July 27, 2017, Regions' Board approved an increase of the quarterly common stock dividend to $0.09 per share.

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ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Activity within the balances in accumulated other comprehensive income (loss), net is shown in the following tables:

	Three Months Ended June 30, 2017				
	Unrealized losses on securities transferred to held to maturity	Unrealized gains (losses) on securities available for sale	Unrealized gains (losses) on derivative instruments designated as cash flow hedges	Defined benefit pension plans and other post employment benefits	Accumulated other comprehensive income (loss), net of tax
	(In millions)				
Beginning of period	$(31)	$ (105)	$ (12)	$ (417)	$ (565)
Net change	1	50	23	12	86
End of period	$(30)	$ (55)	$ 11	$ (405)	$ (479)

	Three Months Ended June 30, 2016				
	Unrealized losses on securities transferred to held to maturity	Unrealized gains (losses) on securities available for sale	Unrealized gains (losses) on derivative instruments designated as cash flow hedges	Defined benefit pension plans and other post employment benefits	Accumulated other comprehensive income (loss), net of tax
	(In millions)				
Beginning of period	$(45)	$ 198	$ 216	$ (392)	$ (23)
Net change	5	99	62	5	171
End of period	$(40)	$ 297	$ 278	$ (387)	$ 148

	Six Months Ended June 30, 2017				
	Unrealized losses on securities transferred to held to maturity	Unrealized gains (losses) on securities available for sale	Unrealized gains (losses) on derivative instruments designated as cash flow hedges	Defined benefit pension plans and other post employment benefits	Accumulated other comprehensive income (loss), net of tax
	(In millions)				
Beginning of period	$(33)	$ (106)	$ 11	$ (422)	$ (550)
Net change	3	51	—	17	71
End of period	$(30)	$ (55)	$ 11	$ (405)	$ (479)

	Six Months Ended June 30, 2016				
	Unrealized losses on	Unrealized gains (losses) on	Unrealized gains (losses) on	Defined benefit pension	Accumulated other comprehensive

	securities transferred to held to maturity	securities available for sale	derivative instruments designated as cash flow hedges	plans and other post employment benefits	income (loss), net of tax
	(In millions)				
Beginning of period	$(47)	$ (10)	$ 75	$ (398)	$ (380)
Net change	7	307	203	11	528
End of period	$(40)	$ 297	$ 278	$ (387)	$ 148

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The following table presents amounts reclassified out of accumulated other comprehensive income (loss) for the three and six months ended June 30, 2017 and 2016:

Details about Accumulated Other Comprehensive Income (Loss) Components	Three Months Ended June 30, 2017 Amount Reclassified from Accumulated Other Comprehensive Income (Loss)[1]	Three Months Ended June 30, 2016 Amount Reclassified from Accumulated Other Comprehensive Income (Loss)[1]	Affected Line Item in the Consolidated Statements of Income
	(In millions)		
Unrealized losses on securities transferred to held to maturity:			
	$ (2)	$ (8)	Net interest income and other financing income
	1	3	Tax (expense) or benefit
	$ (1)	$ (5)	Net of tax
Unrealized gains and (losses) on available for sale securities:			
	$ 1	$ 6	Securities gains (losses), net
	—	(2)	Tax (expense) or benefit
	$ 1	$ 4	Net of tax
Gains and (losses) on cash flow hedges:			
Interest rate contracts	$ 22	$ 35	Net interest income and other financing income
	(8)	(13)	Tax (expense) or benefit
	$ 14	$	