



REGIONS
Regions Financial Corporation
Pledging of Collateral

The following security types are used by Regions to pledge against Public Fund deposits. All securities used are part of the Regions investment portfolio. The following security descriptions are taken directly from the Regions investment policy. The policy is approved by the Corporate ALCO committee and the Board of Directors.

U.S. Government and Government Sponsored Entity Debt

- ❖ Non Callable U.S. Government and Agency Securities – Full faith and credit obligations of the United States Government and its sponsored agencies up to a remaining maturity of 30 years.
- ❖ Callable and Structured Agency Securities – Debt securities issued by a federal agency or federally sponsored agency that contain “embedded options” up to a maturity of ten years.

Mortgage-Backed Securities*

- ❖ Agency Mortgage-Backed Securities – Mortgage pass-through securities guaranteed by a federal agency.
- ❖ Bonds – Securities issued by Freddie Mac and Fannie Mae, government sponsored enterprises, that continue to maintain high credit ratings with added protection and support offered by the United States Treasury. Additionally, recent Congressional action with the passage of the Housing and Economic Recovery Act demonstrates the United States government will use all means available to ensure these entities remain solvent and well capitalized (July 24, 2008).

Additionally, some Public Funds clients may have the following collateral type pledged against their deposits if it is allowable under their investment policy or under the policies of the state collateral pool to which they belong. Collateral types and methods of pledging are generally agreed to when Regions responds to the client’s RFP.

- ❖ Agency CMO/REMIC Securities – Agency CMO/REMIC securities with an expected average life less than 10 years.

*Agency Securities include those from Government Sponsored Enterprises (Freddie Mac & Fannie Mae) that issue their own debt. Treasury Securities include Treasury bills, notes and bonds.