PARTICIPANTS

Corporate Participants

John M. Turner – President, Chief Executive Officer & Director, Regions Financial Corp.
David Jackson Turner – Chief Financial Officer & Senior Executive VP, Regions Financial Corp.
Deron Smithy – Executive Vice President & Treasurer, Regions Bank

Other Participants

Jason M. Goldberg – Analyst, Barclays Capital, Inc.

MANAGEMENT DISCUSSION SECTION

Jason M. Goldberg, Analyst, Barclays Capital, Inc.

I'm Jason Goldberg, US large cap bank analyst at Barclays and this is our 19th Annual Global Financial Services Conference. Next up, we're very pleased to have Regions Financial. In the room with us is John Turner, Chairman and CEO; David Turner, Chief Financial Officer; Deron Smithy, Treasurer; and Dana Nolan, Investor – Director of Investor Relations.

Before we jump into Q&A, I should remind you, in the top right-hand corner of your screen, there's a few buttons. One of them is Ask a Question. Simply click on that, type in a question and if we have time, we'll get to them. They are on a [ph] delay (00:47) basis, so the sooner you get to those, increases the likelihood [indiscernible] (00:50) them. And also the button called Survey. Click on that, answer some questions and we'll kind of analyze results later today.

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QUESTION AND ANSWER SECTION

<Q – Jason Goldberg – Barclays Capital, Inc.>: So, thank you for joining us. I guess maybe before we kind of jump into it, maybe if you just give us maybe your thoughts on kind of the overall economy, the pace of the recovery that you're seeing within [ph] your (01:14) diversified footprint. Obviously, some positive trends this year. More recently, some concerns around the Delta variant, supply constraints, labor shortages, potential inflation, or real inflation and maybe just delve into what you're seeing on both – on your Commercial and Consumer customers.

<A – John Turner – Regions Financial Corp.>: Yeah, just as a reminder, we operate across 15 states. The bulk of our business, [ph] 80%-plus (01:37) of our deposits are in seven Southeastern states. Those markets were some of the last to shut down back in 2020 when the pandemic first began to impact the economy and some of the first to reopen. So we saw less impact on small business, less impact on unemployment.

Generally, the markets we operate in had better unemployment rates, and that trend has played out through the recovery. We tell you that our customers are optimistic and eager. They are very focused on continuing to operate their businesses effectively as we continue to work out of the impacts of the pandemic.

The recovery has been good in our markets, and notwithstanding the impact of Delta, which had I guess some significant negative impact on health issues, but didn't really affect the economy. Businesses generally stayed open. From time to time, you'd see a restaurant or a business that might close for a day or two because of staffing issues over the last 60 days, but the economy has continued to grow and expand. And generally, we feel good about the progress that we're continuing to make.

<Q – Jason Goldberg – Barclays Capital, Inc.>: I guess maybe against that backdrop, maybe we can delve into kind of loan growth in terms of maybe what you're seeing on the Commercial side from utilization rates, areas of strength, weakness? And then after that, we can maybe delve onto the Consumer front.

<A – John Turner – Regions Financial Corp.>: Yeah. Pipelines have strengthened over the last two-plus quarters and we've guided to, we anticipate Commercial loan growth, adjusting for the run-off in PPP by the end of the year. Utilization rates are still pretty flat, down about 600 basis points from normal utilization rates and we haven't seen much movement yet. The pipelines are good. Bulk of credit in the pipelines are lines of credit, so we're seeing an increase in commitments, but not so much fundings yet. It's difficult to predict the timing of increases in line utilization and the impact that will have on future loan growth.

But we think we're well-positioned to grow. We are, again, seeing strengthening in pipelines, good activity in our Commercial business across most sectors whether that be healthcare, financial services, transportation, energy. In our real estate business, multifamily activity is picking back up again after some – well when the pandemic started. So we're, again, optimistic that we're positioned to grow; just not totally certain about the timing of that and how the mismatch between impacts of short – labor shortages and supply chain disruption, how those – how quickly those things get resolved, but confident that will – it will happen.

<A – David Turner – Regions Financial Corp.>: You want to see it on the Consumer side too, Jason. So from that standpoint, mortgage continues to be positive for us. We're continuing to grow that portfolio some. We do have a tendency to sell approximately half of what we produce. That can change from quarter to quarter, but still seeing our investments in our mortgage loan originators being a positive for us. The payment rates are still very high on HELOCs and on credit cards. So we're having nice production there, but we can't overcome the paydown rate. So you continue to

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see that. Those portfolios run down. Of course, on indirect auto, that's an exit portfolio for us. And so you're going to continue to see that decline. We do have our other Consumer portfolio that's been [indiscernible] (05:41-05:49) and then we have our new acquisition of EnerBank, which will close in the fourth quarter. That should add about $3 billion on day one for us to help bolster loan growth.

If you roll all this together and you exclude EnerBank, given we had some growth end-to-end in the third – in the second quarter, we do expect loans to be up this year in the fourth quarter, slightly. And as John mentioned, given our production, we feel good about the loan growth coming at some point. We just have to get through this liquidity and all the stimulus. So the timing of that is a bit uncertain. But leveraging EnerBank in the fourth quarter and into 2022 is a positive.

<Q – Jason Goldberg – Barclays Capital, Inc.>: Got it. And when you talk about loan growth, is that inclusive of the PPP or exclusive of PPP?

<A – David Turner – Regions Financial Corp.>: No, we're – yeah. No, no, excluding PPP.

<Q – Jason Goldberg – Barclays Capital, Inc.>: Okay.

<A – David Turner – Regions Financial Corp.>: Talked about it just at lunch.

<Q – Jason Goldberg – Barclays Capital, Inc.>: No, that's fair. Just wanted to clarify. And I guess on the topic of PPP, you guys put out a deck a couple weeks ago and you talked about a meaningful decline in 3Q 2021 PPP NII, although with increasing levels of activity in 4Q 2021. I guess that's not something we necessarily heard from others. Can you maybe just expand upon what's driving that and just outlook for that line?

<A – John Turner – Regions Financial Corp.>: Yeah. It's just a timing thing. So it's really PPP1 debt forgiveness process at kind of – it's not completely done, but it ran its course. We didn't see that the timing of PPP2 coming in the third quarter. Yet, we think that's more of a fourth quarter issue. So that's all this is; the handoff between PPP1 and PPP2. We could be wrong. I mean, we could have more forgiveness coming in the third quarter. The issue is, it's there. It's just the timing; is it going to come in the third, or is it going to come in the fourth? So, a bit of it is a – is somewhat of a guess. And we were looking at the pattern of PPP1 forgiveness and that's why we believe there'd be a lull in the third. And just want to make everybody aware of that.

<Q – Jason Goldberg – Barclays Capital, Inc.>: No, I think that's fair. And I guess in the past we've talked about kind of the adjusted NIM stable in the, kind of the low 3.30s on a core basis in the back half of the year. Rate's kind of moved up, come down. As you kind of think about managing the balance sheet and kind of the outlook for loan growth, just – how does that tie into the kind of the core NIM expectations?

<A – John Turner – Regions Financial Corp.>: You know, Jason, I would say we – number one, we feel very good about the way the balance sheet is positioned. If we continue to see rates at these levels and remaining this way through 2022, we think that the net interest income stream is fairly stable. So, not much impact from rates staying at these levels. Clearly, growth in the balance sheet is helpful to us, and that will be our catalyst for growing net interest income. And so, obviously what we saw at the end of the second quarter is helpful to us to stabilize loans. And as we look to the second half of the year and beyond, we do think there's an opportunity to grow net interest income modestly.

We signaled coming out of second quarter earnings that we thought we'd seen the bottom in core net interest income, so excluding PPP. And we think that coupled with the EnerBank acquisition that will be closed in the fourth quarter will give us a nice ability to grow net interest income into the end of the year and be a good foundation for growth next year.

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<Q – Jason Goldberg – Barclays Capital, Inc.>: Okay. So that sounds fair. And then I guess while on the topic of NIM, I think – I forgot what I was. I think recently you talked about 20% to 30% of the pandemic-related deposit increase likely persist on balance sheet. I haven't really heard those kind of figures given – I haven't really heard the other banks kind of talk about that. So maybe talk about the, kind of the timing of how do you think those deposits will behave and [indiscernible] (10:28).

<A – John Turner – Regions Financial Corp.>: Sure. So we first gave that guidance maybe couple quarters ago. We've continued to study the portfolio, study the flows and try to understand a little bit more about the customer segments that it's coming from. And so the 20% to 30% I would say is a relatively conservative number. I would tell you, today, if we were to update that we're likely at the upper end of the range just given what we continue to learn. And underlying that guidance is really a focus on the fact that 20-ish percent of our surge deposit come from new customers, new clients, both across Consumer and the Corporate business.

And the remainder is really a mixed bag across all industries on the Corporate side. And on the Consumer side, most of those deposits have come to us either through, again, growth in relationships or have come into accounts that have historically been very stable both from a rate standpoint as well as a longevity of the account standpoint. So we feel good about, there's a core underlying position that is 20% to 30% that will stay with us over time. The remainder, the cash may stay with us, but in a normalizing rate environment we would expect that some of those dollars will have some optionality to find higher rates elsewhere and/or get put to work. And we'll learn more over time, but I do think that 20% to 30% is a good foundation, likely the upper end of the range. But the good news is, as we learn more over time and if we're wrong, I think we're wrong in that there are – there's more that stays with us. And so then that provides an opportunity to put that liquidity to work in the future in the balance sheet through loan growth.

<A – David Turner – Regions Financial Corp.>: So, Jason, I would put some numbers with that. So we think our surge deposits were about $36 billion. So 30% of that you call it $9 billion to $11 billion of deposits could stay with us, for which we could invest that liquidity. We've invested about half of that already in our securities book. We have half of that left to go in round numbers. And so we're looking for a little better opportunity with the [ph] tenure (12:54) to put that money to work. And so, we're – that's still an opportunity for us. We just – we keep waiting for that little better entry point if you will. If we get [ph] convicted (13:07) that it's not going to move, we'll make an investment earlier. Otherwise we're going to be patient before we put that to work. We just are reluctant to put all of our excess cash to work because you can get upside down pretty quickly.

<A – John Turner – Regions Financial Corp.>: I think just one other point on that; thinking about the EnerBank acquisition, day one, that comes with $3-plus billion of assets as well as some deposits. Those deposits will mature over time over the next couple of years. And so as we look out a year, two years from now, the existing portfolio as well as the growth expectations and that will – will be funded by our core deposit base over time. And so, we're thinking about those dollars being put to work over the next few years really in funding that portfolio, which was of – an important part of where we saw value in that transaction.

<Q – Jason Goldberg – Barclays Capital, Inc.>: Now, that makes sense. I guess maybe moving down the income statement, you guys have done a good job on the fee income front. Capital market results have been strong. You've seen a pickup in service charges, ATM fees and card fees [indiscernible] (14:20) increases. Asset and wealth management benefited from the market. Can you maybe talk to what your outlook is there and just how your kind of current initiatives are panning out?

<A – John Turner – Regions Financial Corp.>: Well, our – so our first point is, we continue to grow customers. That is foundational. We continue to grow NIR. So growing checking accounts for

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consumers, growing core operating accounts for businesses help us with our first line item which is Service Charges. Now we've done some things on the NSF OD component. To provide more transparency to our customers, we've changed the number times you're going to overdraft in a given day, things that we think have been more customer friendly that will cause that line item to not return to the pre-pandemic level. That's at 10%, 15% we've talked about and it was because of things we had done and are continuing to do, which is – also includes creating a new product that's [ph] a bank on (15:28) certified product which will be a no overdraft account. So, low monthly fee for that.

But the service charges really ought to be directionally – should be able to grow as we continue to grow accounts. That'd be the same with card and ATM fees. We are one of the leaders in the Visa power scores on debit. We'll have over 1 billion debit card transactions this year. Our people use debit more so than credit because they want to use the money they have in their account. As we grow customers, we're going to continue to grow cards that are outstanding and are issued. And the number of transactions continue to increase.

The capital markets, as you mentioned that's a $55 million to $65 million business on average. Had a couple of quarters that are over $100 million. Last quarter it was about $65 million. And we see that continue to be very strong for the remainder of the year. It will have volatility, which should be a catalyst for us to help us grow NIR in total. Wealth Management, continue to grow accounts there through the addition of wealth advisors and trust advisors. The market obviously is helping, as you just mentioned. For Wealth Management, it was up about 5% over the first quarter. So, we see that as an opportunity to continue to grow as well. So bottom line is, NIR has good profile if we continue to stay on growing ultimately customers. Oh, I didn't mention mortgage.

[indiscernible] (17:10-17:15)

<A – John Turner – Regions Financial Corp.>: Yeah. So, mortgage has been a good story for us; has had a little bit of volatility, in particular on gain on sale. So that had gapped out earlier. It's kind of normalized a bit. We don't see a ton of pressure on gain on sale at this point. Unfortunately, we're a purchase shop more so than a refi shop. And there's about a four-month supply of homes on the market right now, so a little low. Housing prices have increased, but we're still seeing transactions and our investment mortgage loan originators over the past few years including about 10% increase this past year has helped us continue to grow our production and therefore our profitability on mortgage. So we think that's going to be – continue to be strong in the third and fourth quarter.

<Q – Jason Goldberg – Barclays Capital, Inc.>: Helpful. Maybe turn to the outlook for expenses. In the past, you've talk about these continuous improvement initiatives. Maybe just talk to kind of where you are on that journey, [indiscernible] (18:22) more things to add to that list. A bunch of banks have talked about some compensation pressure across the businesses, and just how you're kind of managing that against the current backdrop.

<A – David Turner – Regions Financial Corp.>: Yeah. So, we created our continuous improvement program. That's just kind of baked into the fabric of who we are. As John Turner continues to ask us all to get better at whatever we do; improve processes, leverage technology. So, everybody that runs a business or a support area has that challenge to get better. It's been one of the drivers as to how we've kept our compound annual growth rate and expenses below 1% since 2014. And it'll be a key driver going forward. We still have opportunities to leverage the technology more so, and we think we have opportunities to reduce our non-bank and bank footprint terms of properties and leveraging remote working. We think that'll happen over time. We think our non-branch real estate footprint could be down 25% over time. So, we'll continue to work on vendors and making sure we can consolidate those and challenge the price that we're paying for goods and services from our vendors.

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You mentioned inflation and compensation. We really haven't seen that where we operate. What we have seen is an increase in salaries and benefits, driven, for the most part, by the increase in pre-tax income. So our incentives are up. But if you look at our core base salaries, those have not moved much year-over-year.

We are down in our head count. Part of that is we let attrition take care of head count reductions and backfill, leveraging technology when we can. I would say we're still looking to grow some in our branch footprint where we've had those decreases a little more so than we wanted. But all in all, we aren't seeing inflation create an issue for us, and I'm not giving you 2022 expense guidance just yet. We'll wait till the fourth quarter. But our goal is to generate positive operating leverage over time. That's our commitment, and we think 2022 will be a nice year for us, and we'll give you very specific guidance, like I said, later.

<Q – Jason Goldberg – Barclays Capital, Inc.>: That was my next question, so I'll [indiscernible] (21:04).

<A – David Turner – Regions Financial Corp.>: Okay.

<Q – Jason Goldberg – Barclays Capital, Inc.>: I guess maybe we haven't talked about credit quality, just given it's never a bank presentation without it. But just talk to any potential new areas or new areas of concern that maybe you're keeping a little bit closer eye on. I fully appreciate losses are at historically low levels. But it's not going to stay that way. Just maybe how you think about kind of the pace of normalization, looking out particularly when loan growth begins to come back?

<A – John Turner – Regions Financial Corp.>: Yeah. So we're – have benefited as everybody else has from the improving economy stimulus in the economy. We continue to watch a couple of areas of the portfolio, energy being one, retail being another, the hospitality-related services, some aspects of transportation. All those are performing well. Our exposure to what we call COVID-related industries continues to decline. I think that our experience in part reflects some of the repositioning we've done remixing of the portfolio over time and greater balance and diversity that we've created over the last five, six, seven years. All those activities have certainly benefited us as the economy has been under some pressure.

Going forward, and I'd expect some normalization over the next few quarters as some of the impact of stimulus begins to not impact the economy in the way that it has. We expect consumer credit to begin to normalize. Certainly, I would think toward the end of the year and the first part of next year and that would probably be true of our wholesale book as well. But nothing dramatic at this point, we just don't see it. We were asked a question about hurricane impacts, Hurricane Ida impacted our markets about two weeks ago. We estimate modest exposure to our commercial customer base maybe $250 million plus or minus and outstanding's centered in a couple of specific relationships.

And on the consumer side, despite the fact that we had close to a $1 billion broadly in exposure to consumers, we've had calls about request for help of less than $15 million in outstanding. So we've been fortunate thus far. And don't expect a real big impact as a result of the hurricane.

<Q – Jason Goldberg – Barclays Capital, Inc.>: I guess on the hurricane I was going to get that later, but you've brought it up. I guess you obviously don't need to quantify the loan exposure. It seems very manageable. Can you just talk to some of the near and longer term effects? I know historically when you guys got hit with hurricanes, we've sometimes see kind of some softness in the fee income areas in that quarter. But then more importantly I think looking out when deposit checks coming from insurance companies that helps. And then just the rebuilding portion of it sometimes helps on the borrowing front. So do we expect I guess more broadly any other impact from Ida?

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<A – John Turner – Regions Financial Corp.>: Yeah. Not so much, Jason, although to your point in a perverse way it typically has a positive impact on the economy. Once the recovery begins we see insurance funds coming into the community, deposit balances increasing, spending obviously picks up on construction related activities. And we'd expect to see some of that here. This area is not probably as populated as some other metropolitan areas that have been or larger metros that have been damaged, impacted in the past. But still expect to see a positive impact on that part of South Louisiana as the economy begins to recover.

<Q – Jason Goldberg – Barclays Capital, Inc.>: Got it. And then just last in credit quality. I mean, can you – some banks have talked to the reserve going to kind of CECL Day 1 level. Others have talked to have gone below that level. I guess – first off, can reserve releases continue despite this Ida exposure? And just do you think about kind of managing the overall allowance?

<A – David Turner – Regions Financial Corp.>: Yeah. So we do have one of the larger allowances right now. I don't think Ida has – John mentioned it is a big driver of what that ultimately will be. And you've asked a good question in terms of, can we – will we get below our CECL Day 1? I think the economy has a chance to get better and – which should result in a reduction of our reserves. We'll have to measure that at the end of each quarter under GAAP. But the other thing people ought to be cognizant of is the mix of our loan portfolio when we had CECL Day 1 versus when we have today. We've added a couple of portfolios, Ascentium and EnerBank that have higher loss content. And we're okay with that because we get compensated for the risk that we're taking there.

And so it just depends on the pace of growth and things like that. But how does that mix really look like? I think absent all that, you could have seen and wouldn't be unusual for those reserves to have dip below CECL Day 1. We're probably 30 points high – above that today. And so if things continue to improve, the economy continues to improve, then you should expect a reduction in those reserves. The amount and timing is harder to tell.

<Q – Jason Goldberg – Barclays Capital, Inc.>: Fair enough. And I guess previously talked about the EnerBank acquisition closing October 1. You'll be starting the share buyback. There's 9.25% and 9.75% CET1 ratios. I think you are bit over 10% now. So maybe talk to maybe the impact of the acquisition on the capital ratio? And just how aggressive do you expect with the buyback out of the gate?

<A – David Turner – Regions Financial Corp.>: Yeah. So as you know we cease buybacks until we close the transaction, which will be the beginning of the fourth quarter as you mentioned. The impact on that range of 9.25% to 9.75%, or our point estimate of 9.50% is unaffected from a stress standpoint by the EnerBank transaction. We are using our capital instead of buying stock back. We are using our capital to fund the EnerBank transaction. That will cost us 95 basis points to 100 basis points of capital. So that in and of itself will get us closer to the number where we want to be. But we accreting capital every day. And so as you accrete capital and of course some of that will be used for dividends, you would – should expect mathematically that will we'd be back in the market in the fourth quarter buying our stock back so that we can get to that optimum level or call 9.5% CET1 by the end of the year.

<Q – Jason Goldberg – Barclays Capital, Inc.>: Got it. Okay. That's helpful. And then when I think of Regions you had the Regions [indiscernible] (28:54) MOE, the Regions and South MOE and all the acquisitions those three [indiscernible] (29:01) companies did themselves. From a bank acquisition standpoint you guys have been quiet. We've seen a lot of other banks among my coverage do deals. Obviously, [indiscernible] (29:13) Citizens more recently. Can you just talk about your thoughts in terms of consolidation at the moment?

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<A – John Turner – Regions Financial Corp.>: Yeah, I think we've been very consistent in our position that we're not interested in in bank M&A. We believe we have a plan that will deliver some outsize return for shareholders at least top quartile of our peer group. We've been doing that over the last number of years, and we think that continued execution of our plan puts us in a position to continue to deliver really good returns for our shareholders.

We have been interested, obviously, in non-bank acquisition. We've made a number of different purchases of capabilities of companies, portfolios and I think, obviously, Ascentium and EnerBank are consistent with that, we'll continue to look for those kinds of opportunities to expand capabilities, to grow and diversify revenue. We'll continue to watch what's going on in the banking market with interest. But I think it would stay the course and execute our plan, at least that's our view today. We will − we think we can deliver nice returns for our shareholders.

<Q – Jason Goldberg – Barclays Capital, Inc.>: Well said. All right. I've got a few questions coming to me. Ask me to expand or questions further on just this outlook for service charges. One was you talked about the 10% to 15% decline given what others are doing. Do you think it could be more than that? And then had a related question. Do you expect to make any further changes to overdraft policies on existing accounts, i.e., maximum number of fees allowed per day?

<A – David Turner – Regions Financial Corp.>: Yes.

<A – John Turner – Regions Financial Corp.>: [indiscernible] (31:02)

<A – David Turner – Regions Financial Corp.>: Yeah. So, our 10% to 15% service charge number had already contemplated things that we either had done or planning to do. One of those was reducing the number of incidences of overdraft in a given day for both consumers and small business that's already taken place, that's already been baked in. Of course, we had changed our posting order unlike some peers a couple years ago. So, we post today all the deposits first regardless of the time of day that you make your deposit. We post that first. And then we post the debits in the order in which the customer transact the business with the theory that you write check number one before you write check number two, and then, of course, time-stamped on all the electronic debits that come through.

In addition, we've been on a journey to really provide more transparency to our customers to show them intraday where they stand, give them alerts. The usage of our alerts has gone through the roof this year. And what we're trying to do is provide at least of what's going on so that they, the customer, can make a decision. If they want to utilize though, our overdraft services, which is short-term lending to help them take care of an issue, then that's – if they opt in to that service, it's there for them. If they don't want to opt in, they don't have to.

We also have contemplated and we'll be implementing here shortly bank on certified product, which is a no overdraft checking account for low monthly fee, for those people who that product will serve. And our goal is really to provide products and services that our customers value. And we listen to them on what they want. And we think we've done a pretty good job of that. So we've made the changes we think are needed. And as a result of all those changes, that's where we're getting our conclusion on the 10% to 15% reduction that's not coming back.

<A – John Turner – Regions Financial Corp.>: Jason, over the last 10 years we've seen a 40% reduction in NSF/OD fee income. So we've already seen the trend, we've been managing the trend. Over that same period of time, PPI has grown over $700 million. So – and the mix of noninterest revenue to total has gone from 38% to 39%. So we've offset the decline over the last 10 years in NSF/OD income with fee income from other products and other services, other capabilities.

It is our hope and desire that our customers continue to learn how to manage their finances better and that we see NSF/OD income continue to decline, we're going to give customers tools. We're

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going to give them products to make choices about how they want to manage their money. And it is our belief that over time, that fee income will continue to decline because we have a healthier customer. But with that comes increasing deposit balances, likely increasing other products and services and activity to offset the decline in NSF/OD income. So I think we're going to continue to make those investments and we'll see a natural transition of that source of revenue.

<Q – Jason Goldberg – Barclays Capital, Inc.>: Well said. I guess we still are waiting for the BB&T SunTrust kind of system integration to full rebrand. You had PNC buying a BBVA Compass USA franchise or whatever they call it. Maybe just talk to opportunities within your markets to kind of pick up both employees and customers as those companies work through those transitions?

<A – John Turner – Regions Financial Corp.>: Yeah, that's a great point. I think we're in some of the most disrupted markets, arguably maybe the most disrupted markets in the country given the bank M&A that's taken place and...

<Q – Jason Goldberg – Barclays Capital, Inc.>: We still think it's in the high-20s – yeah [indiscernible] (35:20)

<A – John Turner – Regions Financial Corp.>: Yeah. That's right, that's right. So a lot of opportunity to talk to bankers, to talk to customers, David talked about growth in consumer checking accounts, growth in business checking accounts, operating accounts, increases in commitments to lend. All those things are the result of increased activity in our markets and we've been able to recruit some quality bankers. We feel really good about our team and think we're well positioned to continue to grow.

<Q – Jason Goldberg – Barclays Capital, Inc.>: We have 1 minute left. I'll go to another audience question. You previously talked about an 18% to 20% ROTC objective. What kind of economic backdrop you need to get there assuming a normalized provision?

<A – David Turner – Regions Financial Corp.>: Yeah. I think we have to have rates that are more normal than they are today. That 18% to 20% was given in a very different rate environment. I think that would be a tough target to get to – in today's environment. So that was really predicated on a net interest margin in that $3.70 range. At the time that we gave that guidance, we're at $3.30 on a – normalized today. So you've got to have 10-year and short-term rates go up quite appreciably from here before you could get to 18% to 20%. You want to add any more specific to that?

<A – Deron Smithy – Regions Bank>: The only thing I would add is, obviously, we've been focused on protecting the downside risk from low rates over the last several years. I think we've done a pretty good job of that. We're also focused on positioning the balance sheet to achieve that improvement returns when we see normalizing rates as well. And so, some of the changes that we've made to our hedging program in positioning the balance sheet out on the horizon to continue to see nice opportunities for growth and a bit of a tailwind, a rising rate environment is what will help us to the extent we do get that normalized rate level to get back to those targets for return.

<A – David Turner – Regions Financial Corp.>: And more specifically, Jason, we've taken some of our [indiscernible] (37:29) fixed swaps off in 2023 and 2024 to participate as we believe that is our best estimate today as to when the Fed may start increasing short rates.

Jason M. Goldberg, Analyst, Barclays Capital, Inc.

Makes sense. Seeing now, we're out of time. And I think that's a good place to leave it. Thank you all for joining us today and look forward to speaking with you again soon.

David Jackson Turner, Chief Financial Officer & Senior Executive VP, Regions Financial Corp.

Thank you, Jason. Appreciate it.

John M. Turner, President, Chief Executive Officer & Director, Regions Financial Corp.

Thanks for having us. Thank you.

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