Regions Bank to Acquire EnerBank USA

a Point-of-Sale Home Improvement Loan Originator

June 8, 2021

GENERATING
Consistent Sustainable
Long-term Performance

EnerBank USA Acquisition

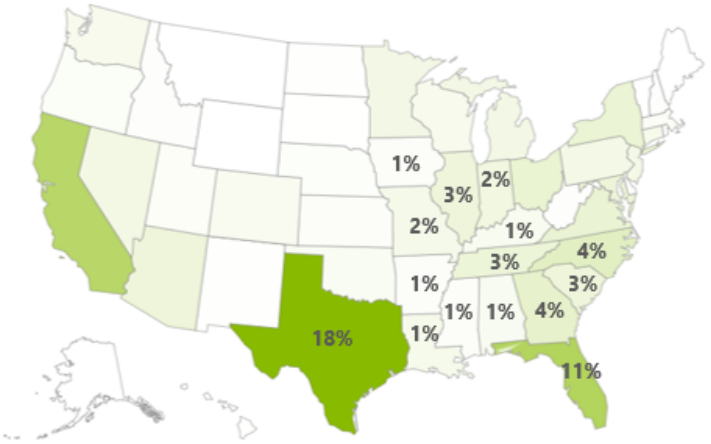
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Company Overview

- Headquartered in Salt Lake City, UT, EnerBank USA originates prime and super-prime home improvement point-of-sale loans through a national network of contractors
- **A top 5 originator** in the home improvement point-of-sale space, one of the **fastest growing** segments in consumer lending
- Experienced and tenured management team with **nearly 20-year track record** operating in a regulated bank environment
- EnerBank is owned by CMS Energy, a Michigan-based energy company
  - Non-core business for CMS

Portfolio Overview

LTM Originations Heat Map[1]



~55% of LTM originations in Regions retail footprint

Notable Company Metrics (as of March 31, 2021)	
Contractor Network	10,000+
Loan Balances[2]	~$2.8B
Average Customer FICO	763
Average Annual Net Losses	<1.5%
Gross Loan Effective Yield[3]	~9%
Deposit Cost[4]	~1.5%
Efficiency Ratio	<40%

Top Home Improvement Projects Financed



(1) LTM as of March 31, 2021; (2) Loan size is on average $14,000 with weighted average life of ~3 years; (3) On average, 6-7% of the loan yield is paid by the consumer, 2-3% is paid by the contractor; (4) $2.7B of outstanding non-transaction deposits; WAL of deposits is ~2 years; Regions will replace EnerBank's funding base over time

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Home Improvement Point-of-Sale Financing Deepens Regions' Commitment to Being the Premier Lender to Homeowners

Regions has been on a multi-year journey investing in products, services and omni-channel origination capabilities central to Mortgage Lending, Mortgage Servicing and Home Equity Lending. As a result of these investments, Regions has continued to gain share through customer growth and deepening existing relationships with over four million households

Home improvement point-of-sale finance complements these investments, extends our suite of home-centric lending products and accelerates our vision to be the premier lender to homeowners

Regions' extensive risk and product experience in home improvement point-of-sale finance, developed through a legacy partnership with a third-party home improvement loan originator, strengthened our interest in permanently adding this capability to the Regions franchise

Other Strategic Benefits

The business generates strong financial returns with proven performance through economic cycles

Fixed-rate loan portfolio diversifies Regions' balance sheet

Strong cultural fit with EnerBank's risk management-oriented leadership team and proven underwriting processes

Significant opportunity to deepen relationships with EnerBank's customers through our traditional banking product suite

Alignment with Inorganic Growth Strategy

EnerBankUSA · ascentium CAPITAL · HIGHLAND · BLACKARCH PARTNERS · FIRST STERLING FINANCIAL

The acquisition of EnerBank continues Regions' strategy of acquiring businesses that help deepen relationships with customers by serving more of their needs through new channels, products & capabilities

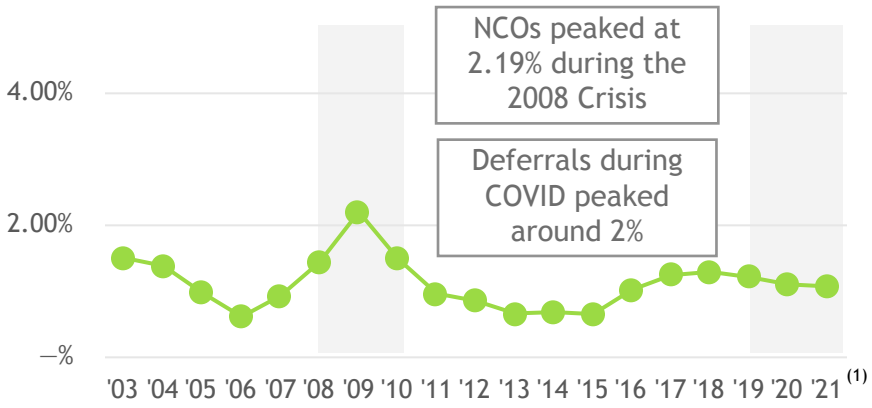
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Proven Performance Through Cycles

Prime/Super-prime focus and well controlled underwriting processes have generated best in class credit metrics through economic cycles

Historical NCOs as a % of Average Loans



Financial Upside

- Limited cost and no revenue synergies modeled
- Tangible potential for revenue synergies by deepening consumer and SMB relationships with RF full product set
- Opportunity to deploy current excess liquidity into high growth loan portfolio

Modeling Considerations

Valuation	*($ in millions)*
Purchase Price	$960
Est. Value of Tax Step-Up[2]	$70
Est. Core Business Consideration	$890
Tangible Book Value (TBV)[3]	$318
Fair Value of Net Assets at closing[4][5]	$415 - $445
Returns	
Internal Rate of Return	15%+
ROAA (run-rate)[6]	~2.5%
ROATCE (run-rate)[6]	~25%
Transaction Impacts	
EPS (including PAA[7]) - No foregone share repurchases	**2022**- Accretive, low single digit % **Medium Term**- Accretive, 5%+
EPS (including PAA) - w/ foregone share repurchases	**2022**- Dilutive, low single digit % **Medium Term**- Accretive, low single digit %
Est. TBV Dilution[8]	1-2%
Est. Core NIM (run-rate)[9]	+10-15 bps
Est. Core Efficiency Ratio (run-rate)	-100 bps

(1) 2021 is LTM as of March 31, 2021; (2) Merger of EnerBank into Regions Bank is structured as an asset purchase for tax purposes; Step-up calculated based on current tax rates; (3) Balance as of 3/31/2021; (4) Estimated Fair Value based on current market conditions and excluding impact of Day 1 CECL double-count; (5) Estimated Day 1 CECL double-count is ~$115 million, after-tax; (6) Assumes provision equals charge-offs over time and includes RF cost of funds; (7) PAA - "Purchase Accounting Adjustments"; No foregone share repurchase scenario for illustrative purposes only; (8) Includes CECL double-count and foregone share repurchases to fund transaction; (9) Excludes the impact of PAA

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Preliminary Capital Impacts

- Regions has established a CET1 operating range of 9.25-9.75% with the intent of operating at approximately the midpoint of that range over the near-term
- The EnerBank acquisition is not expected to impact this operating range or near-term expectations for capital
  - The operating range is informed by internal stress testing performance
  - This transaction is not expected to meaningfully impact stressed performance
- Acquisition redirects capital dollars currently earmarked for share repurchases to strategic investment, which is a higher priority for capital deployment
  - As a result, CET1 forecast at year end does not materially change due to the transaction

Capital Deployment Priorities




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