

Regions Financial Corporation NYSE:RF

Company Conference Presentation

Friday, November 7, 2025 1:15 PM GMT

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Call Participants

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Presentation

Unknown Analyst

Okay. Good morning, everyone. Next up, we have Regions Financial. Regions has \$160 billion of assets, over 1,200 branches and a strong presence across the South, Midwest and Texas. The company's 5-year deposit growth has outpaced the industry with total and interest-bearing deposit costs the lowest among peers. Regions continues to make strategic investments in priority markets to maximize growth opportunities.

With us today, we have David Turner. He served as Regions' CFO since 2010 and is a member of the executive leadership team. To his left is Brian Willman. He's the Head of Corporate Banking Group, which includes several businesses, commercial banking, large corporate and capital markets. He joined Regions back in 2009. And then on my far left, Kate Danella, who is Head of Regions' Consumer Banking Group, which is comprised of the retail bank, mortgage, indirect lending and partnerships. She joined the bank in 2015 and before that, spent 13 years at the Capital Group. Brian will start the presentation, hand it over to Kate, and then we'll transition to Q&A.

Brian R. Willman

Senior Executive VP & Head of Corporate Banking Group

All right. Thanks, Terry. Okay. Good morning. It's great to be with you here on a beautiful Boston morning. So if you think about Regions, our focus, the last few years is building a business that delivers consistent, sustainable financial performance. Our whole go-to-market strategy is embedded on local bankers supported by industry and product expertise. And we believe this is a differentiator, especially in the markets that we serve, primarily in the Southeast, which is enjoying population growth at 1.5x the national average in addition to business formation as well as continued economic growth.

As you see, our go-to-market strategy, we're comprised of really 3 distinct businesses. You see commercial banking, both in the emerging commercial, think about that as small business, middle market and then our corporate institutional banking practice. Over the years, we've also invested in our capabilities to serve our clients, both in capital markets through nonbank acquisitions around platforms I'll talk about in a minute, and specifically treasury management in order for us to continue to grow and diversify our revenue streams.

I would highlight briefly on the emerging commercial, the small business ecosystem is a huge opportunity for Regions. We have nearly 12 million potential customers in the small business cohort that Kate and I have been working to cover more. And that's primarily a treasury management and deposit opportunity. If you think about our Ascentium Equipment Finance business that we purchased back in 2020, right now, our ability to offer deposits digitally has not been there. We've only been able to close the loan. So by the summer of 2026, we'll be able to augment that with deposit account opening on a digital basis.

And on the Corporate and Institutional Banking front, there's really 3 main priorities that we focus on: risk, relevancy and return. Risk goes without saying, we want to make sure that client selectivity is paramount. Our return for the use of our capital is also very important. We want to maintain our top peer-leading return on tangible common equity. We are a net user of capital, thanks to Kate and her team to provide those low-cost funding basis. And then relevance, how are we when we do commit as a \$160 billion bank and are using our balance sheet, where are we in the capital stack? Where are we when we do participate in shared national credits? Can we get outsized returns around our product suite to align.

So if you think about on the next slide, going forward, our historical performance informs and gives us confidence in our ability to continue to deliver regardless of what the macroeconomic and ever-changing competitive landscape might be. I would like to highlight that even though these numbers are looking backwards, this gives us the focus in terms of making sure that we continue that trend going forward. I'll also note that revenue is up 5.2% year-to-date, but more importantly, the momentum that we've built is evidenced in the linked quarter of 5.7% is showing the momentum as we carry into 2026. That's really driven by continued strong capital markets, noninterest revenue and solid deposits.

On the far right-hand side, we're doing this in a very efficient manner. That allows us to continue to make investments that I'll talk about here in a minute. And as you think about this NIR as a percentage of total revenue in the Corporate Banking group, just under 34%. It is our belief that over the next few years, we can grow that percentage to 38%. So again, underscoring the continued investments in our capital markets and treasury management platform. The other thing that I would note, total client liquidity. That has been a really strong story for us in terms of our clients trusting Regions to not only manage their on-balance sheet as well as their off-

balance sheet liquidity. We continue to see records as we did in the third quarter, total client liquidity exceeding \$50 billion, and that trend continues. So we've done it 5 quarters in a row. We'll see if that translates in this quarter.

So on the next slide, when we think about our core foundation around growth and the confidence going forward, it's really anchored in our talent, the technology and the targeted investments that we continue to make. We've built a model of resilience that regardless of the macro environment, we expect to continue to deliver those sustainable financial results. 75% of our revenue growth is from clients that have been with Regions 5-plus years. And you see some of the core foundation metrics in terms of our productivity RMs versus our peer group. In addition, our TM fee revenue per deposit volume is nearly 3x our peer median, underscoring in terms of our platform, I believe that, obviously, liquidity and payments are interrelated. And if you can embed yourself in a client's treasury ecosystem, that is a recipe for victory.

But we've also made acquisitions targeted on the nonbank side to build out capabilities around our capital markets platform, specifically sell-side M&A advisory. We continue to see pipelines, continue to increase and improve as the macroeconomic environment continues to show a little bit more favor in terms of low rate environment and the bid-ask spread tightening between sellers and buyers.

On our real estate capital markets platform, obviously, a steepening yield curve, short lower-term rates on the short end of the curve, the 10-year getting below 4%, we see that as a catalyst for continued capital markets fee activity. The last thing I would say is we're going to continue to make investments. We're not standing on our laurels. We have to continue to invest in our talent. We believe, again, local bankers supported by industry and product expertise is the differentiator. So if you think that talent is a differentiator, it would make sense to hire more talent, and that's exactly what we're doing.

We're adding 90 revenue producers by the end of '26. And that progress has already resulted in almost 2/3 of those being targeted to hire by year-end. In addition, we'll add capability in M&A, sell-side advisory bankers as well as capital markets, syndications and treasury management as we continue that growth. It's not just a people business. Even though that is our go-to-market strategy, we want to support our bankers with insights powered by AI and data analytics. This is not a new journey for us. We started this in the commercial bank with [Acrylic], for those of you who remember, that aggregates all of our customer data and gives insights to our bankers to have better conversations and provide value to our clients. 35% of new business opportunities in the corporate bank are powered by AI insights.

And then lastly, we're going to continue to innovate on our treasury management platform. We've recently been awarded by a third party in terms of best product innovation for our embedded ERP finance. We have Cash Flow Advisor, CashFlowIQ, all around -- circling around the client around their working capital and cash flow. And again, this provides very sticky resilience for clients. Just as a level set, nearly 65% of the Corporate Banking Group client base have treasury management services with us. And so that's one a barrier to entry for competition, but also provides us opportunity to grow.

And then lastly, I would be remiss if I didn't mention small business. Even though the government shutdown has slowed down our SBA production momentum, we've seen really great strides in terms of that business and would expect that along with referrals from Kate's retail partners to grow into 2026.

So speaking of winning, if you think about where we've come from and our stability is really deep rooted in our long-standing presence in these core markets as well as relationships that we've banked sometimes longer than 30-plus years. We've been in some of these markets 100, 150, 170 years. Regions has brand density. We have market presence. Our bankers have a brand. If you think about why clients stay with Regions, it's because we've been there with them through cycles. We actually know their business. We're consistent. We show up each and every day. That is a differentiator, especially given the competitive environment.

At the same time, even in our priority markets, the 8 that we've identified, we continue to see success with the investments in additional coverage and lift-outs based on disruption of our competitors. We always sell to the Regions' value proposition, but I'll mark you here to the right side, where we're capturing share nearly 20% of the new client growth year-to-date for the Corporate Banking group has come from Georgia, Texas and Florida. And so we've been able to compete against the majors with our go-to-market strategy around local bankers supported by product and industry expertise.

Over here is kind of a column list in terms of the investments, award recognition that we've had. And so I believe that we're going to have this growth story continue on a go-forward basis. The reason why we've anchored into the last 5 years in terms of financial performance, that gives us the confidence to continue to deliver going forward. And I'm really proud, too, in terms of deepening the existing relationships that we already have. If you think about our revenue penetration, client engagement, all numbers are significant double-digit growth, and then we're growing treasury management relationships 10%.

So you couple all that together, as I think about leading the corporate banking, wholesale bank in the future, it's about our talent. It's about the markets that we reside in. It's about enabling those bankers with technology and product innovation that we've done and demonstrated over the last 5 years that will be a catalyst for continued growth over the next 5 years.

Thank you. And I'll turn it over to Kate, my retail partner.

Katherine Randall Danella
Senior EVP & Head of Consumer Banking Group

All right. Good morning, everyone. It's a real pleasure to be here with you, and thank you for your interest in our company. I like Brian, I'm going to give you a quick snapshot on the consumer business. We have the privilege to serve about 4.2 million customers across our 15-state footprint and beyond about 365 small businesses and what amounts to about 400,000 mortgage customers. We do that through a broad network of digital capabilities, a very broad branch network, ATM network and probably most importantly, through our 9,300 associates. Talking about people, those 9,300 associates, including me, which I count myself and wake up every single morning, focused on differentiating our consumer bank across 4 key things.

The first is primacy. We go to market and acquire particularly in retail with a single focus on primary checking accounts. That is what has been the backbone of growing our industry-leading low-cost granular deposit base and the noninterest revenue associated with that, like our leading debit portfolio. We do not go to market acquiring households and relationships through credit, through high-rate products. It is through primacy. And when we do that, we see anywhere from 2x to 10x the revenue differential between a primary customer relationship and a non-primary relationship.

The second place where we are highly focused on differentiating is customer service. We measure and monitor customer service metrics across our channels as acutely as we do checking accounts, revenue and expenses. Why? Because customer service in retail and consumer banking drives loyalty and loyalty drives the retention of your customer base. And so we have a slide in your materials that show 60% of our consumer deposits reside with customers who've been with the bank for 10 years plus. If you look at our primary checking accounts, the average relationship there is over 19 years. So deep loyalty in our customer base, driven by high degrees of customer service, and that affords us long relationships that are very, very sticky.

The third area that we differentiate in is lending to homeowners. We see card as primary -- as part of that primary relationship. Our lending focus is around mortgage where we are a low-cost service provider and have a long-term strategy around acquisitions and mortgage servicing rights. The second area is in home equity. We've had double-digit growth this year alone in home equity production. And then, of course, what we now finally call as [HiFi] which is our point-of-sale home improvement platform, which is where we get unsecured exposure, but we do that through home improvement to homeowners. So that is our real focus around lending in consumer.

And then the fourth area where we differentiate and spend a lot of time is maintaining, to Brian's point, maintaining a real local people-first focus. And you see some of how that translates that local people-first focus in our share. We are, as the slide articulates, we hold top 5 market share in nearly 70% of our markets. We hold top 5 brand share in 16 of our top 20 markets. Brian touched on this about our longevity of presence. If you average our presence in our markets, it's over 74 years. So deep relationships and very much focused on being in our markets, but being seen as critical community members, partners and leaders in our markets.

We don't take that lightly. That isn't earned overnight. And so we have to constantly invest in continuous improvement and earning that leadership position. And so I'll talk a little bit about some of those investments. In consumer, we think about investing across 4 key pillars, not dissimilar to what Brian talked about, but more with a consumer flare. In people, we've talked over the course of the last 10, 12 months about our efforts to reposition 600 bankers in high-growth markets focused on high-growth segments, like half of those bankers are focused on small business as an example. We are at the tail end of that transformation. We're seeing anywhere from 50% to 200% increase in productivity from those 600 bankers. And so you can expect to see us to do more activities like that in repositioning our bankers and importantly, retooling them, retraining them with artificial intelligence tools to make them sharper, better and more proactive with our customers around fulfilling needs. So that's the people element.

The place element is around our channels. We have really high-quality channels in the materials we share, we brag about 5 out of the 6 years in online banking, being JD Power's #1 online banking platform. We have a broad branch network. But what we're doing over the course of the next 5 to 7 years is optimizing our network, particularly in our higher-growth markets where we may see Nashville growing to the east of Franklin. We're opening branches. We call them infill branches in that growth to make sure that we're optimizing where our branches are same in Huntsville, same in Atlanta. And so you'll see us do that more, not de novo into new markets, but really optimizing our network.

We're also investing, as Brian mentioned, in our digital place and filling gaps where we believe we need capabilities to originate and service customers more quickly and more efficiently and effectively. Third area we're making investments in is process improvement. That's a hallmark of our franchise. That's what drives our efficiency and commitment to finding cost savings to invest in some of these capabilities we've talked about. We're using process improvement and AI and automation is a huge foundational element of this to drive efficiencies in our banker frontline and back office work. We show a couple of examples here about giving back just this year, 200,000 hours to our frontline bankers so that they can make more outbound calls and serve more customer needs.

We're also looking for process improvement, automation, AI investments to personalize our experiences at scale. We have some homegrown capabilities, and we're investing much more to make those homegrown capabilities around fulfilling next best actions more effective across all of our channels.

The final place where we're making investments is in partnerships. Our CEO, our management team often talk about where we win the best is where we partner the most. And so as we're bringing on new bankers in the corporate bank, in the wealth bank in our organization, we systematize those partnerships. We incent those partnerships, but most importantly, it's about our culture. So there is an intense commitment to partner at the executive level at Regions, and that flows down to every banker in every market regardless of where they sit so that we can fulfill customer needs based off of the customer, not based off of business lines.

So we believe these investments are going to help us continue to raise our voice, win market share, do it the Regions' consumer way and continue to add value for shareholders. On adding value for shareholders, I do want to close with highlights around how we've differentiated our results and delivered value across deposit growth, which we alluded to earlier, has been above the peer set, 5% growth over the last 6 years. That's also 5% in noninterest-bearing. Our loan growth numbers look modest on the page. We do have some indirect businesses that are running off in those numbers. If you kind of pull those out, it would be a 2.7% to 3% growth rate over the course of the last 3 years in our loan balances.

Of course, we've grown revenue. We stayed committed to expense control, which has translated to about 4.2% CAGR in PTI. For 2025, we're on track to deliver or exceed most of our financial targets, which we've shown here. And again, that's a result of having the right strategies, exceptional people, great partnerships in our markets and continuing to stay focused on prudent and effective execution. We think if we do that through the next 3-year period, which is the strategic plan we just delivered to our Board, we'll continue to deliver consistent, sustainable long-term performance.

So with that, I think we'd love to take questions and hear from you.

Question and Answer

Unknown Analyst

Feel free to have a seat. I'll start with David and give you both a break. Regions has been making progress on a number of your core modernization initiatives. You said the new commercial lending platform goes into production next year, the new deposit system 2026 and then implementation '27. So the question is, how should we think about the trajectory of technology-related expenses as you reach the conclusion of those programs?

David Jackson Turner Senior EVP & CFO

Yes. So we've been investing for a number of years, in particular, the deposit implementation is the biggest one, most costly. We think that's going to differentiate us in terms of our ability to go to market quicker with new products and services after we get a true core deposit system. The commercial loan system going in this summer, next summer, I think, will be advantageous to us as well. We'll be in the cloud with that product. All these take money, take investment. That's factored into the guidance that we've been giving. We have a lot of that expense in our run rate right now. So you can imagine we have a lot of consultants that are helping us get all of that done, yet we've been able to maintain a leading efficiency ratio, and we expect to do that in the future.

With regards to technology expense, just in that itself, technology costs are going up. We expect that to happen each year, even after we get the systems in, technology costs are going to go up. The idea, though, is to how to leverage that technology so that other costs come down. So your commitment to human capital should come down. So our natural attrition that we have in the company, call it, 6% or 7%, excluding the branches and the contact center, should help pay for the investments that we are making. We also should be able to generate faster revenue growth to help pay for that as well.

So we won't give guidance for next year in terms of operating leverage, but our commitment is to deliver positive operating leverage next year, the amount of which we'll update you in January.

Unknown Analyst

And maybe a question for Brian. You've done a really good job taking advantage of deal-related disruption within your footprint as it occurs. Is there a specific playbook you use? And if so, can you share some high-level kind of steps that you take to attract talent as well as take care of your customer base?

Brian R. Willman Senior Executive VP & Head of Corporate Banking Group

Sure, Terry. I think it starts with local empowerment of our leaders. Our -- especially our commercial banking leaders should know where all the talent is that they're competing with, what are the clients and prospects that they've been calling on. And so when you have disruption merger-related in our markets, we employ that playbook, and they have the authority to go make those hires on a real-time basis. The beauty of us not having done a transaction in over 20 years is that stability. Most of our client base, the average tenure with Regions' clients is over 30 years in the wholesale bank. And so that playbook has allowed us to make targeted lift-outs in Texas and Atlanta. And so we don't sell against our competition. We sell the value. And from a talent perspective, when we've been able to attract from larger competitors, what the work that they do, they see is not a rounding error. It actually matters. They have access to senior management in terms of development of new product gaps. And so it's something that we will continue to deploy.

Every time there's a related merger announcement, we put this playbook into effect, and we see real returns typically start to manifest within 12 months or so. The reality is, I think that is something that in our Southeastern markets with the influx of competition, we've been competing for decades. We've been in these markets a long time. Competition, I think, is healthy. It resonates and makes sure that you don't get complacent. And so it provides a sense of urgency for us. But we want to strike a balance. Everyone talks about culture. But as I alluded to earlier, both in priority and growth markets, that is our differentiator. We start and stop with the quality of our people. And so as there is disruption, we'll continue to look at targeted lift-outs and folks to come join our platform as well as the portfolios that they bring.

Unknown Analyst

And a follow-up there for Kate. We just had 2 recent M&A announcements where a couple of these new banks agreed to acquire well-established banks in your footprint. So how does that impact your strategy to defend your customers and your market share?

Katherine Randall Danella

Senior EVP & Head of Consumer Banking Group

Yes. Much like in the corporate bank, we have a playbook. We've been using it. There's been disruption in our markets now for many, many years. We know when a branch application is filed for, we know that 12, 18 months in advance. We watch the branch go up. We know a lot of our competitors' acquisition strategies when they de novo, what their pricing strategy is, if they're calling on their credit card book. I mean it's a fairly transparent competitive landscape, which allows us to have a repeatable process around how we approach disruption in our markets. That aside, one of the biggest things and the biggest characteristics of our disruption playbook is ensuring we're taking care of our customers, so we don't give them a reason to leave.

Many of you, I'm sure, receive snail mail and e-mail offers on a regular basis, weekly, monthly from banks and financial institutions. You only respond to those when you're unhappy with your customer -- with your current situation. For the most part, we've got to have tactics to combat very rich offers. But really, what we have to do is take care of our customers and ensure that our associates are well taken care of so that they take care of our associates. So that discussion around service and loyalty and tenure of our customers isn't disrupted.

Unknown Analyst

Maybe a follow-up, Kate. What are you seeing across your markets in terms of deposit pricing competition and the different strategies among your competitors?

Katherine Randall Danella

Senior EVP & Head of Consumer Banking Group

Yes. We watch it daily. We're constantly looking at front book promotions, how we can maintain an upwards of 50% pricing relative to our peers. And then, of course, we're constantly managing the back book to be able to have really good front book and promotional rates. Starting to see a little bit of the competitive pricing come down. There are some markets that are a little bit slower. There are some competitors, particularly those that are entering new markets that are staying relatively high. But for the most part, the competition in the markets are coming down as the Fed moves.

Unknown Analyst

Okay. And a question for David. You've got a great reputation managing the margin around different interest rate scenarios. You also have a granular low-cost deposit base. Could you just talk about the near-term outlook for the margin, net interest income as we see lower rates?

David Jackson Turner

Senior EVP & CFO

Yes. So we've continued to leverage our deposit franchise. I mentioned we have a large CD maturity quarter this quarter. I think it's \$5.5 billion, being reactive to that. Kate's team with my team and treasury really work in the deposit rate committee to make sure we set rates that are competitive, but we have to acknowledge where the market is moving. And so we think we can continue to grow net interest income and margin. You should see that margin finish the year in the mid-3.60s.

We finished, I think, at 3.59% last quarter. So you should see margin expansion there and then continue to grow in 2026, the exact amount of which we'll give you in January. But that margin finishing in the mid-3.60s, we think given how we've leveraged the deposit book and the hedging portfolio, a normal curve, shape of the curve that we could push in the 3.70s by the end of next year. And we could even go higher than that to the extent that things -- if we get a normalized yield curve. So we'll have to watch what the Fed is doing. We're neutral to short rates. So the 10-year rate has affected us. So the 10-year coming down. Our front book, back book is about 125 basis points to the positive in today's environment.

Unknown Analyst

And Brian, a question for you. NDFI lending, a topic last month on the calls as well as this conference. Can you just talk about your portfolio and then generally speaking, overall asset quality trends?

Brian R. Willman

Senior Executive VP & Head of Corporate Banking Group

Sure, Terry. On the NDFI specifically, we have about \$11.5 billion in exposure. As a reminder, 70% of that is investment grade, primarily our REIT business. On the securitization side, we do transaction testing. We touch about 1/3 of our book every year, and

then we also bring in audit on the underlying asset within 90 days of close. I know when there were some headlines in terms of the market, that's not really our strategy to grow that consistently. It's been pretty stable for us. It's really around leaning into our clients and our client selectivity. And so for that, I'm confident in terms of the composition of that. But again, it's primarily investment grade 70% REIT business, and we have the right skill set and monitoring in place on that portfolio.

As far as credit quality overall, business owners continue to be resilient as evidenced by the liquidity that I mentioned earlier. We do think we're seeing, as I mentioned, around pipelines continue to be strong that they'll start to put forward some of those capital investments. As we continue to work the portfolios of interest in that back book and the derisking that we've done year-to-date, almost \$900 million, approximately \$300 million or so left to go. I do think that will be a headwind that will be removed as we go into '26 for loan growth. But we're not seeing any other signs of distress in credit quality outside of those previously identified portfolios of interest.

Unknown Analyst

Maybe one more before I open it up. David, I know Regions' message on M&A is that it's not part of your core strategy. We've had some recent announcements in your footprint. Does that change your thinking at all?

David Jackson Turner
Senior EVP & CFO

No. I think as we've said many times, John has said it, I've said it, that we've been successful generating top peer-leading returns on capital. We're, I think, the only bank that hadn't done an acquisition since 2006. We think our strategic plan, which we update our Board on every October, we just finished and M&A is not part of that plan. We continue to invest in people and all the things we just talked about in terms of being able to grow. We're in great markets. We've got great products, services, got great people. We just have to execute. We continue to execute. We'll be at the top from a return standpoint, and that works fine with us. That being said, we have to be cognizant of what's going on around us. We've talked a little bit about taking advantage of disruption that is occurring in our market. And so it's just not part of where we want to focus our time and attention. And we understand things can change, but that's just not where we are today.

Unknown Analyst

Questions from the audience? Steve?

Unknown Analyst

So with you guys having maybe the strongest deposit franchise in the industry, your returns are top, right? And when I look at the advantage that gives you, you're able to invest at a pace much stronger than peers. The 90 hires revenue producers you mentioned is good, but it is not outsized for a company your size. What's holding you back from taking more of that advantage and translating into stronger growth?

David Jackson Turner
Senior EVP & CFO

So yes. So it's a good question. We challenge ourselves on pacing. We think we're at the right pace. We picked these 8 priority markets because of the attributes of growth. They're going to be faster-growing markets. There are markets in some cases where we have really good density. There are other markets where not as much density that are harder to grow in, but we'll continue to make those investments. We think it's the right pace. We want to maintain a top quartile return. We don't have to be #1. We want top quartile return. We want to generate positive operating leverage because we think that's important to be disciplined. And so it's enough investment for us to be really successful. I mean just take small business, there are 12,000 small businesses in our footprint. There are 12 million small businesses in our footprint, 5 million in our -- those 8 priority markets. We bank 365,000, as you saw on Kate's slide, huge opportunity to grow deposits.

And the reason that's important is we get through some of the things that we're working through, whether it's tariff trade, uncertainty, all the things Brian kind of talked about, and we start having loan growth that's higher than we've seen. You have to grow the right side of that balance sheet to make it happen. And we think the investments we made, reskilling 300 bankers for small business. Brian's got small business relationship managers. Just in those priority markets, that's enough to really be tremendously successful. So we don't have to make a lot more investments to continue on the path of growth in earnings per share return, tangible book value growth plus dividends. We're at the top of all those. So we think our pacing has actually been pretty good.

Betsy Lynn Graseck

Morgan Stanley, Research Division

Betsy Graseck, Morgan Stanley. Thanks for joining us this morning. My question is extension of that question on growth. And I'm thinking about all of the data center investment spend that is being done in the Southeast. The Southeast is just attracting so many -- so much, right, in the way of time, talent, money to build these data centers. How are you able to leverage that? Or is that a pocket of growth that's outside of your purview?

Brian R. Willman

Senior Executive VP & Head of Corporate Banking Group

We've certainly participated in the data center growth, coupled with our real estate group as well as our financial services specialty practice. What I would tell you is it's -- we've put some concentration frameworks on that because we're in the early stages. You don't want to wake up and see that it's a large part of your portfolio, given just the uncertainty, what could happen in 4 or 5 years. What we have seen though is the power generation to support that, that we believe, and we do have a specialized vertical in energy that focuses specifically on power generation. That's a business we've been in for a number of years, and we have expertise. So I think that's something that we have been in.

We've been growing. We think that's one of our growth measurements that we can, but this is not going to be a hockey stick outside large concentration because, again, we want to be diversified across all different asset classes as well as a geography standpoint. So we have benefited from that. We've grown. That's fed some of our capital markets fees, but we're also watching it, too, because when you see a lot of growth and you see a lot of competitors come in, it also makes you step back and say, is that reasonable? Are we getting the right returns? Is it the right risk, not just near term when you book it, but sustainable for the portfolio.

Betsy Lynn Graseck

Morgan Stanley, Research Division

So that has legs into '26 for you?

Brian R. Willman

Senior Executive VP & Head of Corporate Banking Group

Yes.

Christopher James Spahr

Wells Fargo Securities, LLC, Research Division

Christopher with Wells. So what -- if you net out the runoffs and the deals you've done over the last 5 or 6 years, what has the core growth been in loans for both the consumer and corporate banking? And what do you think is going to help get that going again, say, in '26 and '27? What should it be?

David Jackson Turner

Senior EVP & CFO

Yes. So if you look at -- we have a schedule in our deck that carves out M&A for the peers, and it shows our loan and deposit growth from '19 to '24. We're at the top of the peer group. We should be able to grow as we go into the future. We're kind of a GDP plus a little bit type growth expectation. And if you look at next year's growth expectation, we only have about 2% GDP -- real GDP growth expectation because we still think the economy is quite not going at a great clip, but 2% real GDP is not terrible either. And if you take that -- that's a national number, and then you look at our markets, our markets are growing faster than the national average.

So you couple that when I'm giving you loan growth for next year, deposit growth for next year, you have to wait. Sorry about that. But that's kind of how we frame it up. We don't want to have outsized growth. What we want is proper growth, sustainable growth, relationship growth. If you just try to grow loans, it is hard to make money if you just lend money. You have to have deposits. You have to have treasury management. You have to have a whole relationship. And so being at a consistent clip and growth is what we're all about versus being the #1 growing company.

Unknown Analyst

Unfortunately, we're out of time. Thank you, Regionals.

Brian R. Willman

Senior Executive VP & Head of Corporate Banking Group

Thank you.

David Jackson Turner
Senior EVP & CFO

Thank you, Terry.

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Thank you.

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