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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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**Form 10-Q**

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**Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended **September 30, 2024**

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**

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**Regions Financial Corporation**

(Exact name of registrant as specified in its charter)

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**Delaware**

(State or other jurisdiction of incorporation or organization)

**63-0589368**

(I.R.S. Employer Identification No.)

**1900 Fifth Avenue North**

**Birmingham**

**Alabama**

(Address of principal executive offices)

**35203**

(Zip Code)

**(800) 734-4667**

(Registrant's telephone number, including area code)

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Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$.01 par value	RF	New York Stock Exchange
Depository Shares, each representing a 1/40th Interest in a Share of 5.700% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series C	RF PRC	New York Stock Exchange
Depository Shares, each representing a 1/40th Interest in a Share of 4.45% Non-Cumulative Perpetual Preferred Stock, Series E	RF PRE	New York Stock Exchange
Depository Shares, each representing a 1/40th Interest in a Share of Non-Cumulative Perpetual Preferred Stock, Series F	RF PRF	New York Stock Exchange

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.  Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files).  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  Accelerated filer  Non-accelerated filer  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  No

**Securities registered pursuant to Section 12(b) of the Act:**

As of November 4, 2024 there were 908,863,765 shares of the issuer's common stock, par value \$.01 per share, outstanding.

**REGIONS FINANCIAL CORPORATION**  
**FORM 10-Q**  
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## **Glossary of Defined Terms**

Agencies - collectively, FNMA and GNMA.

ACL - Allowance for credit losses.

ALCO - Asset/Liability Management Committee.

Allowance - Allowance for credit losses.

AOCI - Accumulated other comprehensive income.

ASU - Accounting Standards Update.

ATM - Automated teller machine.

Bank - Regions Bank.

Basel III - Basel Committee's 2010 Regulatory Capital Framework (Third Accord).

Basel III Endgame - New rules for capital requirements that include broad-based changes to the risk-weighting framework that were proposed by U.S. federal regulators in 2023.

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.

Board - The Company's Board of Directors.

BSBY - Bloomberg Short-Term Bank Yield index.

Call Report - Regions Bank's FFIEC 031 filing.

CAP - Customer Assistance Program.

CCAR - Comprehensive Capital Analysis and Review.

CECL - Accounting Standards Update 2016-13, *Measurement of Credit Losses on Financial Instruments* ("Current Expected Credit Losses")

CET1 - Common Equity Tier 1.

CFPB - Consumer Financial Protection Bureau.

CME Term SOFR - Chicago Mercantile Exchange published term Secured Overnight Financing Rate.

Company - Regions Financial Corporation and its subsidiaries.

CPI - Consumer price index.

CPR - Constant (or Conditional) prepayment rate.

DIF - Deposit Insurance Fund.

Dodd-Frank Act - The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

DPD - Days past due.

DBRS - Dominion Bond Rating Service Morningstar.

DUS - Fannie Mae Delegated Underwriting & Servicing.

EVE - Economic Value of Equity.

FASB - Financial Accounting Standards Board.

FDIC - The Federal Deposit Insurance Corporation.

Federal Reserve - The Board of Governors of the Federal Reserve System.

FHA - Federal Housing Administration.

FHLB - Federal Home Loan Bank.

FICO - The Financing Corporation, established by the Competitive Equality Banking Act of 1987.

FICO scores - Personal credit scores based on the model introduced by the Fair Isaac Corporation.

Fintechs - Financial Technology Companies.

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FOMC - Federal Open Market Committee.  
FRB - Federal Reserve Bank.  
GAAP - Generally Accepted Accounting Principles in the United States.  
GDP - Gross domestic product.  
GNMA - Government National Mortgage Association.  
GSE - Government Sponsored Enterprise.  
HPI - Housing price index.  
IRS - Internal Revenue Service.  
IRE - Investor Real Estate.  
ISDA - International Swaps and Derivatives Association  
LIBOR - London InterBank Offered Rate.  
LROC - Liquidity Risk Oversight Committee.  
LTV - Loan to value.  
MBS - Mortgage-backed securities.  
MSAs - Metropolitan Statistical Areas.  
MSR - Mortgage servicing right.  
NM - Not meaningful.  
OAS - Option-adjusted spread.  
OCI - Other comprehensive income.  
R&S - Reasonable and supportable.  
REITs - Real estate investment trust.  
S&P - Standard and Poor's.  
SCB - Stress Capital Buffer.  
SEC - U.S. Securities and Exchange Commission.  
SERP - Supplemental Executive Retirement Plan.  
SOFR - Secured Overnight Financing Rate.  
U.S. - United States.  
U.S. Treasury - The United States Department of the Treasury.  
USD - United States dollar.  
VIE - Variable interest entity.  
Visa - The Visa, U.S.A. Inc. card association or its affiliates, collectively.

## PART I

### Cautionary Note Regarding Forward-Looking Statements and Risk Factor Summary

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” as used herein mean collectively Regions Financial Corporation, a Delaware corporation, together with its subsidiaries when or where appropriate. The words “future,” “anticipates,” “assumes,” “intends,” “plans,” “seeks,” “believes,” “predicts,” “potential,” “objectives,” “estimates,” “expects,” “targets,” “projects,” “outlook,” “forecast,” “would,” “will,” “may,” “might,” “could,” “should,” “can,” and similar terms and expressions often signify forward-looking statements. Forward-looking statements are subject to the risk that the actual effects may differ, possibly materially, from what is reflected in those forward-looking statements due to factors and future developments that are uncertain, unpredictable and in many cases beyond our control. 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 (in particular the Southeastern United States), including the effects of possible declines in property values, increases in interest rates and unemployment rates, inflation, financial market disruptions 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 businesses and our financial results and conditions.
- Changes in market interest rates or capital markets could adversely affect our revenue and expense, the value of assets (such as our portfolio of investment securities) and obligations, as well as the availability and cost of capital and liquidity.
- Volatility and uncertainty about the direction of interest rates and the timing of any changes, which may lead to increased costs for businesses and consumers and potentially contribute to poor business and economic conditions generally.
- 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, credit loss provisions or actual credit losses where our allowance for credit losses may not be adequate to cover our eventual losses.
- Possible acceleration of prepayments on mortgage-backed securities due to declining interest rates, and the related acceleration of premium amortization on those securities.
- 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.
- Loss of customer checking and savings account deposits as customers pursue other, higher-yield investments, or the need to price interest-bearing deposits higher due to competitive forces. Either of these activities could increase our funding costs.
- Possible downgrades in our credit ratings or outlook could, among other negative impacts, increase the costs of funding from capital markets.
- The loss of value of our investment portfolio could negatively impact market perceptions of us.
- 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 businesses.
- The effects of social media on market perceptions of us and banks generally.
- Market replacement of LIBOR and the related effect on our legacy LIBOR-based financial products and contracts, including, but not limited to, derivative products, debt obligations, deposits, investments, and loans.
- 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.

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- Volatility in the financial services industry (including failures or rumors of failures of other depository institutions), along with actions taken by governmental agencies to address such turmoil, could affect the ability of depository institutions, including us, to attract and retain depositors and to borrow or raise capital.
- Our ability to effectively compete with other traditional and non-traditional financial services companies, including fintechs, some of which possess greater financial resources than we do or are subject to different regulatory standards than we are.
- Our inability to develop and gain acceptance from current and prospective customers for new products and services and the enhancement of existing products and services to meet customers' needs and respond to emerging technological trends in a timely manner could have a negative impact on our revenue.
- Our inability to keep pace with technological changes, including those related to the offering of digital banking and financial services, could result in losing business to competitors.
- Our ability to execute on our strategic and operational plans, including our ability to fully realize the financial and nonfinancial benefits relating to our strategic initiatives.
- The risks and uncertainties related to our acquisition or divestiture of businesses and risks related to such acquisitions, including that the expected synergies, cost savings and other financial or other benefits may not be realized within expected timeframes, or might be less than projected; and difficulties in integrating acquired businesses.
- The success of our marketing efforts in attracting and retaining customers.
- Our ability to achieve our expense management initiatives.
- 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 the ability of those borrowers to service any loans outstanding to them and/or reduce demand for loans in those industries.
- The effects of geopolitical instability, including wars, conflicts, civil unrest, and terrorist attacks and the potential impact, directly or indirectly, on our businesses.
- Political uncertainty in the United States, including uncertainty around elections, could directly or indirectly impact our businesses.
- Fraud, theft or other misconduct conducted by external parties, including our customers and business partners, or by our employees.
- Any inaccurate or incomplete information provided to us by our customers or counterparties.
- Inability of our framework to manage risks associated with our businesses, such as credit risk and operational risk, including third-party vendors and other service providers, which inability could, among other things, result in a breach of operating or security systems as a result of a cyber-attack or similar act or failure to deliver our services effectively.
- Our ability to identify and address operational risks associated with the introduction of or changes to products, services, or delivery platforms.
- Dependence on key suppliers or vendors to obtain equipment and other supplies for our businesses on acceptable terms.
- The inability of our internal controls and procedures to prevent, detect or mitigate any material errors or fraudulent acts.
- Our ability to identify and address cyber-security risks such as data security breaches, malware, ransomware, "denial of service" attacks, "hacking" and identity theft, including account take-overs, a failure of which could disrupt our businesses 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.
- 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.
- The effects of any developments, changes or actions relating to any litigation or regulatory proceedings brought against us or any of our subsidiaries.
- 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.
- Changes in laws and regulations affecting our businesses, including legislation and regulations relating to bank products and services, such as changes to debit card interchange fees, special FDIC assessments, any new long-term debt requirements, as well as changes in the enforcement and interpretation of such laws and regulations by applicable governmental and self-

regulatory agencies, including as a result of the changes in U.S. presidential administration, control of the U.S. Congress, and changes in personnel at the bank 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.

- Our capital actions, including dividend payments, common stock repurchases, or redemptions of preferred stock, must not cause us to fall below minimum capital ratio requirements, with applicable buffers taken into account, and must comply with other requirements and restrictions under law or imposed by our regulators, which may impact our ability to return capital to shareholders.
- 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 of such tests and requirements.
- Our ability to comply with applicable capital and liquidity requirements (including, among other things, the Basel III capital standards), including our ability to generate capital internally or raise capital on favorable terms, and if we fail to meet requirements, our financial condition and market perceptions of us could be negatively impacted.
- 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.
- Our ability to receive dividends from our subsidiaries, in particular Regions Bank, could affect our liquidity and ability to pay dividends to shareholders.
- Fluctuations in the price of our common stock and inability to complete stock repurchases in the time frame and/or on the terms anticipated.
- The effects of anti-takeover laws and exclusive forum provision in our certificate of incorporation and bylaws.
- The effect of new tax legislation and/or interpretation of existing tax law, which may impact our earnings, capital ratios and our ability to return capital to shareholders.
- Changes in accounting policies or procedures as may be required by the FASB or other regulatory agencies could materially affect our financial statements and how we report those results, and expectations and preliminary analyses relating to how such changes will affect our financial results could prove incorrect.
- Any impairment of our goodwill or other intangibles, any repricing of assets or any adjustment of valuation allowances on our deferred tax assets due to changes in tax law, adverse changes in the economic environment declining operations of the reporting unit or other factors.
- The effects of man-made and natural disasters, including fires, floods, droughts, tornadoes, hurricanes and environmental damage (especially in the Southeastern United States), which may negatively affect our operations and/or our loan portfolios and increase our cost of conducting business. The severity and frequency of future earthquakes, fires, hurricanes, tornadoes, droughts, floods and other weather-related events are difficult to predict and may be exacerbated by global climate change.
- The impact of pandemics on our businesses, operations and financial results and conditions. The duration and severity of any pandemic as well as government actions or other restrictions in connection with such events could disrupt the global economy, adversely affect our capital and liquidity position, impair the ability of borrowers to repay outstanding loans and increase our allowance for credit losses, impair collateral values and result in lost revenue or additional expenses.
- The effects of any damage to our reputation resulting from developments related to any of the items identified above.
- Other risks identified from time to time in reports that we file with the SEC.

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 and do not intend 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 SEC, including the discussion under the “Risk Factors” section of Regions’ Annual Report on Form 10-K for the year ended December 31, 2023 and in Regions’ subsequent filings with the SEC.



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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
	(In millions, except share data)	
<b>Assets</b>		
Cash and due from banks	\$ 2,665	\$ 2,635
Interest-bearing deposits in other banks	7,856	4,166
Debt securities held to maturity (estimated fair value of \$2,759 and \$716, respectively)	2,787	754
Debt securities available for sale (amortized cost of \$30,090 and \$30,864, respectively)	28,698	28,104
Loans held for sale (includes \$255 and \$201 measured at fair value, respectively)	522	400
Loans, net of unearned income	96,789	98,379
Allowance for loan losses	(1,607)	(1,576)
Net loans	95,182	96,803
Other earning assets	1,625	1,417
Premises, equipment and software, net	1,648	1,642
Interest receivable	596	614
Goodwill	5,733	5,733
Residential mortgage servicing rights at fair value	971	906
Other identifiable intangible assets, net	178	205
Other assets	8,965	8,815
Total assets	<u>\$ 157,426</u>	<u>\$ 152,194</u>
<b>Liabilities and Equity</b>		
Deposits:		
Non-interest-bearing	\$ 39,698	\$ 42,368
Interest-bearing	86,678	85,420
Total deposits	126,376	127,788
Borrowed funds:		
Short-term borrowings	1,500	—
Long-term borrowings	6,016	2,330
Total borrowed funds	7,516	2,330
Other liabilities	4,807	4,583
Total liabilities	138,699	134,701
Equity:		
Preferred stock, authorized 10 million shares, par value \$1.00 per share:		
Non-cumulative perpetual, including related surplus, net of issuance costs; issued—1,403,500 shares	1,715	1,659
Common stock, authorized 3 billion shares, par value \$0.01 per share:		
Issued including treasury stock—951,606,236 and 963,375,681 shares, respectively	10	10
Additional paid-in capital	11,438	11,757
Retained earnings	8,778	8,186
Treasury stock, at cost— 41,032,676 shares	(1,371)	(1,371)
Accumulated other comprehensive income (loss), net	(1,894)	(2,812)
Total shareholders' equity	18,676	17,429
Noncontrolling interest	51	64
Total equity	18,727	17,493
Total liabilities and equity	<u>\$ 157,426</u>	<u>\$ 152,194</u>

See notes to consolidated financial statements.

**REGIONS FINANCIAL CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF INCOME**

	<b>Three Months Ended September 30</b>		<b>Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>(In millions, except per share data)</b>				
<b>Interest income on:</b>				
Loans, including fees	\$ 1,463	\$ 1,462	\$ 4,316	\$ 4,276
Debt securities	241	185	669	557
Loans held for sale	11	14	28	31
Other earning assets	105	105	293	282
Total interest income	1,820	1,766	5,306	5,146
<b>Interest expense on:</b>				
Deposits	507	367	1,504	806
Short-term borrowings	10	39	24	86
Long-term borrowings	85	69	190	165
Total interest expense	602	475	1,718	1,057
Net interest income	1,218	1,291	3,588	4,089
Provision for credit losses	113	145	367	398
Net interest income after provision for credit losses	1,105	1,146	3,221	3,691
<b>Non-interest income:</b>				
Service charges on deposit accounts	158	142	457	449
Card and ATM fees	118	126	354	377
Investment management and trust fee income	85	79	249	232
Capital markets income	92	64	251	174
Mortgage income	36	28	111	78
Securities gains (losses), net	(78)	(1)	(178)	(3)
Other	161	128	436	369
Total non-interest income	572	566	1,680	1,676
<b>Non-interest expense:</b>				
Salaries and employee benefits	645	589	1,912	1,808
Equipment and software expense	101	107	302	310
Net occupancy expense	69	72	211	218
Other	254	325	779	895
Total non-interest expense	1,069	1,093	3,204	3,231
Income before income taxes	608	619	1,697	2,136
Income tax expense	118	129	338	453
Net income	\$ 490	\$ 490	\$ 1,359	\$ 1,683
Net income available to common shareholders	\$ 446	\$ 465	\$ 1,266	\$ 1,609
<b>Weighted-average number of shares outstanding:</b>				
Basic	914	939	917	938
Diluted	918	940	919	940
<b>Earnings per common share:</b>				
Basic	\$ 0.49	\$ 0.49	\$ 1.38	\$ 1.72
Diluted	0.49	0.49	1.38	1.71

See notes to consolidated financial statements.

**REGIONS FINANCIAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

	<b>Three Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
	<b>(In millions)</b>	
Net income	\$ 490	\$ 490
Other comprehensive income (loss), net of tax:		
Unrealized losses on securities transferred to held to maturity:		
Unrealized losses on securities transferred from available for sale during the period (net of (\$111) and zero tax effect, respectively)	(325)	—
Less: reclassification adjustments for amortization of unrealized losses on securities transferred to held to maturity (net of zero and zero tax effect, respectively)	(1)	—
Net change in unrealized losses on securities transferred to held to maturity, net of tax	(324)	—
Unrealized gains (losses) on securities available for sale:		
Unrealized losses on securities transferred to held to maturity during the period (net of \$111 and zero tax effect, respectively)	325	—
Unrealized holding gains (losses) arising during the period (net of \$298 and (\$203) tax effect, respectively)	870	(595)
Less: reclassification adjustments for securities gains (losses) realized in net income (net of (\$20) and zero tax effect, respectively)	(58)	(1)
Net change in unrealized gains (losses) on securities available for sale, net of tax	1,253	(594)
Unrealized gains (losses) on derivative instruments designated as cash flow hedges:		
Unrealized holding gains (losses) on derivatives arising during the period (net of \$121 and (\$93) tax effect, respectively)	354	(274)
Less: reclassification adjustments for gains (losses) on derivative instruments realized in net income (net of (\$28) and (\$21) tax effect, respectively)	(82)	(61)
Net change in unrealized gains (losses) on derivative instruments, net of tax	436	(213)
Defined benefit pension plans and other post employment benefits:		
Net actuarial gains (losses) arising during the period (net of zero and zero tax effect, respectively)	—	—
Less: reclassification adjustments for amortization of actuarial loss and settlements realized in net income (net of (\$1) and (\$3) tax effect, respectively)	(6)	(11)
Net change from defined benefit pension plans and other post employment benefits, net of tax	6	11
Other comprehensive income (loss), net of tax	1,371	(796)
Comprehensive income (loss)	<u>\$ 1,861</u>	<u>\$ (306)</u>

	<b>Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
	<b>(In millions)</b>	
Net income	\$ 1,359	\$ 1,683
Other comprehensive income (loss), net of tax:		
Unrealized losses on securities transferred to held to maturity:		
Unrealized losses on securities transferred from available for sale during the period (net of (\$111) and zero tax effect, respectively)	(325)	—
Less: reclassification adjustments for amortization of unrealized losses on securities transferred to held to maturity (net of zero and zero tax effect, respectively)	(2)	(1)
Net change in unrealized losses on securities transferred to held to maturity, net of tax	(323)	1
Unrealized gains (losses) on securities available for sale:		
Unrealized losses on securities transferred to held to maturity during the period (net of \$111 and zero tax effect, respectively)	325	—
Unrealized holding gains (losses) arising during the period (net of \$193 and (\$177) tax effect, respectively)	560	(518)
Less: reclassification adjustments for securities gains (losses) realized in net income (net of (\$45) and zero tax effect, respectively)	(133)	(3)
Net change in unrealized gains (losses) on securities available for sale, net of tax	1,018	(515)
Unrealized gains (losses) on derivative instruments designated as cash flow hedges:		
Unrealized holding gains (losses) on derivatives arising during the period (net of (\$16) and (\$169) tax effect, respectively)	(46)	(496)
Less: reclassification adjustments for gains (losses) on derivative instruments realized in net income (net of (\$88) and (\$33) tax effect, respectively)	(255)	(96)
Net change in unrealized gains (losses) on derivative instruments, net of tax	209	(400)
Defined benefit pension plans and other post employment benefits:		
Net actuarial gains (losses) arising during the period (net of zero and zero tax effect, respectively)	—	—
Less: reclassification adjustments for amortization of actuarial loss and settlements realized in net income (net of (\$5) and (\$6) tax effect, respectively)	(14)	(21)
Net change from defined benefit pension plans and other post employment benefits, net of tax	14	21
Other comprehensive income (loss), net of tax	918	(893)
Comprehensive income	<u>\$ 2,277</u>	<u>\$ 790</u>

See notes to consolidated financial statements.

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

	Shareholders' Equity									
	Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock, At Cost	Accumulated Other Comprehensive Income (Loss), Net	Total	Non- controlling Interest
	Shares	Amount	Shares	Amount						
	(In millions, except per share data)									
<b>BALANCE AT JANUARY 1, 2023</b>	2	\$ 1,659	934	\$ 10	\$ 11,988	\$ 7,004	\$ (1,371)	\$ (3,343)	\$ 15,947	\$ 4
Cumulative effect from change in accounting guidance	—	—	—	—	—	28	—	—	28	—
Net income	—	—	—	—	—	612	—	—	612	—
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	—	499	499	—
Cash dividends declared	—	—	—	—	—	(187)	—	—	(187)	—
Preferred stock dividends	—	—	—	—	—	(24)	—	—	(24)	—
Impact of common stock transactions under compensation plans, net	—	—	—	—	8	—	—	—	8	—
Other	—	—	—	—	—	—	—	—	—	15
<b>BALANCE AT MARCH 31, 2023</b>	<u>2</u>	<u>\$ 1,659</u>	<u>934</u>	<u>\$ 10</u>	<u>\$ 11,996</u>	<u>\$ 7,433</u>	<u>\$ (1,371)</u>	<u>\$ (2,844)</u>	<u>\$ 16,883</u>	<u>\$ 19</u>
<b>BALANCE AT APRIL 1, 2023</b>	2	\$ 1,659	934	\$ 10	\$ 11,996	\$ 7,433	\$ (1,371)	\$ (2,844)	\$ 16,883	\$ 19
Net income	—	—	—	—	—	581	—	—	581	—
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	—	(596)	(596)	—
Cash dividends declared	—	—	—	—	—	(187)	—	—	(187)	—
Preferred stock dividends	—	—	—	—	—	(25)	—	—	(25)	—
Impact of common stock transactions under compensation plans, net	—	—	5	—	(17)	—	—	—	(17)	—
Other	—	—	—	—	—	—	—	—	—	\$ 3
<b>BALANCE AT JUNE 30, 2023</b>	<u>2</u>	<u>\$ 1,659</u>	<u>939</u>	<u>\$ 10</u>	<u>\$ 11,979</u>	<u>\$ 7,802</u>	<u>\$ (1,371)</u>	<u>\$ (3,440)</u>	<u>\$ 16,639</u>	<u>\$ 22</u>
<b>BALANCE AT JULY 1, 2023</b>	2	\$ 1,659	939	\$ 10	\$ 11,979	\$ 7,802	\$ (1,371)	\$ (3,440)	\$ 16,639	\$ 22
Net income	—	—	—	—	—	490	—	—	490	—
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	—	(796)	(796)	—
Cash dividends declared	—	—	—	—	—	(225)	—	—	(225)	—
Preferred stock dividends	—	—	—	—	—	(25)	—	—	(25)	—
Impact of common stock transactions under compensation plans, net	—	—	—	—	17	—	—	—	17	—
Other	—	—	—	—	—	—	—	—	—	\$ 3
<b>BALANCE AT SEPTEMBER 30, 2023</b>	<u>2</u>	<u>\$ 1,659</u>	<u>939</u>	<u>\$ 10</u>	<u>\$ 11,996</u>	<u>\$ 8,042</u>	<u>\$ (1,371)</u>	<u>\$ (4,236)</u>	<u>\$ 16,100</u>	<u>\$ 25</u>

Shareholders' Equity											
	Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock, At Cost	Accumulated Other Comprehensive Income (Loss), Net	Total	Non- controlling Interest	
	Shares	Amount	Shares	Amount							
(In millions, except per share data)											
<b>BALANCE AT JANUARY 1, 2024</b>	2	\$ 1,659	924	\$ 10	\$ 11,757	\$ 8,186	\$ (1,371)	\$ (2,812)	\$ 17,429	\$ 64	
Cumulative effect from change in accounting guidance	—	—	—	—	—	(5)	—	—	(5)	—	
Net income	—	—	—	—	—	368	—	—	368	—	
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	—	(412)	(412)	—	
Cash dividends declared	—	—	—	—	—	(220)	—	—	(220)	—	
Preferred stock dividends	—	—	—	—	—	(25)	—	—	(25)	—	
Impact of common stock share repurchases	—	—	(6)	—	(102)	—	—	—	(102)	—	
Impact of common stock transactions under compensation plans, net	—	—	—	—	11	—	—	—	11	—	
Other	—	—	—	—	—	—	—	—	—	(30)	
<b>BALANCE AT MARCH 31, 2024</b>	<u>2</u>	<u>\$ 1,659</u>	<u>918</u>	<u>\$ 10</u>	<u>\$ 11,666</u>	<u>\$ 8,304</u>	<u>\$ (1,371)</u>	<u>\$ (3,224)</u>	<u>\$ 17,044</u>	<u>\$ 34</u>	
<b>BALANCE AT APRIL 1, 2024</b>	2	\$ 1,659	918	\$ 10	\$ 11,666	\$ 8,304	\$ (1,371)	\$ (3,224)	\$ 17,044	\$ 34	
Net income	—	—	—	—	—	501	—	—	501	—	
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	—	(41)	(41)	—	
Cash dividends declared	—	—	—	—	—	(220)	—	—	(220)	—	
Preferred stock dividends	—	—	—	—	—	(24)	—	—	(24)	—	
Impact of common stock share repurchases	—	—	(4)	—	(87)	—	—	—	(87)	—	
Impact of common stock transactions under compensation plans, net	—	—	1	—	(4)	—	—	—	(4)	—	
Other	—	—	—	—	—	—	—	—	—	(1)	
<b>BALANCE AT JUNE 30, 2024</b>	<u>2</u>	<u>\$ 1,659</u>	<u>915</u>	<u>\$ 10</u>	<u>\$ 11,575</u>	<u>\$ 8,561</u>	<u>\$ (1,371)</u>	<u>\$ (3,265)</u>	<u>\$ 17,169</u>	<u>\$ 33</u>	
<b>BALANCE AT JULY 1, 2024</b>	2	\$ 1,659	915	\$ 10	\$ 11,575	\$ 8,561	\$ (1,371)	\$ (3,265)	\$ 17,169	\$ 33	
Net income	—	—	—	—	—	490	—	—	490	—	
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	—	1,371	1,371	—	
Cash dividends declared	—	—	—	—	—	(229)	—	—	(229)	—	
Preferred stock dividends	—	—	—	—	—	(29)	—	—	(29)	—	
Net proceeds from issuance of Series F preferred stock	—	489	—	—	—	—	—	—	489	—	
Redemption of Series B preferred stock	—	(433)	—	—	(52)	(15)	—	—	(500)	—	
Impact of common stock share repurchases	—	—	(4)	—	(101)	—	—	—	(101)	—	
Impact of common stock transactions under compensation plans, net	—	—	—	—	16	—	—	—	16	—	
Other	—	—	—	—	—	—	—	—	—	18	
<b>BALANCE AT SEPTEMBER 30, 2024</b>	<u>2</u>	<u>\$ 1,715</u>	<u>911</u>	<u>\$ 10</u>	<u>\$ 11,438</u>	<u>\$ 8,778</u>	<u>\$ (1,371)</u>	<u>\$ (1,894)</u>	<u>\$ 18,676</u>	<u>\$ 51</u>	

See notes to consolidated financial statements.

**REGIONS FINANCIAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
	<b>(In millions)</b>	
<b>Operating activities:</b>		
Net income	\$ 1,359	\$ 1,683
Adjustments to reconcile net income to net cash from operating activities:		
Provision for credit losses	367	398
Depreciation, amortization and accretion, net	123	183
Securities (gains) losses, net	178	3
Deferred income tax expense	33	24
Originations and purchases of loans held for sale	(4,443)	(3,591)
Proceeds from sales of loans held for sale	4,347	3,489
(Gain) loss on sale of loans, net	(43)	(25)
Net change in operating assets and liabilities:		
Other earning assets	(208)	(244)
Interest receivable and other assets	332	(225)
Other liabilities	(306)	(270)
Other	79	28
Net cash from operating activities	<u>1,818</u>	<u>1,453</u>
<b>Investing activities:</b>		
Proceeds from maturities of debt securities held to maturity	31	37
Proceeds from sales of debt securities available for sale	3,825	49
Proceeds from maturities of debt securities available for sale	2,356	2,245
Purchases of debt securities available for sale	(8,074)	(1,346)
Net (payments for) proceeds from bank-owned life insurance	14	—
Proceeds from sales of loans	73	184
Purchases of loans	(536)	(327)
Net change in loans	1,792	(2,042)
Purchases of mortgage servicing rights	(137)	(136)
Net purchases of other assets	(104)	(115)
Net cash from investing activities	<u>(760)</u>	<u>(1,451)</u>
<b>Financing activities:</b>		
Net change in deposits	(1,412)	(5,544)
Net change in short-term borrowings	1,500	2,000
Proceeds from long-term borrowings	3,740	2,000
Payments on long-term borrowings	(100)	—
Cash dividends on common stock	(662)	(561)
Cash dividends on preferred stock	(78)	(74)
Net proceeds from issuance of preferred stock	489	—
Payment for redemption of preferred stock	(500)	—
Repurchases of common stock	(290)	—
Taxes paid related to net share settlement of equity awards	(25)	(34)
Net cash from financing activities	<u>2,662</u>	<u>(2,213)</u>
Net change in cash and cash equivalents	<u>3,720</u>	<u>(2,211)</u>
Cash and cash equivalents at beginning of year	6,801	11,227
Cash and cash equivalents at end of period	<u>\$ 10,521</u>	<u>\$ 9,016</u>

See notes to consolidated financial statements.

**REGIONS FINANCIAL CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(Unaudited)****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 as well as delivering specialty capabilities nationwide. 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 (loss) 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, 2023. Regions has evaluated all subsequent events for potential recognition and disclosure through the filing date of this Form 10-Q.

During 2024, the Company adopted new accounting guidance. See below and Note 13 for related disclosures.

**BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements include the accounts of Regions, its subsidiaries and certain VIEs. See Note 1 in Regions’ Annual Report on Form 10-K for the year ended December 31, 2023 for additional information about consolidation principals surrounding VIEs. On January 1, 2024, the Company adopted new accounting guidance that allows entities to elect to account for qualifying tax credit investments using the proportional amortization method, on a tax-credit program by tax-credit program basis, if certain conditions are met. Regions adopted the guidance under the modified-retrospective transition approach, with an immaterial cumulative impact recorded to retained earnings. Previously, Regions recognized equity investments in economic development projects at cost, with periodic adjustments for impairment, and applied proportional amortization to investments in affordable housing projects in accordance with other guidance. Refer to Note 2 for additional disclosures.

**NOTE 2. VARIABLE INTEREST ENTITIES**

Regions is involved in various entities that are considered to be VIEs, as defined by authoritative accounting literature. Generally, a VIE is a corporation, partnership, trust or other legal structure that either does not have equity investors with substantive voting rights or has equity investors that do not provide sufficient financial resources for the entity to support its activities. The following discusses the VIEs in which Regions has a significant interest.

Regions periodically invests in various limited partnerships that sponsor affordable housing projects and economic development projects, which then provide tax credits to Regions. These investments are funded through a combination of debt and equity. These partnerships meet the definition of a VIE and are collectively referred to as tax credit investments in the table below. On January 1, 2024, the Company adopted accounting guidance that allows the Company to utilize the proportional amortization method of accounting for economic development projects, which has historically been used for affordable housing projects. Economic development projects are not presented in prior periods as their balances were not material. Due to the nature of the management activities of the general partner, Regions is not the primary beneficiary of these partnerships. Refer to Note 1 "Summary of Significant Accounting Policies" in the Annual Report on Form 10-K for the year ended December 31, 2023, for additional details. Additionally, Regions has loans or letters of credit commitments with certain limited partnerships. The funded portion of the loans and letters of credit are classified as commercial and industrial loans or investor real estate loans as applicable in Note 4 .

A summary of Regions’ tax credit investments and related loans and letters of credit, representing Regions’ maximum exposure to loss, is as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
	<u>(In millions)</u>	
Tax credit investments included in other assets	\$ 1,495	\$ 1,415
Unfunded tax credit commitments included in other liabilities	589	592
Loans and letters of credit commitments	674	730
Funded portion of loans and letters of credit commitments	346	395



	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
	(In millions)			
Tax credits and other tax benefits recognized	\$ 59	\$ 51	\$ 175	\$ 151
Tax credit amortization expense included in income tax expense	49	42	142	125

In addition to the investments discussed above, Regions also syndicates affordable housing investments. In these syndication transactions, Regions creates affordable housing funds in which a subsidiary is the general partner or managing member and sells limited partnership interests to third parties. Regions' general partner or managing member interest represents an insignificant interest in the affordable housing fund. The affordable housing funds meet the definition of a VIE. As Regions is not the primary beneficiary and does not have a significant interest, these investments are not consolidated. At September 30, 2024 and December 31, 2023, the value of Regions' general partnership interest in affordable housing investments was immaterial.

### NOTE 3. DEBT SECURITIES

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

	September 30, 2024						
	Amortized Cost	Recognized in OCI <sup>(1)</sup>		Carrying Value	Not recognized in OCI		Estimated Fair Value
		Gross Unrealized Gains	Gross Unrealized Losses		Gross Unrealized Gains	Gross Unrealized Losses	
	(In millions)						
<b>Debt securities held to maturity:</b>							
Mortgage-backed securities:							
Residential agency	\$ 2,718	\$ —	\$ (442)	\$ 2,276	\$ —	\$ (16)	\$ 2,260
Commercial agency	512	—	(1)	511	—	(12)	499
	<u>\$ 3,230</u>	<u>\$ —</u>	<u>\$ (443)</u>	<u>\$ 2,787</u>	<u>\$ —</u>	<u>\$ (28)</u>	<u>\$ 2,759</u>
<b>Debt securities available for sale:</b>							
U.S. Treasury securities	\$ 2,102	\$ 13	\$ (69)	\$ 2,046			\$ 2,046
Federal agency securities	461	6	(10)	457			457
Obligations of states and political subdivisions	2	—	—	2			2
Mortgage-backed securities:							
Residential agency	21,564	199	(1,304)	20,459			20,459
Commercial agency	5,135	10	(223)	4,922			4,922
Commercial non-agency	92	—	(7)	85			85
Corporate and other debt securities	734	6	(13)	727			727
	<u>\$ 30,090</u>	<u>\$ 234</u>	<u>\$ (1,626)</u>	<u>\$ 28,698</u>			<u>\$ 28,698</u>

December 31, 2023

	Recognized in OCI <sup>(1)</sup>			Not recognized in OCI		Estimated Fair Value	
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Carrying Value	Gross Unrealized Gains		Gross Unrealized Losses
(In millions)							
<b>Debt securities held to maturity:</b>							
Mortgage-backed securities:							
Residential agency	\$ 247	\$ —	\$ (8)	\$ 239	\$ —	\$ (16)	\$ 223
Commercial agency	516	—	(1)	515	—	(22)	493
	<u>\$ 763</u>	<u>\$ —</u>	<u>\$ (9)</u>	<u>\$ 754</u>	<u>\$ —</u>	<u>\$ (38)</u>	<u>\$ 716</u>
<b>Debt securities available for sale:</b>							
U.S. Treasury securities	\$ 1,322	\$ —	\$ (99)	\$ 1,223			\$ 1,223
Federal agency securities	1,085	4	(46)	1,043			1,043
Obligations of states and political subdivisions	2	—	—	2			2
Mortgage-backed securities:							
Residential agency	19,450	52	(2,130)	17,372			17,372
Commercial agency	7,807	2	(502)	7,307			7,307
Commercial non-agency	93	—	(10)	83			83
Corporate and other debt securities	1,105	4	(35)	1,074			1,074
	<u>\$ 30,864</u>	<u>\$ 62</u>	<u>\$ (2,822)</u>	<u>\$ 28,104</u>			<u>\$ 28,104</u>

(1) Securities held to maturity gross unrealized losses recognized in OCI resulted from transfers of securities available for sale to held to maturity.

In the third quarter of 2024, the Company reclassified securities with an amortized cost, excluding items recognized in OCI, of \$2.5 billion from available for sale to held to maturity. The Company determined it has both the positive intent and ability to hold these securities to maturity. The securities were transferred at amortized cost, in addition to the amount of any remaining unrealized holding gain or loss reported in AOCI, and represented a non-cash transaction. OCI included net pre-tax unrealized losses of \$436 million at the date of transfer and the offsetting OCI components are being amortized into net interest income over the remaining life of the related securities as a yield adjustment, resulting in no impact on future net income.

Debt securities with carrying values of \$20.8 billion and \$24.0 billion at September 30, 2024 and December 31, 2023, respectively, were pledged to secure public funds, trust deposits and other borrowing arrangements.

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The amortized cost and estimated fair value of debt securities held to maturity and debt securities available for sale at September 30, 2024, 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.

	Amortized Cost	Estimated Fair Value
(In millions)		
<b>Debt securities held to maturity:</b>		
Mortgage-backed securities:		
Residential agency	\$ 2,718	\$ 2,260
Commercial agency	512	499
	<u>\$ 3,230</u>	<u>\$ 2,759</u>
<b>Debt securities available for sale:</b>		
Due in one year or less	\$ 411	\$ 405
Due after one year through five years	2,023	1,967
Due after five years through ten years	726	731
Due after ten years	139	129
Mortgage-backed securities:		
Residential agency	21,564	20,459
Commercial agency	5,135	4,922
Commercial non-agency	92	85
	<u>\$ 30,090</u>	<u>\$ 28,698</u>

The following tables present gross unrealized losses and the related estimated fair value of debt securities held to maturity and debt securities available for sale at September 30, 2024 and December 31, 2023. For debt securities transferred to held to maturity from available for sale, the analysis in the tables below compares the securities' original amortized cost to its current estimated fair value. All securities in an unrealized position are segregated between investments that have been in a continuous unrealized loss position for less than twelve months and for twelve months or more.

	September 30, 2024					
	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)						
<b>Debt securities held to maturity:</b>						
Mortgage-backed securities:						
Residential agency	\$ —	\$ —	\$ 2,260	\$ (458)	\$ 2,260	\$ (458)
Commercial agency	—	—	499	(13)	499	(13)
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,759</u>	<u>\$ (471)</u>	<u>\$ 2,759</u>	<u>\$ (471)</u>
<b>Debt securities available for sale:</b>						
U.S Treasury securities	\$ 92	\$ —	\$ 1,122	\$ (69)	\$ 1,214	\$ (69)
Federal agency securities	—	—	200	(10)	200	(10)
Mortgage-backed securities:						
Residential agency	1,216	(6)	12,079	(1,298)	13,295	(1,304)
Commercial agency	383	(3)	3,709	(220)	4,092	(223)
Commercial non-agency	—	—	84	(7)	84	(7)
Corporate and other debt securities	18	—	444	(13)	462	(13)
	<u>\$ 1,709</u>	<u>\$ (9)</u>	<u>\$ 17,638</u>	<u>\$ (1,617)</u>	<u>\$ 19,347</u>	<u>\$ (1,626)</u>

December 31, 2023

	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)						
<b>Debt securities held to maturity:</b>						
Mortgage-backed securities:						
Residential agency	\$ —	\$ —	\$ 223	\$ (23)	\$ 223	\$ (23)
Commercial agency	—	—	493	(23)	493	(23)
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 716</u>	<u>\$ (46)</u>	<u>\$ 716</u>	<u>\$ (46)</u>
<b>Debt securities available for sale:</b>						
U.S. Treasury securities	\$ 6	\$ —	\$ 1,201	\$ (99)	\$ 1,207	\$ (99)
Federal agency securities	237	(5)	666	(41)	903	(46)
Mortgage-backed securities:						
Residential agency	241	(3)	15,144	(2,127)	15,385	(2,130)
Commercial agency	612	(7)	6,583	(495)	7,195	(502)
Commercial non-agency	—	—	82	(10)	82	(10)
Corporate and other debt securities	23	—	879	(35)	902	(35)
	<u>\$ 1,119</u>	<u>\$ (15)</u>	<u>\$ 24,555</u>	<u>\$ (2,807)</u>	<u>\$ 25,674</u>	<u>\$ (2,822)</u>

The number of individual debt positions in an unrealized loss position in the tables above decreased to 1,540 at September 30, 2024 from 1,703 at December 31, 2023. The decrease in the total amount of unrealized losses was impacted by 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 represented credit impairment as of those dates. At September 30, 2024, 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 bases, which may be at maturity.

Gross realized losses on sales of debt securities available for sale for the three and nine months ended September 30, 2024 totaled \$92 million and \$192 million, respectively, while gross realized gains totaled \$14 million for both the three and nine months ended September 30, 2024. Therefore, the Company recognized net realized losses of \$78 million and \$178 million for the three and nine months ended September 30, 2024, respectively. Gross realized gains and losses on sales of debt securities available for sale were immaterial for three and nine months ended September 30, 2023. The cost of securities sold is based on the specific identification method. As part of the Company's normal process for evaluating impairment, including credit-related impairment, impairment identified by management was immaterial for the three and nine months ended September 30, 2024 and 2023.

#### 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:

	September 30, 2024	December 31, 2023
(In millions)		
Commercial and industrial	\$ 49,565	\$ 50,865
Commercial real estate mortgage—owner-occupied	4,873	4,887
Commercial real estate construction—owner-occupied	341	281
Total commercial	<u>54,779</u>	<u>56,033</u>
Commercial investor real estate mortgage	6,562	6,605
Commercial investor real estate construction	2,250	2,245
Total investor real estate	<u>8,812</u>	<u>8,850</u>
Residential first mortgage	20,125	20,207
Home equity lines	3,130	3,221
Home equity loans	2,404	2,439
Consumer credit card	1,372	1,341
Other consumer—exit portfolio	9	43
Other consumer	6,158	6,245
Total consumer	<u>33,198</u>	<u>33,496</u>
Total loans, net of unearned income	<u>\$ 96,789</u>	<u>\$ 98,379</u>

## 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" in the Annual Report on Form 10-K for the year ended December 31, 2023, 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 three and nine months ended September 30, 2024, and 2023.

	Three Months Ended September 30, 2024			
	Commercial	Investor Real Estate	Consumer	Total
	(In millions)			
Allowance for loan losses, July 1, 2024	\$ 736	\$ 233	\$ 652	\$ 1,621
Provision for loan losses	47	10	46	103
Loan losses:				
Charge-offs	(71)	(12)	(60)	(143)
Recoveries	15	—	11	26
Net loan losses	(56)	(12)	(49)	(117)
Allowance for loan losses, September 30, 2024	727	231	649	1,607
Reserve for unfunded credit commitments, July 1, 2024	85	8	18	111
Provision for (benefit from) unfunded credit commitments	8	2	—	10
Reserve for unfunded credit commitments, September 30, 2024	93	10	18	121
Allowance for credit losses, September 30, 2024	\$ 820	\$ 241	\$ 667	\$ 1,728

	Three Months Ended September 30, 2023			
	Commercial	Investor Real Estate	Consumer	Total
	(In millions)			
Allowance for loan losses, July 1, 2023	\$ 708	\$ 151	\$ 654	\$ 1,513
Provision for loan losses	25	17	93	135
Loan losses:				
Charge-offs	(54)	—	(70)	(124)
Recoveries	13	—	10	23
Net loan losses	(41)	—	(60)	(101)
Allowance for loan losses, September 30, 2023	692	168	687	1,547
Reserve for unfunded credit commitments, July 1, 2023	82	19	19	120
Provision for unfunded credit commitments	8	—	2	10
Reserve for unfunded credit commitments, September 30, 2023	90	19	21	130
Allowance for credit losses, September 30, 2023	\$ 782	\$ 187	\$ 708	\$ 1,677

	Nine Months Ended September 30, 2024			
	Commercial	Investor Real Estate	Consumer	Total
	(In millions)			
Allowance for loan losses, January 1, 2024	\$ 722	\$ 192	\$ 662	\$ 1,576
Provision for loan losses	166	54	150	370
Loan losses:				
Charge-offs	(194)	(17)	(196)	(407)
Recoveries	33	2	33	68
Net loan losses	(161)	(15)	(163)	(339)
Allowance for loan losses, September 30, 2024	727	231	649	1,607
Reserve for unfunded credit commitments, January 1, 2024	92	13	19	124
Provision for (benefit from) unfunded credit losses	1	(3)	(1)	(3)
Reserve for unfunded credit commitments, September 30, 2024	93	10	18	121
Allowance for credit losses, September 30, 2024	\$ 820	\$ 241	\$ 667	\$ 1,728

**Nine Months Ended September 30, 2023**

	Commercial	Investor Real Estate	Consumer	Total
	(In millions)			
Allowance for loan losses, December 31, 2022	\$ 665	\$ 121	\$ 678	\$ 1,464
Cumulative effect of accounting guidance <sup>(1)</sup>	(3)	(3)	(32)	(38)
Allowance for loan losses, January 1, 2023 (adjusted for change in accounting guidance)	\$ 662	\$ 118	\$ 646	\$ 1,426
Provision for loan losses	141	50	195	386
Loan losses:				
Charge-offs	(155)	—	(186)	(341)
Recoveries	44	—	32	76
Net loan losses	(111)	—	(154)	(265)
Allowance for loan losses, September 30, 2023	692	168	687	1,547
Reserve for unfunded credit commitments, January 1, 2023	72	21	25	118
Provision for (benefit from) unfunded credit losses	18	(2)	(4)	12
Reserve for unfunded credit commitments, September 30, 2023	90	19	21	130
Allowance for credit losses, September 30, 2023	<u>\$ 782</u>	<u>\$ 187</u>	<u>\$ 708</u>	<u>\$ 1,677</u>

(1) See Note 1 in the Annual Report on Form 10-K for the year ended December 31, 2023 for additional information.

**PORTFOLIO SEGMENT RISK FACTORS**

Regions' portfolio segments are commercial, investor real estate, and consumer. Classes within each segment present unique credit risks. Refer to Note 5 "Allowance for Credit Losses" in the Annual Report on Form 10-K for the year ended December 31, 2023 for information regarding Regions' portfolio segments and related classes, as well as the risks specific to each.

**CREDIT QUALITY INDICATORS**

The commercial and investor real estate portfolio segments' primary credit quality indicator is internal risk ratings which are detailed by categories related to underlying credit quality and probability of default. Regions assigns these risk ratings 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. Refer to Note 5 "Allowance for Credit Losses" in the Annual Report on Form 10-K for the year ended December 31, 2023 for information regarding commercial risk ratings.

Regions' consumer portfolio segment has various classes that present unique credit risks. Regions considers factors such as periodic updates of FICO scores, accrual status, days past due status, unemployment rates, and home prices as credit quality indicators for the consumer loan portfolio. FICO scores are obtained at origination as part of Regions' formal underwriting process. Refreshed FICO scores are obtained by the Company quarterly for all consumer loans, including residential first mortgage loans. Current FICO data is not available for certain loans in the portfolio for various reasons; for example, if customers do not use sufficient credit, an updated score may not be available. These categories are utilized to develop the associated allowance for credit losses. The higher the FICO score the less probability of default and vice versa.

The following tables present applicable credit quality indicators for the loan portfolio segments and classes, excluding loans held for sale as of September 30, 2024 and December 31, 2023 and gross charge-offs for the year to date period ended September 30, 2024 and 2023, both by vintage year. Regions defines the vintage date for the purposes of disclosure as the date of the most recent credit decision. In general, renewals that are categorized as new credit decisions reflect the renewal date as the vintage date. Classes in the commercial and investor real estate portfolio segments are disclosed by risk rating. Classes in the consumer portfolio segment are disclosed by current FICO scores. Refer to Note 5 "Allowance for Credit Losses" in the Annual Report on Form 10-K for the year ended December 31, 2023 for more information regarding Regions' credit quality indicators.

September 30, 2024

	Term Loans						Revolving Loans	Revolving Loans Converted to Amortizing	Unallocated <sup>(1)</sup>	Total
	2024	2023	2022	2021	2020	Prior				
(In millions)										
Commercial and industrial:										
Risk rating:										
Pass	\$ 5,714	\$ 5,710	\$ 6,969	\$ 3,774	\$ 1,775	\$ 3,855	\$ 18,878	\$ —	\$ 99	\$ 46,774
Special Mention	76	292	177	19	54	8	327	—	—	\$ 953
Substandard Accrual	52	278	263	93	8	73	641	—	—	\$ 1,408
Non-accrual	10	104	165	26	5	23	97	—	—	\$ 430
<b>Total commercial and industrial</b>	<b>\$ 5,852</b>	<b>\$ 6,384</b>	<b>\$ 7,574</b>	<b>\$ 3,912</b>	<b>\$ 1,842</b>	<b>\$ 3,959</b>	<b>\$ 19,943</b>	<b>\$ —</b>	<b>\$ 99</b>	<b>\$ 49,565</b>
Commercial real estate mortgage—owner-occupied:										
Risk rating:										
Pass	\$ 630	\$ 705	\$ 845	\$ 858	\$ 544	\$ 883	\$ 94	\$ —	\$ (5)	\$ 4,554
Special Mention	4	18	47	26	13	48	1	—	—	\$ 157
Substandard Accrual	2	5	32	34	11	33	2	—	—	\$ 119
Non-accrual	3	2	6	18	5	9	—	—	—	\$ 43
<b>Total commercial real estate mortgage—owner-occupied:</b>	<b>\$ 639</b>	<b>\$ 730</b>	<b>\$ 930</b>	<b>\$ 936</b>	<b>\$ 573</b>	<b>\$ 973</b>	<b>\$ 97</b>	<b>\$ —</b>	<b>\$ (5)</b>	<b>\$ 4,873</b>
Commercial real estate construction—owner-occupied:										
Risk rating:										
Pass	\$ 98	\$ 74	\$ 43	\$ 33	\$ 21	\$ 42	\$ 6	\$ —	\$ —	\$ 317
Special Mention	—	6	8	—	—	—	—	—	—	\$ 14
Substandard Accrual	—	—	4	—	—	—	—	—	—	\$ 4
Non-accrual	—	—	—	—	1	5	—	—	—	\$ 6
<b>Total commercial real estate construction—owner-occupied:</b>	<b>\$ 98</b>	<b>\$ 80</b>	<b>\$ 55</b>	<b>\$ 33</b>	<b>\$ 22</b>	<b>\$ 47</b>	<b>\$ 6</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 341</b>
<b>Total commercial</b>	<b>\$ 6,589</b>	<b>\$ 7,194</b>	<b>\$ 8,559</b>	<b>\$ 4,881</b>	<b>\$ 2,437</b>	<b>\$ 4,979</b>	<b>\$ 20,046</b>	<b>\$ —</b>	<b>\$ 94</b>	<b>\$ 54,779</b>
Commercial investor real estate mortgage:										
Risk rating:										
Pass	\$ 979	\$ 854	\$ 1,645	\$ 996	\$ 326	\$ 248	\$ 325	\$ —	\$ (2)	\$ 5,371
Special Mention	63	38	209	39	79	9	4	—	—	\$ 441
Substandard Accrual	146	63	120	24	—	2	108	—	—	\$ 463
Non-accrual	139	46	51	—	—	51	—	—	—	\$ 287
<b>Total commercial investor real estate mortgage</b>	<b>\$ 1,327</b>	<b>\$ 1,001</b>	<b>\$ 2,025</b>	<b>\$ 1,059</b>	<b>\$ 405</b>	<b>\$ 310</b>	<b>\$ 437</b>	<b>\$ —</b>	<b>\$ (2)</b>	<b>\$ 6,562</b>
Commercial investor real estate construction:										
Risk rating:										
Pass	\$ 123	\$ 340	\$ 641	\$ —	\$ —	\$ 2	\$ 791	\$ —	\$ (14)	\$ 1,883
Special Mention	—	28	183	—	—	—	71	—	—	\$ 282
Substandard Accrual	—	—	63	—	—	—	22	—	—	\$ 85
Non-accrual	—	—	—	—	—	—	—	—	—	\$ —
<b>Total commercial investor real estate construction</b>	<b>\$ 123</b>	<b>\$ 368</b>	<b>\$ 887</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 2</b>	<b>\$ 884</b>	<b>\$ —</b>	<b>\$ (14)</b>	<b>\$ 2,250</b>
<b>Total investor real estate</b>	<b>\$ 1,450</b>	<b>\$ 1,369</b>	<b>\$ 2,912</b>	<b>\$ 1,059</b>	<b>\$ 405</b>	<b>\$ 312</b>	<b>\$ 1,321</b>	<b>\$ —</b>	<b>\$ (16)</b>	<b>\$ 8,812</b>
Residential first mortgage:										
FICO scores:										
Above 720	\$ 825	\$ 1,986	\$ 2,798	\$ 4,154	\$ 4,087	\$ 2,830	\$ —	\$ —	\$ —	\$ 16,680
681-720	88	198	265	284	236	307	—	—	—	1,378
620-680	38	83	130	134	103	300	—	—	—	788
Below 620	8	60	131	141	95	425	—	—	—	860
Data not available	19	32	17	41	45	90	3	—	172	419
<b>Total residential first mortgage</b>	<b>\$ 978</b>	<b>\$ 2,359</b>	<b>\$ 3,341</b>	<b>\$ 4,754</b>	<b>\$ 4,566</b>	<b>\$ 3,952</b>	<b>\$ 3</b>	<b>\$ —</b>	<b>\$ 172</b>	<b>\$ 20,125</b>

September 30, 2024

	Term Loans						Revolving Loans	Revolving Loans Converted to Amortizing	Unallocated <sup>(1)</sup>	Total
	2024	2023	2022	2021	2020	Prior				
(In millions)										
Home equity lines:										
FICO scores:										
Above 720	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,314	\$ 48	\$ —	\$ 2,362
681-720	—	—	—	—	—	—	344	10	—	354
620-680	—	—	—	—	—	—	184	10	—	194
Below 620	—	—	—	—	—	—	95	7	—	102
Data not available	—	—	—	—	—	—	83	5	30	118
Total home equity lines	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,020	\$ 80	\$ 30	\$ 3,130
Home equity loans:										
FICO scores:										
Above 720	\$ 252	\$ 278	\$ 322	\$ 344	\$ 171	\$ 506	\$ —	\$ —	\$ —	\$ 1,873
681-720	40	44	51	42	18	60	—	—	—	255
620-680	16	20	24	21	9	51	—	—	—	141
Below 620	1	6	13	14	5	38	—	—	—	77
Data not available	1	1	4	6	4	26	—	—	16	58
Total home equity loans	\$ 310	\$ 349	\$ 414	\$ 427	\$ 207	\$ 681	\$ —	\$ —	\$ 16	\$ 2,404
Consumer credit card:										
FICO scores:										
Above 720	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 790	\$ —	\$ —	\$ 790
681-720	—	—	—	—	—	—	266	—	—	266
620-680	—	—	—	—	—	—	218	—	—	218
Below 620	—	—	—	—	—	—	106	—	—	106
Data not available	—	—	—	—	—	—	23	—	(31)	(8)
Total consumer credit card	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,403	\$ —	\$ (31)	\$ 1,372
Other consumer—exit portfolios:										
FICO scores:										
Above 720	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5	\$ —	\$ —	\$ —	\$ 5
681-720	—	—	—	—	—	1	—	—	—	1
620-680	—	—	—	—	—	2	—	—	—	2
Below 620	—	—	—	—	—	2	—	—	—	2
Data not available	—	—	—	—	—	—	—	—	(1)	(1)
Total other consumer—exit portfolios	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 10	\$ —	\$ —	\$ (1)	\$ 9
Other consumer <sup>(2)</sup> :										
FICO scores:										
Above 720	\$ 717	\$ 1,091	\$ 1,387	\$ 441	\$ 246	\$ 227	\$ 116	\$ —	\$ —	\$ 4,225
681-720	122	215	306	102	54	43	62	—	—	904
620-680	63	126	203	72	33	28	51	—	—	576
Below 620	12	47	120	45	21	16	32	—	—	293
Data not available	82	4	10	7	5	161	2	—	(111)	160
Total other consumer	\$ 996	\$ 1,483	\$ 2,026	\$ 667	\$ 359	\$ 475	\$ 263	\$ —	\$ (111)	\$ 6,158
Total consumer loans	\$ 2,284	\$ 4,191	\$ 5,781	\$ 5,848	\$ 5,132	\$ 5,118	\$ 4,689	\$ 80	\$ 75	\$ 33,198
Total Loans	\$ 10,323	\$ 12,754	\$ 17,252	\$ 11,788	\$ 7,974	\$ 10,409	\$ 26,056	\$ 80	\$ 153	\$ 96,789



December 31, 2023

	Term Loans						Revolving Loans	Revolving Loans Converted to Amortizing	Unallocated <sup>(1)</sup>	Total
	2023	2022	2021	2020	2019	Prior				
(In millions)										
Commercial and industrial:										
Risk rating:										
Pass	\$ 8,272	\$ 9,123	\$ 5,267	\$ 2,326	\$ 1,376	\$ 3,210	\$ 18,561	\$ —	\$ 53	\$ 48,188
Special Mention	87	186	71	109	26	90	484	—	—	1,053
Substandard Accrual	141	212	74	38	7	3	678	—	—	1,153
Non-accrual	128	102	37	6	20	10	168	—	—	471
Total commercial and industrial	\$ 8,628	\$ 9,623	\$ 5,449	\$ 2,479	\$ 1,429	\$ 3,313	\$ 19,891	\$ —	\$ 53	\$ 50,865
Commercial real estate mortgage—owner-occupied:										
Risk rating:										
Pass	\$ 799	\$ 954	\$ 988	\$ 658	\$ 343	\$ 801	\$ 76	\$ —	\$ (5)	\$ 4,614
Special Mention	21	13	33	20	7	13	14	—	—	121
Substandard Accrual	3	34	32	14	8	24	1	—	—	116
Non-accrual	4	3	10	8	3	8	—	—	—	36
Total commercial real estate mortgage—owner-occupied:	\$ 827	\$ 1,004	\$ 1,063	\$ 700	\$ 361	\$ 846	\$ 91	\$ —	\$ (5)	\$ 4,887
Commercial real estate construction—owner-occupied:										
Risk rating:										
Pass	\$ 89	\$ 53	\$ 44	\$ 24	\$ 11	\$ 38	\$ 3	\$ —	\$ —	\$ 262
Special Mention	—	7	—	—	—	1	—	—	—	8
Substandard Accrual	—	1	—	1	—	1	—	—	—	3
Non-accrual	2	—	—	2	—	4	—	—	—	8
Total commercial real estate construction—owner-occupied:	\$ 91	\$ 61	\$ 44	\$ 27	\$ 11	\$ 44	\$ 3	\$ —	\$ —	\$ 281
Total commercial	\$ 9,546	\$ 10,688	\$ 6,556	\$ 3,206	\$ 1,801	\$ 4,203	\$ 19,985	\$ —	\$ 48	\$ 56,033
Commercial investor real estate mortgage:										
Risk rating:										
Pass	\$ 1,130	\$ 1,587	\$ 1,135	\$ 488	\$ 296	\$ 110	\$ 383	\$ —	\$ (4)	\$ 5,125
Special Mention	269	247	52	59	30	—	90	—	—	747
Substandard Accrual	134	197	—	67	67	3	32	—	—	500
Non-accrual	99	57	37	—	12	28	—	—	—	233
Total commercial investor real estate mortgage	\$ 1,632	\$ 2,088	\$ 1,224	\$ 614	\$ 405	\$ 141	\$ 505	\$ —	\$ (4)	\$ 6,605
Commercial investor real estate construction:										
Risk rating:										
Pass	\$ 256	\$ 836	\$ 280	\$ 26	\$ 2	\$ 1	\$ 649	\$ —	\$ (15)	\$ 2,035
Special Mention	—	122	—	—	—	—	59	—	—	181
Substandard Accrual	—	25	—	—	—	—	4	—	—	29
Non-accrual	—	—	—	—	—	—	—	—	—	—
Total commercial investor real estate construction	\$ 256	\$ 983	\$ 280	\$ 26	\$ 2	\$ 1	\$ 712	\$ —	\$ (15)	\$ 2,245
Total investor real estate	\$ 1,888	\$ 3,071	\$ 1,504	\$ 640	\$ 407	\$ 142	\$ 1,217	\$ —	\$ (19)	\$ 8,850
Residential first mortgage:										
FICO scores:										
Above 720	\$ 1,939	\$ 2,863	\$ 4,358	\$ 4,390	\$ 816	\$ 2,353	\$ —	\$ —	\$ —	\$ 16,719
681-720	226	298	355	255	52	294	—	—	—	1,480
620-680	86	153	153	112	43	270	—	—	—	817
Below 620	21	90	122	87	53	389	—	—	—	762
Data not available	33	16	49	46	11	92	1	—	181	429
Total residential first mortgage	\$ 2,305	\$ 3,420	\$ 5,037	\$ 4,890	\$ 975	\$ 3,398	\$ 1	\$ —	\$ 181	\$ 20,207

December 31, 2023

	Term Loans						Revolving Loans	Revolving Loans Converted to Amortizing	Unallocated <sup>(1)</sup>	Total
	2023	2022	2021	2020	2019	Prior				
(In millions)										
Home equity lines:										
FICO scores:										
Above 720	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,399	\$ 45	\$ —	\$ 2,444
681-720	—	—	—	—	—	—	346	11	—	357
620-680	—	—	—	—	—	—	184	9	—	193
Below 620	—	—	—	—	—	—	97	7	—	104
Data not available	—	—	—	—	—	—	85	5	33	123
Total home equity lines	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,111	\$ 77	\$ 33	\$ 3,221
Home equity loans:										
FICO scores:										
Above 720	\$ 322	\$ 370	\$ 397	\$ 205	\$ 93	\$ 529	\$ —	\$ —	\$ —	\$ 1,916
681-720	53	62	49	22	14	60	—	—	—	260
620-680	19	27	23	8	8	52	—	—	—	137
Below 620	2	8	12	5	7	35	—	—	—	69
Data not available	1	4	5	3	3	25	—	—	16	57
Total home equity loans	\$ 397	\$ 471	\$ 486	\$ 243	\$ 125	\$ 701	\$ —	\$ —	\$ 16	\$ 2,439
Consumer credit card:										
FICO scores:										
Above 720	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 780	\$ —	\$ —	\$ 780
681-720	—	—	—	—	—	—	254	—	—	254
620-680	—	—	—	—	—	—	210	—	—	210
Below 620	—	—	—	—	—	—	95	—	—	95
Data not available	—	—	—	—	—	—	20	—	(18)	2
Total consumer credit card	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,359	\$ —	\$ (18)	\$ 1,341
Other consumer—exit portfolios:										
FICO scores:										
Above 720	\$ —	\$ —	\$ —	\$ —	\$ 2	\$ 22	\$ —	\$ —	\$ —	\$ 24
681-720	—	—	—	—	1	4	—	—	—	5
620-680	—	—	—	—	—	5	—	—	—	5
Below 620	—	—	—	—	1	7	—	—	—	8
Data not available	—	—	—	—	—	1	—	—	—	1
Total other consumer—exit portfolios	\$ —	\$ —	\$ —	\$ —	\$ 4	\$ 39	\$ —	\$ —	\$ —	\$ 43
Other consumer <sup>(2)</sup> :										
FICO scores:										
Above 720	\$ 1,312	\$ 1,519	\$ 501	\$ 284	\$ 155	\$ 118	\$ 119	\$ —	\$ —	\$ 4,008
681-720	270	409	136	74	34	29	67	—	—	1,019
620-680	178	294	103	50	21	20	53	—	—	719
Below 620	52	147	65	31	14	13	30	—	—	352
Data not available	94	10	7	5	114	65	1	—	(149)	147
Total other consumer	\$ 1,906	\$ 2,379	\$ 812	\$ 444	\$ 338	\$ 245	\$ 270	\$ —	\$ (149)	\$ 6,245
Total consumer loans	\$ 4,608	\$ 6,270	\$ 6,335	\$ 5,577	\$ 1,442	\$ 4,383	\$ 4,741	\$ 77	\$ 63	\$ 33,496
Total Loans	\$ 16,042	\$ 20,029	\$ 14,395	\$ 9,423	\$ 3,650	\$ 8,728	\$ 25,943	\$ 77	\$ 92	\$ 98,379

(1) These amounts consist of fees that are not allocated at the loan level and loans serviced by third parties wherein Regions does not receive FICO or vintage information.

(2) Other consumer class includes overdrafts which are included in the current vintage year.

The following tables present gross charge-offs by vintage year for the nine months ended September 30, 2024 and 2023.

	Nine Months Ended September 30, 2024							
	Term Loans						Revolving Loans	Total
	2024	2023	2022	2021	2020	Prior		
	(In millions)							
Commercial and industrial	\$ 6	\$ 52	\$ 51	\$ 12	\$ 6	\$ 9	\$ 56	\$ 192
Commercial real estate mortgage—owner-occupied	—	—	—	1	—	1	—	2
Total commercial	6	52	51	13	6	10	56	194
Commercial investor real estate mortgage	—	—	6	5	—	6	—	17
Total investor real estate	—	—	6	5	—	6	—	17
Residential first mortgage	—	—	—	—	—	1	—	1
Home equity lines	—	—	—	—	—	—	3	3
Consumer credit card	—	—	—	—	—	—	47	47
Other consumer—exit portfolios	—	—	—	—	—	1	—	1
Other consumer <sup>(1)</sup>	28	30	46	15	7	11	7	144
Total consumer	28	30	46	15	7	13	57	196
Total gross charge-offs	\$ 34	\$ 82	\$ 103	\$ 33	\$ 13	\$ 29	\$ 113	\$ 407

  

	Nine Months Ended September 30, 2023							
	Term Loans						Revolving Loans	Total
	2023	2022	2021	2020	2019	Prior		
	(In millions)							
Commercial and industrial	\$ 3	\$ 49	\$ 47	\$ 22	\$ 12	\$ 12	\$ 9	\$ 154
Commercial real estate mortgage—owner-occupied	1	—	—	—	—	—	—	1
Total commercial	4	49	47	22	12	12	9	155
Residential first mortgage	—	—	—	—	—	1	—	1
Home equity lines	—	—	—	—	—	—	3	3
Home equity loans	—	—	—	—	—	1	—	1
Consumer credit card	—	—	—	—	—	—	38	38
Other consumer—exit portfolios	—	—	—	—	4	7	—	11
Other consumer <sup>(1)</sup>	38	40	25	13	7	9	—	132
Total consumer	38	40	25	13	11	18	41	186
Total gross charge-offs	\$ 42	\$ 89	\$ 72	\$ 35	\$ 23	\$ 30	\$ 50	\$ 341

(1) Other consumer class includes overdraft gross charge-offs. The majority of overdraft gross charge-offs for the nine months ended September 30, 2024 and 2023 are included in the current vintage year.

**AGING AND NON-ACCRUAL ANALYSIS**

The following tables include an aging analysis of DPD and loans on non-accrual status for each portfolio segment and class as of September 30, 2024 and December 31, 2023. Loans on non-accrual status with no related allowance totaled \$195 million and \$280 million and were comprised of commercial and investor real estate loans at September 30, 2024 and December 31, 2023, respectively. Non-accrual loans with no related allowance typically include loans where the underlying collateral is deemed sufficient to recover all remaining principal. Loans that have been fully charged-off do not appear in the tables below.

<b>September 30, 2024</b>							
<b>Accrual Loans</b>							
	<b>30-59 DPD</b>	<b>60-89 DPD</b>	<b>90+ DPD</b>	<b>Total 30+ DPD</b>	<b>Total Accrual</b>	<b>Non-accrual</b>	<b>Total</b>
(In millions)							
Commercial and industrial	\$ 39	\$ 43	\$ 3	\$ 85	\$ 49,135	\$ 430	\$ 49,565
Commercial real estate mortgage—owner-occupied	3	1	1	5	4,830	43	4,873
Commercial real estate construction—owner-occupied	—	—	—	—	335	6	341
Total commercial	42	44	4	90	54,300	479	54,779
Commercial investor real estate mortgage	45	—	40	85	6,275	287	6,562
Commercial investor real estate construction	—	—	—	—	2,250	—	2,250
Total investor real estate	45	—	40	85	8,525	287	8,812
Residential first mortgage	112	55	121	288	20,102	23	20,125
Home equity lines	15	9	16	40	3,104	26	3,130
Home equity loans	8	4	7	19	2,398	6	2,404
Consumer credit card	10	9	19	38	1,372	—	1,372
Other consumer—exit portfolios	1	—	—	1	9	—	9
Other consumer	45	22	22	89	6,158	—	6,158
Total consumer	191	99	185	475	33,143	55	33,198
	<u>\$ 278</u>	<u>\$ 143</u>	<u>\$ 229</u>	<u>\$ 650</u>	<u>\$ 95,968</u>	<u>\$ 821</u>	<u>\$ 96,789</u>

<b>December 31, 2023</b>							
<b>Accrual Loans</b>							
	<b>30-59 DPD</b>	<b>60-89 DPD</b>	<b>90+ DPD</b>	<b>Total 30+ DPD</b>	<b>Total Accrual</b>	<b>Non-accrual</b>	<b>Total</b>
(In millions)							
Commercial and industrial	\$ 43	\$ 21	\$ 11	\$ 75	\$ 50,394	\$ 471	\$ 50,865
Commercial real estate mortgage—owner-occupied	3	2	—	5	4,851	36	4,887
Commercial real estate construction—owner-occupied	—	1	—	1	273	8	281
Total commercial	46	24	11	81	55,518	515	56,033
Commercial investor real estate mortgage	—	—	23	23	6,372	233	6,605
Commercial investor real estate construction	—	—	—	—	2,245	—	2,245
Total investor real estate	—	—	23	23	8,617	233	8,850
Residential first mortgage	104	48	95	247	20,185	22	20,207
Home equity lines	17	10	20	47	3,192	29	3,221
Home equity loans	10	4	7	21	2,433	6	2,439
Consumer credit card	11	8	20	39	1,341	—	1,341
Other consumer—exit portfolios	2	1	—	3	43	—	43
Other consumer	60	31	29	120	6,245	—	6,245
Total consumer	204	102	171	477	33,439	57	33,496
	<u>\$ 250</u>	<u>\$ 126</u>	<u>\$ 205</u>	<u>\$ 581</u>	<u>\$ 97,574</u>	<u>\$ 805</u>	<u>\$ 98,379</u>

At September 30, 2024 and December 31, 2023, the Company had collateral-dependent commercial loans of \$218 million and \$220 million, respectively. At September 30, 2024 and December 31, 2023, the Company had collateral-dependent investor

real estate loans of \$199 million and \$92 million, respectively. The collateral for commercial and investor real estate loans generally consists of business assets including real estate, receivables and equipment. At September 30, 2024 and December 31, 2023, the Company had collateral-dependent residential mortgage and home equity loans and lines totaling \$113 million and \$93 million, respectively. The collateral for these loans consists of residential real estate. Refer to Note 1 "Summary of Significant Accounting Policies" in the Annual Report on Form 10-K for the year ended December 31, 2023 for additional details for the criteria of collateral dependent loans.

### MODIFICATIONS TO BORROWERS EXPERIENCING FINANCIAL DIFFICULTY

The majority of Regions' commercial and investor real estate modifications to troubled borrowers are the result of renewals of classified loans wherein there has been an interest rate reduction and/or maturity extension (that is considered other than insignificant). Similarly, Regions works to meet the individual needs of troubled consumer borrowers through its CAP. Regions designed the program to allow for customer-tailored modifications with the goal of keeping customers in their homes and avoiding foreclosure where possible. Modifications may be offered to any borrower experiencing financial hardship regardless of the borrower's payment status. Consumer modifications to troubled borrowers primarily involve an interest rate reduction and/or a payment deferral or maturity extension that is considered other than insignificant. All CAP modifications that involve an interest rate reduction, principal forgiveness, other than insignificant payment deferral or term extension and/or a combination of these are disclosed as modifications to troubled borrowers because the customer documents a financial hardship in order to participate. Refer to Note 1 "Summary of Significant Accounting Policies" in the Annual Report on Form 10-K for the year ended December 31, 2023 for additional information regarding the Company's modifications to troubled borrowers.

For each portfolio segment and class, the following tables present the end of period balances of new modifications to troubled borrowers and the related percentage of the loan portfolio period-end balance by the type of modification that occurred in the three and nine months ended September 30, 2024 and 2023.

Three Months Ended September 30, 2024										
	Term Extension		Payment Deferral		Term Extension and Interest Rate Modification		Other		Total	
	\$	% <sup>(1)</sup>	\$	% <sup>(1)</sup>	\$	% <sup>(1)</sup>	\$	% <sup>(1)</sup>	\$	% <sup>(1)</sup>
(Dollars in millions)										
Commercial and industrial	\$ 21	0.04 %	\$ —	— %	\$ 33	0.07 %	\$ —	— %	\$ 54	0.11 %
Commercial real estate mortgage—owner-occupied	2	0.04 %	—	— %	—	— %	—	— %	2	0.04 %
Total commercial	23	0.04 %	—	— %	33	0.06 %	—	— %	56	0.10 %
Commercial investor real estate mortgage	72	1.10 %	—	— %	—	— %	29	0.44 %	101	1.54 %
Total investor real estate	72	0.82 %	—	— %	—	— %	29	0.33 %	101	1.14 %
Residential first mortgage	37	0.18 %	1	0.01 %	2	0.01 %	—	— %	40	0.20 %
Home equity lines	—	— %	—	— %	4	0.13 %	—	— %	4	0.13 %
Home equity loans	1	0.05 %	—	— %	2	0.08 %	—	— %	3	0.13 %
Total consumer	38	0.11 %	1	— %	8	0.02 %	—	— %	47	0.14 %
	\$ 133	0.14 %	\$ 1	— %	\$ 41	0.04 %	\$ 29	0.03 %	\$ 204	0.21 %

Three Months Ended September 30, 2023										
	Term Extension		Payment Deferral		Term Extension and Interest Rate Modification		Term Extension and Payment Deferral		Total	
	\$	% <sup>(1)</sup>	\$	% <sup>(1)</sup>	\$	% <sup>(1)</sup>	\$	% <sup>(1)</sup>	\$	% <sup>(1)</sup>
(Dollars in millions)										
Commercial and industrial	\$ 197	0.38 %	\$ 9	0.02 %	\$ —	— %	\$ 48	0.09 %	\$ 254	0.49 %
Commercial real estate mortgage—owner-occupied	3	0.06 %	—	— %	—	— %	—	— %	3	0.06 %
Total commercial	200	0.35 %	9	0.02 %	—	— %	48	0.08 %	257	0.45 %
Commercial investor real estate mortgage	89	1.39 %	—	— %	—	— %	—	— %	89	1.39 %
Commercial investor real estate construction	2	0.08 %	—	— %	—	— %	—	— %	2	0.08 %
Total investor real estate	91	1.04 %	—	— %	—	— %	—	— %	91	1.04 %
Residential first mortgage	25	0.12 %	2	0.01 %	1	0.01 %	—	— %	28	0.14 %
Home equity lines	—	— %	—	— %	2	0.04 %	—	— %	2	0.05 %
Home equity loans	1	0.04 %	—	— %	1	0.05 %	—	— %	2	0.09 %
Total consumer	26	0.08 %	2	0.01 %	4	0.01 %	—	— %	32	0.10 %
Total	\$ 317	0.32 %	\$ 11	0.01 %	\$ 4	— %	\$ 48	0.05 %	\$ 380	0.38 %

Nine Months Ended September 30, 2024

	Term Extension		Payment Deferral		Term Extension and Interest Rate Modification		Other		Total	
	\$	% <sup>(1)</sup>	\$	% <sup>(1)</sup>	\$	% <sup>(1)</sup>	\$	% <sup>(1)</sup>	\$	% <sup>(1)</sup>
	(Dollars in millions)									
Commercial and industrial	\$ 51	0.10 %	\$ —	— %	\$ 33	0.07 %	\$ —	— %	\$ 84	0.17 %
Commercial real estate mortgage—owner-occupied	4	0.08 %	—	— %	—	— %	—	— %	4	0.09 %
Total commercial	55	0.10 %	—	— %	33	0.06 %	—	— %	88	0.16 %
Commercial investor real estate mortgage	99	1.51 %	—	— %	—	— %	29	0.44 %	128	1.95 %
Total investor real estate	99	1.13 %	—	— %	—	— %	29	0.33 %	128	1.46 %
Residential first mortgage	115	0.57 %	2	0.01 %	4	0.02 %	—	— %	121	0.60 %
Home equity lines	—	0.01 %	—	— %	7	0.21 %	—	— %	7	0.22 %
Home equity loans	3	0.13 %	—	— %	6	0.24 %	—	— %	9	0.37 %
Total consumer	118	0.36 %	2	0.01 %	17	0.05 %	—	— %	137	0.41 %
	\$ 272	0.28 %	\$ 2	— %	\$ 50	0.05 %	\$ 29	0.03 %	\$ 353	0.36 %

Nine Months Ended September 30, 2023

	Term Extension		Payment Deferral		Term Extension and Interest Rate Modification		Term Extension and Payment Deferral		Total	
	\$	% <sup>(1)</sup>	\$	% <sup>(1)</sup>	\$	% <sup>(1)</sup>	\$	% <sup>(1)</sup>	\$	% <sup>(1)</sup>
	(Dollars in millions)									
Commercial and industrial	\$ 255	0.49 %	\$ 148	0.29 %	\$ —	— %	\$ 48	0.09 %	\$ 451	0.87 %
Commercial real estate mortgage—owner-occupied	9	0.18 %	—	— %	—	— %	—	— %	9	0.18 %
Commercial real estate construction—owner-occupied	2	0.71 %	—	— %	—	— %	—	— %	2	0.86 %
Total commercial	266	0.47 %	148	0.26 %	—	— %	48	0.08 %	462	0.81 %
Commercial investor real estate mortgage	151	2.35 %	—	— %	—	— %	—	— %	151	2.35 %
Commercial investor real estate construction	2	0.08 %	—	— %	—	— %	—	— %	2	0.08 %
Total investor real estate	153	1.75 %	—	— %	—	— %	—	— %	153	1.75 %
Residential first mortgage	72	0.36 %	3	0.01 %	3	0.02 %	—	— %	78	0.39 %
Home equity lines	1	0.02 %	—	— %	2	0.08 %	—	— %	3	0.10 %
Home equity loans	3	0.13 %	—	— %	4	0.15 %	—	— %	7	0.29 %
Total consumer	76	0.23 %	3	0.01 %	9	0.03 %	—	— %	88	0.26 %
Total	\$ 495	0.45 %	\$ 151	0.15 %	\$ 9	0.01 %	\$ 48	0.05 %	\$ 703	0.71 %

(1) Amounts calculated based upon whole dollar values.

The end of period balance of unfunded commitments related to modifications to troubled borrowers at September 30, 2024 was \$65 million and at December 31, 2023 was \$106 million.

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The following tables present the financial impact of modifications to troubled borrowers during the three and nine months ended September 30, 2024 and 2023 by portfolio segment, class of financing receivable, and the type of modification. The tables include new modifications to troubled borrowers, as well as renewals of existing modifications to troubled borrowers.

Three Months Ended September 30, 2024				
Term Extension	Payment Deferral	Term Extension and Interest Rate Modification		
Weighted-Average Term Extension	Weighted-Average Payment Deferral	Weighted-Average Term Extension	Weighted-Average Reduction in Interest Rate	
(In years, except for percentage data)				
Commercial and industrial	1.08	—	1.17	less than 2%
Commercial real estate mortgage—owner-occupied	1.42	—	—	—
Commercial investor real estate mortgage	0.17	—	—	—
Residential first mortgage	7	0.42	4	less than 1%
Home equity lines	—	—	24	2 %
Home equity loans	16	—	24	3 %

Three Months Ended September 30, 2023					
Term Extension	Payment Deferral	Term Extension and Interest Rate Modification		Term Extension and Payment Deferral	
Weighted-Average Term Extension	Weighted-Average Payment Deferral	Weighted-Average Term Extension	Weighted-Average Reduction in Interest Rate	Weighted-Average Term Extension	Weighted-Average Payment Deferral
(In years, except for percentage data)					
Commercial and industrial	0.67	0.25	—	2	2
Commercial real estate mortgage—owner-occupied	0.92	—	—	—	—
Commercial investor real estate mortgage	0.58	—	—	—	—
Commercial investor real estate construction	0.42	—	—	—	—
Residential first mortgage	7	0.92	7	1 %	—
Home equity lines	—	—	20	2 %	—
Home equity loans	12	—	15	2 %	—

Nine Months Ended September 30, 2024				
Term Extension	Payment Deferral	Term Extension and Interest Rate Modification		
Weighted-Average Term Extension	Weighted-Average Payment Deferral	Weighted-Average Term Extension	Weighted-Average Reduction in Interest Rate	
(In years, except for percentage data)				
Commercial and industrial	1.83	—	1.17	less than 2%
Commercial real estate mortgage—owner-occupied	1.00	—	—	—
Commercial investor real estate mortgage	0.75	—	—	—
Residential first mortgage	7	0.5	5	less than 1%
Home equity lines	—	—	23	2 %
Home equity loans	12	—	25	2 %

Nine Months Ended September 30, 2023

	Term Extension	Payment Deferral	Term Extension and Interest Rate Modification		Term Extension and Payment Deferral	
	Weighted-Average Term Extension	Weighted-Average Payment Deferral	Weighted-Average Term Extension	Weighted-Average Reduction in Interest Rate	Weighted-Average Term Extension	Weighted-Average Payment Deferral
	(In years, except for percentage data)					
Commercial and industrial	0.75	0.5	—	—	2	2
Commercial real estate mortgage—owner-occupied	0.83	—	—	—	—	—
Commercial real estate construction—owner-occupied	0.25	—	—	—	—	—
Commercial investor real estate mortgage	0.67	—	—	—	—	—
Commercial investor real estate construction	0.42	—	—	—	—	—
Residential first mortgage	6	0.92	7	1 %	—	—
Home equity lines	18	—	19	2 %	—	—
Home equity loans	14	—	15	2 %	—	—

In addition to the financial impacts in the table above, during the three and nine months ended September 30, 2024, the Company had an other modification type in which a commercial investor real estate loan was modified from amortizing to an interest-only structure. Under this structure the interest was extended for an average of two months and principal payments were deferred. Also during the nine months ended September 30, 2023, there were instances of commercial and industrial payment deferrals in which the amortization period was doubled to maturity.

The following tables include the end of period balances of aging and non-accrual performance for modifications to troubled borrowers modified in the previous twelve-month period by portfolio segment and class as of September 30, 2024 and in the previous nine-month period since adoption of the related accounting guidance by portfolio segment and class as of September 30, 2023. Refer to Note 1 and Note 5 in the Annual Report on Form 10-K for the year ended December 31, 2023 for additional information on the adoption of new accounting guidance.

	September 30, 2024				
	Current	30-89 DPD	90+ DPD	Non-Performing Loans	Total
	(In millions)				
Commercial and industrial	\$ 101	\$ —	\$ —	\$ 46	\$ 147
Commercial real estate mortgage—owner-occupied	3	—	—	2	5
Total commercial	104	—	—	48	152
Commercial investor real estate mortgage	103	27	—	134	264
Total investor real estate	103	27	—	134	264
Residential first mortgage	106	20	11	5	142
Home equity lines	7	—	—	1	8
Home equity loans	8	1	—	1	10
Total consumer	121	21	11	7	160
	\$ 328	\$ 48	\$ 11	\$ 189	\$ 576



September 30, 2023

	Current	30-89 DPD	90+ DPD	Non-Performing Loans	Total
	(In millions)				
Commercial and industrial	\$ 258	\$ 2	\$ 5	\$ 186	\$ 451
Commercial real estate mortgage—owner-occupied	4	—	—	5	9
Commercial real estate construction—owner-occupied	—	—	—	2	2
Total commercial	262	2	5	193	462
Commercial investor real estate mortgage	40	48	—	63	151
Commercial investor real estate construction	2	—	—	—	2
Total investor real estate	42	48	—	63	153
Residential first mortgage	63	10	3	2	78
Home equity lines	3	—	—	—	3
Home equity loans	5	—	—	2	7
Total consumer	71	10	3	4	88
	<u>\$ 375</u>	<u>\$ 60</u>	<u>\$ 8</u>	<u>\$ 260</u>	<u>\$ 703</u>

For modifications to troubled borrowers, a subsequent payment default is defined in terms of delinquency when a principal or interest payment is 90 days past due, or classified as non-accrual status during the reporting period. As of September 30, 2024, subsequent defaults of the loans restructured as a modification to a troubled borrower during the three and nine months ended September 30, 2024 totaled \$49 million and \$183 million, respectively. These amounts were immaterial for the three and nine months ended September 30, 2023.

## NOTE 5. SERVICING OF FINANCIAL ASSETS

### RESIDENTIAL MORTGAGE BANKING ACTIVITIES

The fair value of residential MSR 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 MSR. 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 MSR under the fair value measurement method:

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
	(In millions)			
Carrying value, beginning of period	\$ 1,020	\$ 801	\$ 906	\$ 812
Additions	8	8	20	20
Purchases <sup>(1)</sup>	4	106	134	138
Increase (decrease) in fair value <sup>(2)</sup> :				
Due to change in valuation inputs or assumptions	(28)	45	4	41
Economic amortization associated with borrower repayments <sup>(3)</sup>	(33)	(28)	(93)	(79)
Carrying value, end of period	<u>\$ 971</u>	<u>\$ 932</u>	<u>\$ 971</u>	<u>\$ 932</u>

(1) Purchases of residential MSR can be structured with cash hold back provisions, therefore the timing of payment may be made in future periods.

(2) Included in mortgage income. Amounts presented exclude offsetting impact from related derivatives.

(3) Includes both total loan payoffs as well as partial paydowns. Regions' MSR decay methodology is a discounted net cash flow approach.

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

	September 30	
	2024	2023
(Dollars in millions)		
Unpaid principal balance	\$ 68,361	\$ 61,452
Weighted-average CPR (%)	9.0 %	7.7 %
Estimated impact on fair value of a 10% increase	\$ (46)	\$ (59)
Estimated impact on fair value of a 20% increase	\$ (87)	\$ (100)
Option-adjusted spread (basis points)	496	483
Estimated impact on fair value of a 10% increase	\$ (21)	\$ (20)
Estimated impact on fair value of a 20% increase	\$ (43)	\$ (40)
Weighted-average coupon interest rate	3.8 %	3.7 %
Weighted-average remaining maturity (months)	298	303
Weighted-average servicing fee (basis points)	27.3	27.3

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 the residential MSR 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.

Servicing related fees, which include contractually specified servicing fees, late fees and other ancillary income resulting from the servicing of residential mortgage loans totaled \$53 million and \$42 million for the three months ended September 30, 2024 and 2023, respectively and \$143 million and \$119 million for the nine months ended September 30, 2024 and 2023, respectively.

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

Regions is an approved DUS lender. The DUS program provides liquidity to the multi-family housing market. In connection with the DUS program, Regions services commercial mortgage loans, retains commercial MSR and intangible assets associated with the DUS license, and assumes a loss share guarantee associated with the loans. See Note 1 "Summary of Significant Accounting Policies" in the Annual Report on Form 10-K for the year ended December 31, 2023 for additional information. Also see Note 12 for additional information related to the guarantee.

Regions' DUS portfolio of MSR totaled \$86 million and \$87 million at September 30, 2024 and December 31, 2023, respectively. Regions periodically evaluates DUS MSR for impairment based on fair value. The estimated fair value of the DUS MSR was approximately \$108 million at September 30, 2024 and \$109 million at December 31, 2023.

Servicing related fees in connection with the DUS program, which include contractually specified servicing fees, late fees and other ancillary income resulting from the servicing of DUS commercial mortgage loans totaled \$6 million and \$5 million for the three months ended September 30, 2024 and 2023, respectively and \$19 million and \$17 million for the nine months ended September 30, 2024 and 2023.

**NOTE 6. SHAREHOLDERS' EQUITY AND ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)**
**PREFERRED STOCK**

The following table presents a summary of the non-cumulative perpetual preferred stock:

									September 30, 2024	December 31, 2023
	Issuance Date	Earliest Redemption Date	Dividend Rate <sup>(1)</sup>	Liquidation Amount	Liquidation preference per Share	Liquidation preference per Depositary Share	Ownership Interest per Depositary Share	Shares Issued and Outstanding	Carrying Amount	Carrying Amount
(Dollars in millions, except for share and per share amounts)										
Series B <sup>(2)</sup>	4/29/2014	9/15/2024	6.375 %	\$ —	\$ 1,000	\$ 25	1/40th	—	\$ —	\$ 433
Series C	4/30/2019	5/15/2029	5.700 % <sup>(3)</sup>	500	1,000	25	1/40th	500,000	490	490
Series D	6/5/2020	9/15/2025	5.750 % <sup>(4)</sup>	350	100,000	1,000	1/100th	3,500	346	346
Series E	5/4/2021	6/15/2026	4.450 %	400	1,000	25	1/40th	400,000	390	390
Series F	7/29/2024	9/15/2029	6.950 % <sup>(5)</sup>	500	1,000	25	1/40th	500,000	489	—
				<u>\$ 1,750</u>				<u>1,403,500</u>	<u>\$ 1,715</u>	<u>\$ 1,659</u>

(1) Dividends on all series of preferred stock, if declared, accrue and are payable quarterly in arrears.

(2) The shares were fully redeemed on September 16, 2024.

(3) Dividends, if declared, will be paid quarterly at an annual rate equal to (i) for each period beginning prior to August 15, 2029, 5.700%, and (ii) for each period beginning on or after August 15, 2029, three-month CME Term SOFR plus 3.410% which includes a 0.262% spread adjustment for the transition to SOFR in accordance with ISDA protocols.

(4) Dividends, if declared, will be paid quarterly at an annual rate equal to (i) for each period beginning prior to September 15, 2025, 5.750%, and (ii) for each period beginning on or after September 15, 2025, the five-year Treasury rate as of the most recent reset dividend determination date plus 5.426%.

(5) Dividends, if declared, will be paid quarterly at an annual rate equal to (i) for each period beginning prior to September 15, 2024, 6.950% and (ii) for each period beginning on or after September 15, 2029, the five-year Treasury rate as of the most recent reset dividend determination date plus 2.771%.

All series of preferred stock have 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, at any time following a regulatory capital treatment event for the Series C, Series D, Series E, and Series F preferred stock.

The Board of Directors declared cash dividends of \$74 million on Series B, Series C, Series D, and Series E of preferred stock during both the first nine months of 2024 and 2023. The initial quarterly cash dividend for Series F preferred stock was declared in the third quarter of 2024 (representing a partial dividend period) for \$4 million. Therefore, a total of \$78 million in cash dividends on total preferred stock was declared in the first nine months of 2024.

During the third quarter of 2024, Regions issued \$500 million in depositary shares each representing a 1/40th ownership interest in a share of the Company's Non-Cumulative Perpetual Preferred Stock, Series F, par value \$1.00 per share ("Series F preferred stock"), with a liquidation preference of \$1,000 per share of Series F preferred stock (equivalent to \$25.00 per depositary share). The Company incurred \$11 million of issuance costs associated with the transaction.

During the third quarter of 2024, the Company redeemed all 500,000 outstanding shares of Series B non-cumulative perpetual preferred stock and the corresponding depositary fractional shares at par for \$500 million. Upon redemption, additional paid-in-capital was reduced by \$52 million related to Series B preferred dividends that were recorded as a reduction of preferred stock, including related surplus, and net income available to common shareholders was reduced by \$15 million related to issuance costs.

In the event Series C, Series D, Series E, or Series F preferred shares are redeemed in full at their respective liquidation amounts, \$10 million, \$4 million, \$10 million, or \$11 million in excess of the redemption amount over the carrying amount will be recognized, respectively. These excess amounts represent issuance costs that were recorded as reductions to preferred stock, including related surplus, and will be recorded as reductions to net income available to common shareholders.

**COMMON STOCK**

The Company's SCB from the fourth quarter of 2023 through the third quarter of 2024 was 2.5 percent. On June 28, 2024, Regions announced that the Company received its results of the 2024 stress test from the FRB, reflecting that the Company exceeded all minimum capital levels. The Company's preliminary SCB will remain floored at 2.5 percent from the fourth quarter of 2024 through the third quarter of 2025.

On April 20, 2022, the Board authorized the repurchase of up to \$2.5 billion of the Company's common stock, permitting purchases from the second quarter of 2022 through the fourth quarter of 2024. As of September 30, 2024, Regions had repurchased approximately 31 million shares of common stock at a total cost of \$557 million under this plan. All of these shares were immediately retired upon repurchase and therefore were not included in treasury stock.

In the third quarter of 2024, the Board declared a cash dividend of \$0.25 per share, a \$0.01 increase to the quarterly

common stock dividend. The cash dividends declared for the first and second quarters of 2024 were \$0.24 per common share. Therefore, Regions declared total dividends of \$0.73 per common share for the first nine months of 2024 as compared to \$0.64 per common share first nine months of 2023.

### ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following tables present the balances and activity in AOCI on a pre-tax and net of tax basis for the three and nine months ended September 30, 2024 and 2023 :

	Three Months Ended September 30, 2024		
	Pre-tax AOCI Activity	Tax Effect <sup>(1)</sup>	Net AOCI Activity
	(In millions)		
Total accumulated other comprehensive income (loss), beginning of period	\$ (4,379)	\$ 1,114	\$ (3,265)
Unrealized losses on securities transferred to held to maturity:			
Beginning balance	\$ (8)	\$ 1	\$ (7)
Unrealized gains (losses) on securities transferred from available for sale during the period	(436)	111	(325)
Reclassification adjustments for amortization on unrealized losses on securities transferred to held for maturity <sup>(2)</sup>	1	—	1
Change in AOCI from securities held to maturity activity in the period	(435)	111	(324)
Ending balance	\$ (443)	\$ 112	\$ (331)
Unrealized gains (losses) on securities available for sale:			
Beginning balance	\$ (3,074)	\$ 783	\$ (2,291)
Unrealized (gains) losses on securities transferred to held to maturity during the period	436	(111)	325
Unrealized gains (losses) arising during the period	1,168	(298)	870
Reclassification adjustments for securities (gains) losses realized in net income <sup>(3)</sup>	78	(20)	58
Change in AOCI from securities available for sale activity in the period	1,682	(429)	1,253
Ending balance	\$ (1,392)	\$ 354	\$ (1,038)
Unrealized gains (losses) on derivative instruments designated as cash flow hedges:			
Beginning balance	\$ (703)	\$ 179	\$ (524)
Unrealized gains (losses) on derivatives arising during the period	475	(121)	354
Reclassification adjustments for (gains) losses realized in net income <sup>(2)</sup>	110	(28)	82
Change in AOCI from derivative activity in the period	585	(149)	436
Ending balance	\$ (118)	\$ 30	\$ (88)
Defined benefit pension plans and other post employment benefit plans:			
Beginning balance	\$ (594)	\$ 151	\$ (443)
Reclassification adjustments for amortization of actuarial (gains) losses and settlements realized in net income <sup>(4)</sup>	7	(1)	6
Ending balance	\$ (587)	\$ 150	\$ (437)
Total other comprehensive income (loss)	1,839	(468)	1,371
Total accumulated other comprehensive income (loss), end of period	\$ (2,540)	\$ 646	\$ (1,894)

	<b>Three Months Ended September 30, 2023</b>		
	<b>Pre-tax AOCI Activity</b>	<b>Tax Effect <sup>(1)</sup></b>	<b>Net AOCI Activity</b>
	<b>(In millions)</b>		
Total accumulated other comprehensive income (loss), beginning of period	\$ (4,613)	\$ 1,173	\$ (3,440)
<b>Unrealized losses on securities transferred to held to maturity:</b>			
Beginning balance	\$ (10)	\$ 2	\$ (8)
Reclassification adjustments for amortization on unrealized losses <sup>(2)</sup>	—	—	—
Ending balance	<u>\$ (10)</u>	<u>\$ 2</u>	<u>\$ (8)</u>
<b>Unrealized gains (losses) on securities available for sale:</b>			
Beginning balance	\$ (3,328)	\$ 846	\$ (2,482)
Unrealized gains (losses) arising during the period	(798)	203	(595)
Reclassification adjustments for securities (gains) losses realized in net income <sup>(3)</sup>	1	—	1
Change in AOCI from securities available for sale activity in the period	(797)	203	(594)
Ending balance	<u>\$ (4,125)</u>	<u>\$ 1,049</u>	<u>\$ (3,076)</u>
<b>Unrealized gains (losses) on derivative instruments designated as cash flow hedges:</b>			
Beginning balance	\$ (719)	\$ 183	\$ (536)
Unrealized gains (losses) on derivatives arising during the period	(367)	93	(274)
Reclassification adjustments for (gains) losses realized in net income <sup>(2)</sup>	82	(21)	61
Change in AOCI from derivative activity in the period	(285)	72	(213)
Ending balance	<u>\$ (1,004)</u>	<u>\$ 255</u>	<u>\$ (749)</u>
<b>Defined benefit pension plans and other post employment benefit plans:</b>			
Beginning balance	\$ (556)	\$ 142	\$ (414)
Reclassification adjustments for amortization of actuarial (gains) losses and settlements realized in net income <sup>(4)</sup>	14	(3)	11
Ending balance	<u>\$ (542)</u>	<u>\$ 139</u>	<u>\$ (403)</u>
Total other comprehensive income (loss)	(1,068)	272	(796)
Total accumulated other comprehensive income (loss), end of period	<u>\$ (5,681)</u>	<u>\$ 1,445</u>	<u>\$ (4,236)</u>

**Nine Months Ended September 30, 2024**

	<b>Pre-tax AOCI Activity</b>	<b>Tax Effect <sup>(1)</sup></b>	<b>Net AOCI Activity</b>
	<b>(In millions)</b>		
Total accumulated other comprehensive income (loss), beginning of period	\$ (3,773)	\$ 961	\$ (2,812)
<b>Unrealized losses on securities transferred to held to maturity:</b>			
Beginning balance	\$ (9)	\$ 1	\$ (8)
Unrealized gains (losses) on securities transferred from available for sale during the period	(436)	111	(325)
Reclassification adjustments for amortization on unrealized losses on securities transferred to held for maturity <sup>(2)</sup>	2	—	2
Change in AOCI from securities held to maturity activity in the period	(434)	111	(323)
Ending balance	<u>\$ (443)</u>	<u>\$ 112</u>	<u>\$ (331)</u>
<b>Unrealized gains (losses) on securities available for sale:</b>			
Beginning balance	\$ (2,759)	\$ 703	\$ (2,056)
Unrealized (gains) losses on securities transferred to held to maturity during the period	436	(111)	325
Unrealized gains (losses) arising during the period	753	(193)	560
Reclassification adjustments for securities (gains) losses realized in net income <sup>(3)</sup>	178	(45)	133
Change in AOCI from securities available for sale activity in the period	1,367	(349)	1,018
Ending balance	<u>\$ (1,392)</u>	<u>\$ 354</u>	<u>\$ (1,038)</u>
<b>Unrealized gains (losses) on derivative instruments designated as cash flow hedges:</b>			
Beginning balance	\$ (399)	\$ 102	\$ (297)
Unrealized gains (losses) on derivatives arising during the period	(62)	16	(46)
Reclassification adjustments for (gains) losses realized in net income <sup>(2)</sup>	343	(88)	255
Change in AOCI from derivative activity in the period	281	(72)	209
Ending balance	<u>\$ (118)</u>	<u>\$ 30</u>	<u>\$ (88)</u>
<b>Defined benefit pension plans and other post employment benefit plans:</b>			
Beginning balance	\$ (606)	\$ 155	\$ (451)
Reclassification adjustments for amortization of actuarial (gains) losses and settlements realized in net income <sup>(4)</sup>	19	(5)	14
Ending balance	<u>\$ (587)</u>	<u>\$ 150</u>	<u>\$ (437)</u>
Total other comprehensive income (loss)	<u>1,233</u>	<u>(315)</u>	<u>918</u>
Total accumulated other comprehensive income (loss), end of period	<u>\$ (2,540)</u>	<u>\$ 646</u>	<u>\$ (1,894)</u>

	Nine Months Ended September 30, 2023		
	Pre-tax AOCI Activity	Tax Effect <sup>(1)</sup>	Net AOCI Activity
	(In millions)		
Total accumulated other comprehensive income (loss), beginning of period	\$ (4,481)	\$ 1,138	\$ (3,343)
Unrealized losses on securities transferred to held to maturity:			
Beginning balance	\$ (11)	\$ 2	\$ (9)
Reclassification adjustments for amortization on unrealized losses <sup>(2)</sup>	1	—	1
Ending balance	<u>\$ (10)</u>	<u>\$ 2</u>	<u>\$ (8)</u>
Unrealized gains (losses) on securities available for sale:			
Beginning balance	\$ (3,433)	\$ 872	\$ (2,561)
Unrealized gains (losses) arising during the period	(695)	177	(518)
Reclassification adjustments for securities (gains) losses realized in net income <sup>(3)</sup>	3	—	3
Change in AOCI from securities available for sale activity in the period	(692)	177	(515)
Ending balance	<u>\$ (4,125)</u>	<u>\$ 1,049</u>	<u>\$ (3,076)</u>
Unrealized gains (losses) on derivative instruments designated as cash flow hedges:			
Beginning balance	\$ (468)	\$ 119	\$ (349)
Unrealized gains (losses) on derivatives arising during the period	(665)	169	(496)
Reclassification adjustments for (gains) losses realized in net income <sup>(2)</sup>	129	(33)	96
Change in AOCI from derivative activity in the period	(536)	136	(400)
Ending balance	<u>\$ (1,004)</u>	<u>\$ 255</u>	<u>\$ (749)</u>
Defined benefit pension plans and other post employment benefit plans:			
Beginning balance	\$ (569)	\$ 145	\$ (424)
Reclassification adjustments for amortization of actuarial (gains) losses and settlements realized in net income <sup>(4)</sup>	27	(6)	21
Ending balance	<u>\$ (542)</u>	<u>\$ 139</u>	<u>\$ (403)</u>
Total other comprehensive income (loss)	(1,200)	307	(893)
Total accumulated other comprehensive income (loss), end of period	<u>\$ (5,681)</u>	<u>\$ 1,445</u>	<u>\$ (4,236)</u>

- (1) The impact of all AOCI activity is shown net of the related tax impact, calculated using an effective tax rate of approximately 25 percent.
- (2) Reclassification amount is recognized in net interest income in the consolidated statements of income.
- (3) Reclassification amount is recognized in securities gains (losses), net in the consolidated statements of income.
- (4) Reclassification amount is recognized in other non-interest expense in the consolidated statements of income. Additionally, these accumulated other comprehensive income (loss) components are included in the computation of net periodic pension cost (see Note 8 for additional details).

## NOTE 7. EARNINGS PER COMMON SHARE

The following table sets forth the computation of basic earnings per common share and diluted earnings per common share:

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
	(In millions, except per share data)			
Numerator:				
Net income	\$ 490	\$ 490	\$ 1,359	\$ 1,683
Preferred stock dividends and other <sup>(1)</sup>	(44)	(25)	(93)	(74)
Net income available to common shareholders	<u>\$ 446</u>	<u>\$ 465</u>	<u>\$ 1,266</u>	<u>\$ 1,609</u>
Denominator:				
Weighted-average common shares outstanding—basic	\$ 914	\$ 939	\$ 917	\$ 938
Potential common shares	4	1	2	2
Weighted-average common shares outstanding—diluted	<u>\$ 918</u>	<u>\$ 940</u>	<u>\$ 919</u>	<u>\$ 940</u>
Earnings per common share:				
Basic	\$ 0.49	\$ 0.49	\$ 1.38	\$ 1.72
Diluted	0.49	0.49	\$ 1.38	\$ 1.71

- (1) Preferred stock dividends and other for the three and nine months ended September 30, 2024 included \$15 million of issuance costs associated with the redemption of Series B preferred shares in the third quarter of 2024. See Note 6 for additional information.

The effects from the assumed exercise of 4 million and 5 million in restricted stock units and awards and performance stock units for the three and nine months ended September 30, 2024, respectively, were not included in the above computations

of diluted earnings per common share because such amounts would have had an antidilutive effect on earnings per common share.

The effects from the assumed exercise of 7 million and 6 million in restricted stock units and awards and performance stock units for the three and nine months ended September 30, 2023, respectively, were not included in the above computations of diluted earnings per common share because such amounts would have had an antidilutive effect on earnings per common share.

**NOTE 8. PENSION AND OTHER POSTRETIREMENT BENEFITS**

Regions' defined benefit pension plans cover certain employees as the pension plans are closed to new entrants. The Company also sponsors a SERP, which is a non-qualified pension plan that provides certain senior executive officers defined benefits in relation to their compensation.

Net periodic pension cost included the following components:

	Three Months Ended September 30					
	Qualified Plans		Non-qualified Plans		Total	
	2024	2023	2024	2023	2024	2023
	(In millions)					
Service cost	\$ 6	\$ 6	\$ —	\$ —	\$ 6	\$ 6
Interest cost	21	22	2	2	23	24
Expected return on plan assets	(31)	(30)	—	—	(31)	(30)
Amortization of actuarial loss	7	5	—	2	7	7
Settlement charge	—	—	—	7	—	7
Net periodic pension cost	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 2</u>	<u>\$ 11</u>	<u>\$ 5</u>	<u>\$ 14</u>
	(In millions)					
	(In millions)					
	Nine Months Ended September 30					
	Qualified Plans		Non-qualified Plans		Total	
	2024	2023	2024	2023	2024	2023

The service cost component of net periodic pension cost is recorded in salaries and employee benefits on the consolidated statements of income. Components other than service cost are recorded in other non-interest expense on the consolidated statements of income.

The 2023 settlement charge related to the settlement of liabilities under the SERP for certain plan participants.

Regions' funding policy for the qualified plans is to contribute annually at least the amount required by IRS minimum funding standards. Regions made no contributions to qualified plans during the nine months ended September 30, 2024.

Regions also provides other postretirement benefits, such as defined benefit health care plans and life insurance plans, that cover certain retired employees. There was no material impact from other postretirement benefits on the consolidated financial statements for the nine months ended September 30, 2024 or 2023.



**NOTE 9. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES**

The following tables present the notional amount and estimated fair value of derivative instruments.

	September 30, 2024			December 31, 2023		
	Notional Amount <sup>(1)</sup>	Estimated Fair Value		Notional Amount	Estimated Fair Value	
		Gain <sup>(1)</sup>	Loss <sup>(1)</sup>		Gain <sup>(1)</sup>	Loss <sup>(1)</sup>
(In millions)						
Derivatives in fair value hedging relationships:						
Interest rate swaps	\$ 4,934	\$ 4	\$ 85	\$ 2,975	\$ 1	\$ 121
Derivatives in cash flow hedging relationships:						
Interest rate swaps	32,300	101	307	29,550	43	580
Interest rate options	2,000	12	6	2,000	21	13
Total derivatives in cash flow hedging relationships	34,300	113	313	31,550	64	593
Total derivatives designated as hedging instruments	<u>\$ 39,234</u>	<u>\$ 117</u>	<u>\$ 398</u>	<u>\$ 34,525</u>	<u>\$ 65</u>	<u>\$ 714</u>
Derivatives not designated as hedging instruments:						
Interest rate swaps	\$ 99,981	\$ 1,330	\$ 1,258	\$ 99,892	\$ 1,769	\$ 1,718
Interest rate options	12,151	40	27	13,497	66	57
Interest rate futures and forward commitments	1,376	7	2	655	7	12
Other contracts	12,497	146	123	12,007	198	190
Total derivatives not designated as hedging instruments	<u>\$ 126,006</u>	<u>\$ 1,523</u>	<u>\$ 1,410</u>	<u>\$ 126,051</u>	<u>\$ 2,040</u>	<u>\$ 1,977</u>
Total derivatives	<u>\$ 165,240</u>	<u>\$ 1,640</u>	<u>\$ 1,808</u>	<u>\$ 160,576</u>	<u>\$ 2,105</u>	<u>\$ 2,691</u>
Total gross derivative instruments, before netting		\$ 1,640	\$ 1,808		\$ 2,105	\$ 2,691
Less: Netting adjustments <sup>(2)</sup>		1,434	1,124		2,029	1,560
Total gross derivative instruments, after netting		<u>\$ 206</u>	<u>\$ 684</u>		<u>\$ 76</u>	<u>\$ 1,131</u>

(1) Derivatives in a gain position are recorded as other assets and derivatives in a loss position are recorded as other liabilities on the consolidated balance sheets. Includes accrued interest as applicable. The table reflects net notional presentation and gross asset and liability presentation to capture the economic impact of the trades.

(2) Netting adjustments represent amounts recorded to convert derivative assets and derivative liabilities from a gross basis to a net basis in accordance with applicable accounting guidance. The net basis takes into account the impact of cash collateral received or posted, legally enforceable master netting agreements, and variation margin that allow Regions to settle derivative contracts with the counterparty on a net basis and to offset the net position with the related cash collateral. Cash collateral, all of which is included as a netting adjustment, totaled \$120 million and \$243 million for derivative assets at September 30, 2024 and December 31, 2023, respectively. Cash collateral totaled \$67 million and \$43 million for derivative liabilities at September 30, 2024 and December 31, 2023, respectively.

**HEDGING DERIVATIVES**

Derivatives entered into to manage interest rate risk and facilitate asset/liability management strategies are designated as hedging derivatives. Derivative financial instruments that qualify in a hedging relationship are classified, based on the exposure being hedged, as either fair value hedges or cash flow hedges. See Note 1 "Summary of Significant Accounting Policies" in the Annual Report on Form 10-K for the year ended December 31, 2023 for additional information regarding accounting policies for derivatives.

**FAIR VALUE HEDGES**

Fair value hedge relationships mitigate exposure to the change in fair value of an asset, liability or firm commitment.

Regions enters into interest rate swap agreements to manage interest rate exposure on the Company's fixed-rate borrowings and time deposits. These agreements involve the receipt of fixed-rate amounts in exchange for floating-rate interest payments over the life of the agreements. Regions also enters into interest rate swap agreements to manage interest rate exposure on certain of the Company's fixed-rate prepayable and non-prepayable debt securities available for sale. These agreements involve the payment of fixed-rate amounts in exchange for floating-rate interest receipts.

**CASH FLOW HEDGES**

Cash flow hedge relationships mitigate exposure to the variability of future cash flows or other forecasted transactions.

Regions enters into interest rate swaps, options (e.g., floors, caps and collars), and agreements with a combination of these instruments to manage overall cash flow changes related to interest rate risk exposure on variable rate loans. The agreements effectively modify the Company's exposure to interest rate risk by utilizing receive fixed/pay SOFR interest rate swaps and interest rate options. As of September 30, 2024, Regions was hedging its exposure to the variability in future cash flows into 2031.

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As of September 30, 2024, cash flow hedges were held at a pre-tax net loss of \$118 million, which includes pre-tax net gains of \$43 million related to terminated cash flow floors and swaps. Regions expects to reclassify into earnings approximately \$138 million in pre-tax losses due to the net receipt/ payment of interest and amortization on all cash flow hedges within the next twelve months. Included in this amount is \$39 million in pre-tax net gains related to the amortization of terminated cash flow floors and swaps.

The following tables present the effect of hedging derivative instruments on the consolidated statements of income and the total amounts for the respective line items affected:

	<b>Three Months Ended September 30, 2024</b>			
	<b>Interest Income</b>	<b>Interest Income</b>	<b>Interest Expense</b>	<b>Interest Expense</b>
	<b>Debt securities</b>	<b>Loans, including fees</b>	<b>Long-term borrowings</b>	<b>Deposits</b>
	<b>(In millions)</b>			
Total income (expense) presented in the consolidated statements of income	\$ 241	\$ 1,463	\$ (85)	\$ (507)
<b>Gains/(losses) on fair value hedging relationships:</b>				
<b>Interest rate contracts:</b>				
Amounts related to interest settlements on derivatives	\$ 2	\$ —	\$ (18)	\$ —
Recognized on derivatives	(8)	—	39	1
Recognized on hedged items	9	—	(39)	(1)
Income (expense) recognized on fair value hedges	<u>\$ 3</u>	<u>\$ —</u>	<u>\$ (18)</u>	<u>\$ —</u>
<b>Gains/(losses) on cash flow hedging relationships: <sup>(1)</sup></b>				
<b>Interest rate contracts:</b>				
Realized gains (losses) reclassified from AOCI into net income <sup>(2)</sup>	\$ —	\$ (110)	\$ —	\$ —
Income (expense) recognized on cash flow hedges	<u>\$ —</u>	<u>\$ (110)</u>	<u>\$ —</u>	<u>\$ —</u>

	<b>Three Months Ended September 30, 2023</b>		
	<b>Interest Income</b>	<b>Interest Income</b>	<b>Interest Expense</b>
	<b>Debt securities</b>	<b>Loans, including fees</b>	<b>Long-term borrowings</b>
	<b>(In millions)</b>		
Total income (expense) presented in the consolidated statements of income	\$ 185	\$ 1,462	\$ (69)
<b>Gains/(losses) on fair value hedging relationships:</b>			
<b>Interest rate contracts:</b>			
Amounts related to interest settlements on derivatives	\$ —	\$ —	\$ (18)
Recognized on derivatives	—	—	(3)
Recognized on hedged items	—	—	3
Income (expense) recognized on fair value hedges	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (18)</u>
<b>Gains/(losses) on cash flow hedging relationships: <sup>(1)</sup></b>			
<b>Interest rate contracts:</b>			
Realized gains (losses) reclassified from AOCI into net income <sup>(2)</sup>	\$ —	\$ (82)	\$ —
Income (expense) recognized on cash flow hedges	<u>\$ —</u>	<u>\$ (82)</u>	<u>\$ —</u>

	Nine Months Ended September 30, 2024			
	Interest Income	Interest Income	Interest Expense	Interest Expense
	Debt securities	Loans, including fees	Long-term borrowings	Deposits
	(In millions)			
Total income (expense) presented in the consolidated statements of income	\$ 669	\$ 4,316	\$ (190)	\$ (1,504)
Gains/(losses) on fair value hedging relationships:				
Interest rate contracts:				
Amounts related to interest settlements on derivatives	\$ 7	\$ —	\$ (52)	(1)
Recognized on derivatives	(2)	—	45	—
Recognized on hedged items	2	—	(45)	—
Income (expense) recognized on fair value hedges	<u>\$ 7</u>	<u>\$ —</u>	<u>\$ (52)</u>	<u>\$ (1)</u>
Gains/(losses) on cash flow hedging relationships: <sup>(1)</sup>				
Interest rate contracts:				
Realized gains (losses) reclassified from AOCI into net income <sup>(2)</sup>	\$ —	\$ (343)	\$ —	\$ —
Income (expense) recognized on cash flow hedges	<u>\$ —</u>	<u>\$ (343)</u>	<u>\$ —</u>	<u>\$ —</u>

	Nine Months Ended September 30, 2023		
	Interest Income	Interest Expense	
	Debt securities	Loans, including fees	Long-term borrowings
	(In millions)		
Total income (expense) presented in the consolidated statements of income	\$ 557	\$ 4,276	\$ (165)
Gains/(losses) on fair value hedging relationships:			
Interest rate contracts:			
Amounts related to interest settlements on derivatives	\$ —	\$ —	\$ (47)
Recognized on derivatives	—	—	6
Recognized on hedged items	—	—	(6)
Income (expense) recognized on fair value hedges	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (47)</u>
Gains/(losses) on cash flow hedging relationships: <sup>(1)</sup>			
Interest rate contracts:			
Realized gains (losses) reclassified from AOCI into net income <sup>(2)</sup>	\$ —	\$ (129)	\$ —
Income (expense) recognized on cash flow hedges	<u>\$ —</u>	<u>\$ (129)</u>	<u>\$ —</u>

(1) See Note 6 for gain or (loss) recognized for cash flow hedges in AOCI.

(2) Pre-tax

The following tables present the carrying amount and associated cumulative basis adjustment related to the application of hedge accounting that is included in the carrying amount of hedged assets and liabilities in fair value hedging relationships.

	September 30, 2024		December 31, 2023	
	Hedged Items Currently Designated		Hedged Items Currently Designated	
	Carrying Amount of Assets/(Liabilities)	Hedge Accounting Basis Adjustment	Carrying Amount of Assets/(Liabilities)	Hedge Accounting Basis Adjustment
	(In millions)		(In millions)	
Debt securities available for sale <sup>(1)(2)</sup>	\$ 1,754	\$ 7	\$ 1,653	\$ 5
Long-term borrowings	(3,081)	68	(1,286)	112
Time deposits	(10)	—	(252)	—

(1) At December 31, 2023, the Company designated interest rate swaps as fair value hedges of debt securities available for sale under the portfolio layer method under which the Company designated \$1.0 billion as the hedged amount from a closed portfolio of prepayable financial assets with a carrying amount of \$1.3 billion.

(2) Carrying amount represents amortized cost.

## DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS

The Company holds a portfolio of interest rate swaps, option contracts, and futures and forward commitments that result from transactions with its commercial customers in which they manage their risks by entering into a derivative with Regions. The Company monitors and manages the net risk in this customer portfolio and enters into separate derivative contracts in order to reduce the overall exposure to pre-defined limits. For both derivatives with its end customers and derivatives Regions enters into to mitigate the risk in this portfolio, the Company is subject to market risk and the risk that the counterparty will default. The contracts in this portfolio are not designated as accounting hedges and are marked-to market through earnings (in capital markets income) and included in other assets and other liabilities, as appropriate.

Regions enters into interest rate lock commitments, which are commitments to originate mortgage loans whereby the interest rate on the loan is determined prior to funding and the customers have locked into that interest rate. At September 30, 2024 and December 31, 2023, Regions had \$173 million and \$124 million, respectively, in total notional amount of interest rate lock commitments. Regions manages market risk on interest rate lock commitments and mortgage loans held for sale with corresponding forward sale commitments. Residential mortgage loans held for sale are recorded at fair value with changes in fair value recorded in mortgage income. Commercial mortgage loans held for sale are recorded at either the lower of cost or market or at fair value based on management's election. At September 30, 2024 and December 31, 2023, Regions had \$358 million and \$267 million, respectively, in total notional amounts related to these forward sale commitments. Changes in mark-to-market from both interest rate lock commitments and corresponding forward sale commitments related to residential mortgage loans are included in mortgage income. Changes in mark-to-market from both interest rate lock commitments and corresponding forward sale commitments related to commercial mortgage loans are included in capital markets income.

Regions elected to account for residential MSRs at fair value with any changes to fair value recorded in mortgage income. Concurrent with the election to use the fair value measurement method, Regions uses various derivative instruments in the form of forward rate commitments, futures contracts, swaps and swaptions to mitigate the effect of changes in the fair value of its residential MSRs in its consolidated statements of income. As of September 30, 2024 and December 31, 2023, the total notional amount related to these contracts was \$3.6 billion and \$3.3 billion, respectively.

The following table presents the location and amount of gain or (loss) recognized in income on derivatives not designated as hedging instruments in the consolidated statements of income for the periods presented below:

Derivatives Not Designated as Hedging Instruments	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
	(In millions)			
Capital markets income:				
Interest rate swaps	\$ 3	\$ 16	\$ 18	\$ (8)
Interest rate options	15	14	38	35
Interest rate futures and forward commitments	4	2	18	10
Other contracts	12	4	17	10
Total capital markets income	34	36	91	47
Mortgage income:				
Interest rate swaps	26	(38)	3	(38)
Interest rate options	(1)	(1)	(2)	—
Interest rate futures and forward commitments	3	(4)	11	(4)
Total mortgage income	28	(43)	12	(42)
	\$ 62	\$ (7)	\$ 103	\$ 5

## CREDIT DERIVATIVES

Regions has both bought and sold credit protection in the form of participations on interest rate swaps (swap participations). These swap participations, which meet the definition of credit derivatives, were entered into in the ordinary course of business to serve the credit needs of customers. Swap participations, whereby Regions has purchased credit protection, entitle Regions to receive a payment from the counterparty if the customer fails to make payment on any amounts due to Regions upon early termination of the swap transaction and have maturities between 2024 and 2030. Swap participations, whereby Regions has sold credit protection have maturities between 2024 and 2035. For contracts where Regions sold credit protection, Regions would be required to make payment to the counterparty if the customer fails to make payment on any amounts due to the counterparty upon early termination of the swap transaction. Regions bases the current status of the prepayment/performance risk on bought and sold credit derivatives on recently issued internal risk ratings consistent with the risk management practices of unfunded commitments.

Regions' maximum potential amount of future payments under these contracts as of September 30, 2024 was approximately \$334 million. This scenario occurs if variable interest rates were at zero percent and all counterparties defaulted with zero recovery. The fair value of sold protection at September 30, 2024 and 2023 was immaterial. In transactions where

Regions has sold credit protection, recourse to collateral associated with the original swap transaction is available to offset some or all of Regions' obligation.

## CONTINGENT FEATURES

Certain of Regions' derivative instrument contracts with broker-dealers contain credit-related termination provisions and/or credit-related provisions regarding the posting of collateral, allowing those broker-dealers to terminate the contracts in the event that Regions' and/or Regions Bank's credit ratings falls below specified ratings from certain major credit rating agencies. The aggregate fair values of all derivative instruments with any credit-risk-related contingent features that were in a liability position on September 30, 2024 and December 31, 2023, were \$45 million and \$29 million, respectively, for which Regions had posted collateral of \$43 million and \$32 million, respectively, in the normal course of business.

## NOTE 10. FAIR VALUE MEASUREMENTS

See Note 1 "Summary of Significant Accounting Policies" to the consolidated financial statements of the Annual Report on Form 10-K for the year ended December 31, 2023 for a description of valuation methodologies for assets and liabilities measured at fair value on a recurring and non-recurring basis. Assets and liabilities measured at fair value rarely transfer between Level 1 and Level 2 measurements. Marketable equity securities and debt securities available for sale may be periodically transferred to or from Level 3 valuation based on management's conclusion regarding the observability of inputs used in valuing the securities. Such transfers are accounted for as if they occur at the beginning of a reporting period.

The following table presents assets and liabilities measured at estimated fair value on a recurring basis:

	September 30, 2024				December 31, 2023			
	Level 1	Level 2	Level 3 <sup>(1)</sup>	Total Estimated Fair Value	Level 1	Level 2	Level 3 <sup>(1)</sup>	Total Estimated Fair Value
(In millions)								
<b>Recurring fair value measurements</b>								
Debt securities available for sale:								
U.S. Treasury securities	\$ 2,046	\$ —	\$ —	\$ 2,046	\$ 1,223	\$ —	\$ —	\$ 1,223
Federal agency securities	—	457	—	457	—	1,043	—	1,043
Obligations of states and political subdivisions	—	2	—	2	—	2	—	2
Mortgage-backed securities:								
Residential agency	—	20,459	—	20,459	—	17,372	—	17,372
Commercial agency	—	4,922	—	4,922	—	7,307	—	7,307
Commercial non-agency	—	85	—	85	—	83	—	83
Corporate and other debt securities	—	724	3	727	—	1,073	1	1,074
<b>Total debt securities available for sale</b>	<b>\$ 2,046</b>	<b>\$ 26,649</b>	<b>\$ 3</b>	<b>\$ 28,698</b>	<b>\$ 1,223</b>	<b>\$ 26,880</b>	<b>\$ 1</b>	<b>\$ 28,104</b>
Loans held for sale	\$ —	\$ 255	\$ —	\$ 255	\$ —	\$ 201	\$ —	\$ 201
Marketable equity securities in other earning assets	\$ 804	\$ —	\$ —	\$ 804	\$ 813	\$ —	\$ —	\$ 813
Residential mortgage servicing rights	\$ —	\$ —	\$ 971	\$ 971	\$ —	\$ —	\$ 906	\$ 906
Derivative assets <sup>(2)</sup> :								
Interest rate swaps	\$ —	\$ 1,435	\$ —	\$ 1,435	\$ —	\$ 1,813	\$ —	\$ 1,813
Interest rate options	—	41	11	52	—	83	4	87
Interest rate futures and forward commitments	—	7	—	7	—	7	—	7
Other contracts	12	134	—	146	—	198	—	198
<b>Total derivative assets</b>	<b>\$ 12</b>	<b>\$ 1,617</b>	<b>\$ 11</b>	<b>\$ 1,640</b>	<b>\$ —</b>	<b>\$ 2,101</b>	<b>\$ 4</b>	<b>\$ 2,105</b>
Derivative liabilities <sup>(2)</sup> :								
Interest rate swaps	\$ —	\$ 1,650	\$ —	\$ 1,650	\$ —	\$ 2,419	\$ —	\$ 2,419
Interest rate options	—	33	—	33	—	70	—	70
Interest rate futures and forward commitments	—	2	—	2	—	12	—	12
Other contracts	—	123	—	123	—	189	1	190
<b>Total derivative liabilities</b>	<b>\$ —</b>	<b>\$ 1,808</b>	<b>\$ —</b>	<b>\$ 1,808</b>	<b>\$ —</b>	<b>\$ 2,690</b>	<b>\$ 1</b>	<b>\$ 2,691</b>

(1) All following disclosures related to Level 3 recurring assets do not include those deemed to be immaterial.

(2) As permitted under U.S. GAAP, variation margin collateral payments made or received for derivatives that are centrally cleared are legally characterized as settled. As such, these derivative assets and derivative liabilities and the related variation margin collateral are presented on a net basis on the balance sheet.

Assets and liabilities in all levels could result in volatile and material price fluctuations. Realized and unrealized gains and losses on Level 3 assets represent only a portion of the risk to market fluctuations in Regions' consolidated balance sheets. See Note 5 for a reconciliation of beginning and ending balances of residential MSRs for the three and nine months ended September 30, 2024 and 2023.

RECURRING FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS

Residential mortgage servicing rights

The significant unobservable inputs used in the fair value measurement of residential MSRs are OAS and CPR. This valuation requires generating cash flow projections over multiple interest rate scenarios and discounting those cash flows at a risk-adjusted rate. Additionally, the impact of prepayments and changes in the OAS are based on a variety of underlying inputs including servicing costs. Increases or decreases to the underlying cash flow inputs will have a corresponding impact on the value of the MSR asset. The net change in unrealized gains (losses) included in earnings related to MSRs held at period end are disclosed as the changes in valuation inputs or assumptions included in the MSR rollforward table in Note 5 .

The following tables present detailed information regarding material assets and liabilities measured at fair value using significant unobservable inputs (Level 3) as of September 30, 2024 and December 31, 2023. The tables include the valuation techniques and the significant unobservable inputs utilized. The range of each significant unobservable input as well as the weighted-average within the range utilized at September 30, 2024 and December 31, 2023 are included. Following the tables are descriptions of the valuation techniques and the sensitivity of the techniques to changes in the significant unobservable inputs.

September 30, 2024				
Level 3 Estimated Fair Value	Valuation Technique	Unobservable Input(s)	Quantitative Range of Unobservable Inputs and (Weighted-Average)	
(Dollars in millions)				
<b>Recurring fair value measurements:</b>				
Residential mortgage servicing rights <sup>(1)</sup>	\$971	Discounted cash flow	Weighted-average CPR (%)	4.5% - 35.4% (9.0%)
			OAS (%)	4.7% - 7.7% (5.0%)

(1) See Note 5 for additional disclosures related to assumptions used in the fair value calculation for residential mortgage servicing rights.

December 31, 2023				
Level 3 Estimated Fair Value	Valuation Technique	Unobservable Input(s)	Quantitative Range of Unobservable Inputs and (Weighted-Average)	
(Dollars in millions)				
<b>Recurring fair value measurements:</b>				
Residential mortgage servicing rights <sup>(1)</sup>	\$906	Discounted cash flow	Weighted-average CPR (%)	5.6% - 21.5% (8.2%)
			OAS (%)	4.5% - 8.2% (4.8%)

(1) See Note 6 to the consolidated financial statements of the Annual Report on Form 10-K for the year ended December 31, 2023 for additional disclosures related to assumptions used in the fair value calculation for residential mortgage servicing rights.

**FAIR VALUE OPTION**

The Company has elected the option to measure certain commercial and industrial loans held for sale at fair value, as these loans are actively traded in the secondary market. The Company is able to obtain fair value estimates for substantially all of these loans through a third party valuation service that is broadly used by market participants. While most of the loans are traded in the market, the volume and level of trading activity is subject to variability and the loans are not exchange-traded. The balance of these loans held for sale was immaterial at September 30, 2024 and December 31, 2023.

Regions has elected the fair value option for all eligible agency residential first mortgage loans originated with the intent to sell. This election allows for a more effective offset of the changes in fair values of the loans and the derivative instruments used to economically hedge them without the burden of complying with the requirements for hedge accounting. Fair values of residential first mortgage loans held for sale are based on traded market prices of similar assets where available and/or discounted cash flows at market interest rates, adjusted for securitization activities that include servicing values and market conditions, and are recorded in loans held for sale. At September 30, 2024, the aggregate fair value of these loans totaled \$248 million compared to aggregate unpaid principal of \$243 million. At December 31, 2023, the aggregate fair value of these loans totaled \$184 million compared to aggregate unpaid principal of \$177 million.

Interest income on mortgage loans held for sale is recognized based on contractual rates and is reflected in interest income on loans held for sale. Net gains and losses resulting from changes in fair value of residential mortgage loans held for sale, which were recorded in mortgage income in the consolidated statements of income during the three and nine months ended September 30, 2024 and 2023, were immaterial. These changes in fair value are mostly offset by economic hedging activities. An immaterial portion of these amounts was attributable to changes in instrument-specific credit risk.

## NON-RECURRING FAIR VALUE MEASUREMENTS

Items measured at fair value on a non-recurring basis include loans held for sale for which the fair value option has not been elected, foreclosed property and other real estate and equity investments without a readily determinable fair value; all of which may be considered either Level 2 or Level 3 valuation measurements. Non-recurring fair value adjustments related to loans held for sale, foreclosed property and other real estate are typically a result of the application of lower of cost or fair value accounting during the period. Non-recurring fair value adjustments related to equity investments without readily determinable fair values are the result of impairments or price changes from observable transactions. The balances of each of these assets, as well as the related fair value adjustments during the periods, were immaterial at both September 30, 2024 and December 31, 2023.

## FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts and estimated fair values, as well as the level within the fair value hierarchy, of the Company's financial instruments as of September 30, 2024 are as follows:

	September 30, 2024				
	Carrying Amount	Estimated Fair Value <sup>(1)</sup>	(In millions)		
			Level 1	Level 2	Level 3
<b>Financial assets:</b>					
Cash and cash equivalents	\$ 10,521	\$ 10,521	\$ 10,521	\$ —	\$ —
Debt securities held to maturity	2,787	2,759	—	2,759	—
Debt securities available for sale	28,698	28,698	2,046	26,649	3
Loans held for sale	522	522	—	509	13
Loans (excluding leases), net of unearned income and allowance for loan losses <sup>(2)(3)</sup>	93,359	90,562	—	—	90,562
Other earning assets	1,625	1,625	804	821	—
Derivative assets	1,640	1,640	12	1,617	11
<b>Financial liabilities:</b>					
Derivative liabilities	1,808	1,808	—	1,808	—
Deposits with no stated maturity <sup>(4)</sup>	110,692	110,692	—	110,692	—
Time deposits <sup>(4)</sup>	15,684	15,673	—	15,673	—
Short-term borrowings	1,500	1,500	—	1,500	—
Long-term borrowings	6,016	6,147	—	6,146	1
Loan commitments and letters of credit	154	154	—	—	154

- (1) Estimated fair values are consistent with an exit price concept. The assumptions used to estimate the fair values are intended to approximate those that a market participant would use in a hypothetical orderly transaction. In estimating fair value, the Company makes adjustments for estimated changes in interest rates, market liquidity and credit spreads in the periods they are deemed to have occurred.
- (2) The estimated fair value of portfolio loans assumes sale of the loans to a third-party financial investor. Accordingly, the value to the Company if the loans were held to maturity is not reflected in the fair value estimate. The fair value discount on the loan portfolio's net carrying amount at September 30, 2024 was \$2.8 billion or 3.0 percent.
- (3) Excluded from this table is the sales-type, direct financing, and leveraged lease carrying amount of \$1.8 billion at September 30, 2024.
- (4) The fair value of non-interest-bearing demand accounts, interest-bearing checking accounts, savings accounts, and money market accounts is the amount payable on demand at the reporting date (i.e., the carrying amount) as these instruments have an indeterminate maturity date. Fair values for time deposits are estimated by using discounted cash flow analyses, based on market spreads to benchmark rates.

The carrying amounts and estimated fair values, as well as the level within the fair value hierarchy, of the Company's financial instruments as of December 31, 2023 are as follows:

	December 31, 2023				
	Carrying Amount	Estimated Fair Value <sup>(1)</sup>	Level 1	Level 2	Level 3
			(In millions)		
<b>Financial assets:</b>					
Cash and cash equivalents	\$ 6,801	\$ 6,801	\$ 6,801	\$ —	\$ —
Debt securities held to maturity	754	716	—	716	—
Debt securities available for sale	28,104	28,104	1,223	26,880	1
Loans held for sale	400	400	—	397	3
Loans (excluding leases), net of unearned income and allowance for loan losses <sup>(2)(3)</sup>	95,141	91,352	—	—	91,352
Other earning assets	1,417	1,417	813	604	—
Derivative assets	2,105	2,105	—	2,101	4
<b>Financial liabilities:</b>					
Derivative liabilities	2,691	2,691	—	2,690	1
Deposits with no stated maturity <sup>(4)</sup>	112,816	112,816	—	112,816	—
Time deposits <sup>(4)</sup>	14,972	14,905	—	14,905	—
Long-term borrowings	2,330	2,319	—	2,318	1
Loan commitments and letters of credit	156	156	—	—	156

- (1) Estimated fair values are consistent with an exit price concept. The assumptions used to estimate the fair values are intended to approximate those that a market participant would use in a hypothetical orderly transaction. In estimating fair value, the Company makes adjustments for estimated changes in interest rates, market liquidity and credit spreads in the periods they are deemed to have occurred.
- (2) The estimated fair value of portfolio loans assumes sale of the loans to a third-party financial investor. Accordingly, the value to the Company if the loans were held to maturity is not reflected in the fair value estimate. The fair value discount on the loan portfolio's net carrying amount at December 31, 2023 was \$3.8 billion or 4.0 percent.
- (3) Excluded from this table is the sales-type, direct financing, and leveraged lease carrying amount of \$1.7 billion at December 31, 2023.
- (4) The fair value of non-interest-bearing demand accounts, interest-bearing checking accounts, savings accounts, and money market accounts is the amount payable on demand at the reporting date (i.e., the carrying amount) as these instruments have an indeterminate maturity date. Fair values for time deposits are estimated by using discounted cash flow analyses, based on market spreads to benchmark rates.

**NOTE 11. BUSINESS SEGMENT INFORMATION**

Each of Regions' reportable segments is a strategic business unit that serves specific needs of Regions' customers based on the products and services provided. The segments are based on the manner in which management views the financial performance of the business. The Company has three reportable segments: Corporate Bank, Consumer Bank, and Wealth Management, with the remainder in Other. Additional information about the Company's reportable segments is included in Regions' Annual Report on Form 10-K for the year ended December 31, 2023.

The application and development of management reporting methodologies is a dynamic process and is subject to periodic enhancements. As these enhancements are made, financial results presented by each reportable segment may be periodically revised and the prior periods updated to reflect these enhancements.



The following tables present financial information for each reportable segment for the periods indicated:

<b>Three Months Ended September 30, 2024</b>					
	<b>Corporate Bank</b>	<b>Consumer Bank</b>	<b>Wealth Management</b>	<b>Other</b>	<b>Consolidated</b>
(In millions)					
Net interest income	\$ 459	\$ 718	\$ 41	\$ —	\$ 1,218
Provision for (benefit from) credit losses	91	67	2	(47)	113
Non-interest income (loss)	240	264	130	(62)	572
Non-interest expense	319	603	114	33	1,069
Income (loss) before income taxes	289	312	55	(48)	608
Income tax expense (benefit)	73	78	13	(46)	118
Net income (loss)	<u>\$ 216</u>	<u>\$ 234</u>	<u>\$ 42</u>	<u>\$ (2)</u>	<u>\$ 490</u>
Average assets	\$ 69,364	\$ 37,882	\$ 2,088	\$ 45,333	\$ 154,667

<b>Three Months Ended September 30, 2023</b>					
	<b>Corporate Bank</b>	<b>Consumer Bank</b>	<b>Wealth Management</b>	<b>Other</b>	<b>Consolidated</b>
(In millions)					
Net interest income	\$ 488	\$ 760	\$ 43	\$ —	\$ 1,291
Provision for (benefit from) credit losses	87	70	2	(14)	145
Non-interest income	181	256	113	16	566
Non-interest expense	303	672	105	13	1,093
Income before income taxes	279	274	49	17	619
Income tax expense (benefit)	70	69	12	(22)	129
Net income	<u>\$ 209</u>	<u>\$ 205</u>	<u>\$ 37</u>	<u>\$ 39</u>	<u>\$ 490</u>
Average assets	\$ 70,032	\$ 38,108	\$ 2,018	\$ 43,326	\$ 153,484

<b>Nine Months Ended September 30, 2024</b>					
	<b>Corporate Bank</b>	<b>Consumer Bank</b>	<b>Wealth Management</b>	<b>Other</b>	<b>Consolidated</b>
(In millions)					
Net interest income	\$ 1,359	\$ 2,107	\$ 122	\$ —	\$ 3,588
Provision for (benefit from) credit losses	272	202	6	(113)	367
Non-interest income (loss)	657	780	374	(131)	1,680
Non-interest expense	950	1,800	333	121	3,204
Income (loss) before income taxes	794	885	157	(139)	1,697
Income tax expense (benefit)	199	221	40	(122)	338
Net income (loss)	<u>\$ 595</u>	<u>\$ 664</u>	<u>\$ 117</u>	<u>\$ (17)</u>	<u>\$ 1,359</u>
Average assets	\$ 69,081	\$ 37,974	\$ 2,059	\$ 43,884	\$ 152,998

<b>Nine Months Ended September 30, 2023</b>					
	<b>Corporate Bank</b>	<b>Consumer Bank</b>	<b>Wealth Management</b>	<b>Other</b>	<b>Consolidated</b>
(In millions)					
Net interest income	\$ 1,531	\$ 2,410	\$ 148	\$ —	\$ 4,089
Provision for (benefit from) credit losses	252	208	6	(68)	398
Non-interest income	525	783	339	29	1,676
Non-interest expense	932	1,946	320	33	3,231
Income before income taxes	872	1,039	161	64	2,136
Income tax expense (benefit)	218	260	40	(65)	453
Net income	<u>\$ 654</u>	<u>\$ 779</u>	<u>\$ 121</u>	<u>\$ 129</u>	<u>\$ 1,683</u>
Average assets	\$ 69,773	\$ 37,625	\$ 2,053	\$ 43,997	\$ 153,448

**NOTE 12. COMMITMENTS, CONTINGENCIES AND GUARANTEES**

**COMMERCIAL COMMITMENTS**

Regions issues off-balance sheet financial instruments in connection with lending activities. The credit risk associated with these instruments is essentially the same as that involved in extending loans to customers and is subject to Regions' normal credit approval policies and procedures. Regions measures inherent risk associated with these instruments by recording a reserve for unfunded commitments based on an assessment of the likelihood that the guarantee will be funded and the creditworthiness of the customer or counterparty. Collateral is obtained based on management's assessment of the creditworthiness of the customer. Credit risk is represented in unused commitments to extend credit, standby letters of credit and commercial letters of credit. Refer to Note 23 "Commitments, Contingencies and Guarantees" in the Annual Report on Form 10-K for the year ended December 31, 2023 for more information regarding these instruments.

Credit risk associated with these instruments is represented by the contractual amounts indicated in the following table:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
	(In millions)	
Unused commitments to extend credit	\$ 64,642	\$ 63,631
Standby letters of credit	2,094	1,997
Commercial letters of credit	62	78
Liabilities associated with standby letters of credit	33	32
Assets associated with standby letters of credit	34	34
Reserve for unfunded credit commitments	121	124

**LEGAL CONTINGENCIES**

Regions and its subsidiaries are routinely subject to actual or threatened legal proceedings, including litigation and regulatory matters, arising in the ordinary course of business. Litigation matters range from individual actions involving a single plaintiff to class action lawsuits and can involve claims for substantial or indeterminate alleged damages or for injunctive or other relief. Regulatory investigations and enforcement matters may involve formal or informal proceedings and other inquiries initiated by various governmental agencies, law enforcement authorities, and self-regulatory organizations, and can result in fines, penalties, restitution, changes to Regions' business practices, and other related costs, including reputational damage. At any given time, these legal proceedings are at varying stages of adjudication, arbitration, or investigation, and may relate to a variety of topics, including common law tort and contract claims, as well as statutory consumer protection-related claims, among others.

Assessment of exposure that could result from legal proceedings is complex because these proceedings often involve inherently unpredictable factors, including, but not limited to, the following: whether the proceeding is in early stages; whether damages or the amount of potential fines, penalties, and restitution are unspecified, unsupported, or uncertain; whether there is a potential for punitive or other pecuniary damages; whether the matter involves legal uncertainties, including novel issues of law; whether the matter involves multiple parties and/or jurisdictions; whether discovery or other investigation has begun or is not complete; whether material facts may be disputed or unsubstantiated; whether meaningful settlement discussions have commenced; and whether the matter involves class allegations. As a result of these complexities, Regions may be unable to develop an estimate or range of loss.

Regions evaluates legal proceedings based on information currently available, including advice of counsel. Regions establishes accruals for those matters when a loss is considered probable and the related amount is reasonably estimable. Additionally, when it is practicable and reasonably possible that it may experience losses in excess of established accruals, Regions estimates possible loss contingencies. Regions currently estimates that the aggregate amount of reasonably possible losses that it may experience, in excess of what has been accrued, is immaterial. While the final outcomes of legal proceedings are inherently unpredictable, management is currently of the opinion that the outcomes of pending and threatened matters will not have a material effect on Regions' business, consolidated financial position, results of operations or cash flows as a whole.

As available information changes, the matters for which Regions is able to estimate, as well as the estimates themselves, will be adjusted accordingly. Regions' estimates are subject to significant judgment and uncertainties, and the matters underlying the estimates will change from time to time. In the event of unexpected future developments, it is possible that an adverse outcome in any such matter could be material to Regions' business, consolidated financial position, results of operations, or cash flows as a whole for any particular reporting period of occurrence.

Some of Regions' exposure with respect to loss contingencies may be offset by applicable insurance coverage. However, in determining the amounts of any accruals or estimates of possible loss contingencies, Regions does not take into account the availability of insurance coverage. To the extent that Regions has an insurance recovery, the proceeds are recorded in the period the recovery is received.

**GUARANTEES**

*FANNIE MAE LOSS SHARE GUARANTEE*

Regions sells commercial loans to Fannie Mae through the DUS lending program and through other platforms. The DUS program provides liquidity to the multi-family housing market. Regions services loans sold to Fannie Mae and is required to provide a loss share guarantee equal to one-third of the principal balance for the majority of the commercial servicing portfolio. At September 30, 2024 and December 31, 2023, the Company's DUS servicing portfolio totaled approximately \$6.7 billion and \$6.2 billion, respectively. Regions has additional loans sold to Fannie Mae outside of the DUS program that are also subject to a loss share guarantee and at September 30, 2024 and December 31, 2023, these serviced loans totaled approximately \$634 million and \$653 million, respectively. Regions' maximum quantifiable contingent liability related to all loans subject to a loss share guarantee was approximately \$2.3 billion at both September 30, 2024 and December 31, 2023. The Company would be liable for this amount only if all of the loans it services for Fannie Mae, for which the Company retains some risk of loss, were to default and all of the collateral underlying these loans was determined to be without value at the time of settlement. Therefore, the maximum quantifiable contingent liability is not representative of the actual loss the Company would be expected to incur. The estimated fair value of the associated loss share guarantee recorded as a liability on the Company's consolidated balance sheets was immaterial at both September 30, 2024 and December 31, 2023. Refer to Note 1 "Summary of Significant Accounting Policies" in the Annual Report on Form 10-K for the year ended December 31, 2023 for additional information.

**NOTE 13. RECENT ACCOUNTING PRONOUNCEMENTS**

The following table provides a brief description of accounting standards adopted in 2024 and those that could have a material impact to Regions' consolidated financial statements upon adoption in the future.

Standard	Description	Required Date of Adoption	Effect on Regions' financial statements or other significant matters
<b>Standards Adopted (or partially adopted) in 2024</b>			
ASU 2023-02, Investments—Equity Method and Joint Ventures (Topic 323) Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method	<p>This Update allows entities to elect to account for equity investments made primarily for the purpose of receiving income tax credits using the proportional amortization method, regardless of the tax credit program through which the investment earns income tax credits, if certain conditions were met.</p> <p>The Update also sets forth the conditions needed to apply the proportional amortization method.</p> <p>The Update further eliminates certain low income housing tax credit-specific guidance to align the accounting more closely for low income housing tax credits with the accounting for other equity investments in tax credit structures and require that the delayed equity contribution apply only to tax equity investments accounted for using the proportional amortization method.</p>	January 1, 2024	Regions adopted this guidance as of January 1, 2024 with no material impact. See Note 1 Basis of Presentation for additional information.
ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures	The Update requires entities to provide disclosure of significant segment expenses, as defined within the standard, and requires that entities disclose other segment items by reportable segment. These disclosures are required to be made on an annual and interim basis.	January 1, 2024 for the annual reporting period ending December 31, 2024 and for the interim reporting periods beginning in 2025.	Regions adopted this guidance as of January 1, 2024 with likely no material impact.

<b>Standards Not Yet Adopted</b>			
ASU 2023-05, Business Combinations—Joint Venture Formations (Subtopic 805-60)	This Update requires certain joint ventures, upon formation, to use a new basis of accounting by applying most aspects of the acquisition method for business combinations. New joint ventures generally will recognize and initially measure assets and liabilities at fair value. The Update is effective for all joint ventures with a formation date on or after January 1, 2025. Early adoption is permitted.	January 1, 2025	The adoption of this guidance is not likely to have a material impact. Regions will continue to evaluate through date of adoption.
ASU 2023-06, Disclosure Improvements: Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative	This Update incorporates into the Codification 14 of the 27 disclosures referred by the SEC in Release No. 33-10532, Disclosure Update and Simplification. This Update clarifies and improves the disclosure and presentation requirements of a variety of Topics in the Codification to align with the SEC’s regulations.	The date on which the SEC’s removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective.	The adoption of this guidance is not likely to have a material impact. Regions will continue to evaluate through date of adoption.
ASU 2023-09, Income Taxes (Topic 740) Improvements to Income Tax Disclosures	The ASU improves the transparency of income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. It also includes certain other amendments to improve the effectiveness of income tax disclosures.	January 1, 2025	The adoption of this guidance is not likely to have a material impact. Regions will continue to evaluate through date of adoption.

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

### INTRODUCTION

The following discussion and analysis is part of Regions Financial Corporation’s (“Regions” or the “Company”) Quarterly Report on Form 10-Q filed with the SEC and updates Regions’ Annual Report on Form 10-K for the year ended December 31, 2023, which was previously filed with the SEC. This financial information is presented to aid in understanding Regions’ financial position and results of operations and should be read together with the financial information contained in Regions’ Annual Report on Form 10-K. See Note 1 “Basis of Presentation” and Note 13 “Recent Accounting Pronouncements” to the consolidated financial statements for further detail. The emphasis of this discussion will be on the three and nine months ended September 30, 2024 compared to the three and nine months ended September 30, 2023 for the consolidated statements of income. For the consolidated balance sheets, the emphasis of this discussion will be on the balances as of September 30, 2024 compared to December 31, 2023.

This discussion and analysis contains statements that may be considered “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. See pages 6 through 8 for additional information regarding forward-looking statements.

### CORPORATE PROFILE

Regions is a financial holding company headquartered in Birmingham, Alabama operating in the South, Midwest and Texas. In addition, Regions operates several offices delivering specialty capabilities in New York, Washington D.C., Chicago, Salt Lake City, and other locations nationwide. Regions provides financial solutions for a wide range of clients including retail and mortgage banking services, commercial banking services and wealth and investment services. Further, Regions and its subsidiaries deliver specialty capabilities including merger and acquisition advisory services, capital markets solutions, home improvement lending and others.

Regions conducts its banking operations through Regions Bank, an Alabama state-chartered commercial bank that is a member of the Federal Reserve System. At September 30, 2024, Regions operated 1,261 total branch outlets. Regions carries out its strategies and derives its profitability from three reportable business segments: Corporate Bank, Consumer Bank, and Wealth Management, with the remainder in Other. See Note 11 “Business Segment Information” to the consolidated financial statements for more information regarding Regions’ segment reporting structure.

Regions’ business strategy is focused on providing a competitive mix of products and services, delivering quality customer service, and continuing to develop and optimize distribution channels that include a branch distribution network with offices in convenient locations, as well as electronic and mobile banking.

Regions’ profitability, like that of many other financial institutions, is dependent on its ability to generate revenue from net interest income as well as non-interest income sources. Net interest income is primarily the difference between the interest income Regions receives on interest-earning assets, such as loans, leases, investment securities and cash balances held at the Federal Reserve Bank, and the interest expense Regions pays on interest-bearing liabilities, principally deposits and borrowings. Regions’ net interest income is impacted by the size and mix of its balance sheet components and the interest rate spread between interest earned on its assets and interest paid on its liabilities. Non-interest income includes fees from service charges on deposit accounts, card and ATM fees, mortgage servicing and secondary marketing, investment management and trust activities, capital markets and other customer services which Regions provides. Results of operations are also affected by the provision for credit losses and non-interest expenses such as salaries and employee benefits, equipment and software expenses, occupancy, professional, legal and regulatory expenses, FDIC insurance assessments, and other operating expenses, as well as income taxes.

Economic conditions, competition, new legislation and related rules impacting regulation of the financial services industry and the monetary and fiscal policies of the Federal government significantly affect most, if not all, financial institutions, including Regions. Lending and deposit activities and fee income generation are influenced by levels of business spending and investment, consumer income, consumer spending and savings, capital market activities, and competition among financial institutions, as well as customer preferences, interest rate conditions and prevailing market rates on competing products in Regions’ market areas.

### THIRD QUARTER OVERVIEW

#### *Third Quarter Results*

Regions reported net income available to common shareholders of \$446 million or \$0.49 per diluted share in the third quarter of 2024 compared to net income available to common shareholders of \$465 million or \$0.49 per diluted share in the third quarter of 2023.

Net interest income (taxable-equivalent basis) totaled \$1.2 billion in the third quarter of 2024, which decreased \$74 million compared to the third quarter of 2023. The net interest margin (taxable-equivalent basis) was 3.54 percent in the third quarter of 2024, reflecting a 19 basis point decrease from the same period in 2023. The decreases in net interest income and net

interest margin were primarily driven by increases in deposit and funding costs and partially offset by higher asset yields. Refer to the related discussion below Table 19 "Consolidated Average Daily Balances and Yield/Rate Analysis" for further detail.

The provision for credit losses totaled \$113 million in the third quarter of 2024 compared to \$145 million in the third quarter of 2023. The current quarter provision reflects continued signs of overall asset quality stabilization experienced during 2024. Net charge-offs totaled \$117 million, or 0.48 percent of average loans, in the third quarter of 2024, compared to \$101 million, or 0.40 percent in the third quarter of 2023. This increase reflected higher commercial and investor real estate net charge-offs. The allowance as a percent of total loans, net, increased to 1.79 percent at September 30, 2024, compared to 1.73 percent at December 31, 2023. Refer to the "Allowance for Credit Losses" section for further detail.

Non-interest income was \$572 million in the third quarter of 2024 compared to \$566 million in third quarter of 2023. The increase was primarily driven by an increase in capital markets income, service charges on deposit accounts and investment services fee income. Non-interest income also includes \$75 million in securities losses associated with portfolio repositioning executed in the third quarter of 2024. See Table 24 "Non-Interest Income" for further details.

Non-interest expense was \$1.1 billion in the third quarter of 2024 which decreased \$24 million compared to the third quarter of 2023. The decrease was driven by a decline in operational losses, other miscellaneous expenses and FDIC insurance assessments. The decreases were partially offset by an increase in salaries and employee benefits expense. See Table 25 "Non-Interest Expense" for further details.

Regions' effective tax rate was 19.4 percent in the third quarter of 2024 compared to 20.9 percent in the third quarter of 2023. See the "Income Taxes" section for further details.

Capital

Regions and Regions Bank are required to comply with regulatory capital requirements established by Federal and State banking agencies, which include quantitative requirements including the CET1 ratio. At September 30, 2024, Regions' CET1 ratio was estimated to be 10.58 percent. For additional information on Regions' regulatory capital requirements see the "Regulatory Requirements" section.

Regions participates in supervisory stress testing conducted by the Federal Reserve and its SCB is currently floored at 2.5 percent. See Note 6 "Shareholders' Equity and Accumulated Other Comprehensive Income (Loss)" to the consolidated financial statements for further details.

The Board authorized, on April 20, 2022, the repurchase of up to \$2.5 billion of the Company's common stock, permitting purchases from the second quarter of 2022 through the fourth quarter of 2024. During the nine months ended September 30, 2024, the Company repurchased 14 million shares of common stock totaling \$290 million.

At the end of the third quarter of 2024 and subsequently after September 30, 2024, two powerful storms, Hurricanes Helene and Milton made landfall in the Southeastern United States, impacting states within the Company's footprint, especially Florida, North Carolina and South Carolina. The hurricanes caused significant flood and wind damage. Due to the proximity of the hurricanes to quarter-end and into early fourth quarter, Regions is still assessing all aspects of the impacts to business operations and customers. At this time the impacts to business operations, Regions' premises and the allowance for credit losses are expected to be immaterial.

Expectations

<b>2024 Expectations <sup>(1)(2)</sup></b>	
<b>Category</b>	<b>Expectation</b>
Net Interest Income <sup>(3)</sup>	Approximately \$4.8 billion
Adjusted Non-Interest Income	\$2.45-\$2.5 billion
Adjusted Non-Interest Expense	Approximately \$4.25 billion
Average Loans	stable to down modestly
Average Deposits	stable to down modestly
Net Charge-Offs / Average Loans	40-50 basis points (expect to be toward the upper end)
Effective Tax Rate	Approximately 20%

(1) The Company has provided forward-looking expectations with respect to certain measures on an adjusted basis, which are non-GAAP financial measures. Due to the complexity and inherent difficulty in forecasting the occurrence and the financial impact of various items that have not yet occurred, are out of the Company's control or cannot be predicted without unreasonable effort, a reconciliation of these forward-looking non-GAAP measures to their most directly comparable GAAP financial measures has not been provided. For the same reasons, the Company is unable to address the probable significance of these items; however, such unavailable information could have a significant impact on GAAP and non-GAAP financial results. The reconciliation of these forward-looking non-GAAP financial measures to their comparable GAAP financial measures following the end of 2024 is expected to be consistent with the reconciliation of such measures presented in Table 18.

(2) Expectation for CET1 is to continue to manage consistent with current levels over the near term.

(3) Expectation for net interest income assumes stable or lower short-term interest rates; flat long-term rates held at September 30, 2024 levels.

For more information related to the Company's 2024 expectations, refer to the related sub-sections discussed in more detail within Management's Discussion and Analysis of this Form 10-Q.

## BALANCE SHEET ANALYSIS

The following sections provide expanded discussion of significant changes in certain line items in asset, liability, and shareholders' equity categories.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents increased approximately \$3.7 billion from December 31, 2023 to September 30, 2024 resulting from an increase in cash balances on deposit with the Federal Reserve Bank driven primarily by FHLB advances utilized in the first nine months of 2024. Cash balances were also impacted by a decline in loans. See the "Loans", "Liquidity" and "Borrowed Funds" sections for more information.

### DEBT SECURITIES

The following table details the carrying values of debt securities, including both available for sale and held to maturity:

**Table 1—Debt Securities**

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
	(In millions)	
U.S. Treasury securities	\$ 2,046	\$ 1,223
Federal agency securities	457	1,043
Obligations of states and political subdivisions	2	2
Mortgage-backed securities:		
Residential agency	22,735	17,611
Commercial agency	5,433	7,822
Commercial non-agency	85	83
Corporate and other debt securities	727	1,074
	<u>\$ 31,485</u>	<u>\$ 28,858</u>

Debt securities held to maturity constituted approximately 9 percent of the securities portfolio at September 30, 2024. In the third quarter of 2024, the Company reclassified securities with an amortized cost, excluding items recognized in OCI, of \$2.5 billion from available for sale into held to maturity to reduce the volatility in AOCI in preparation for expected, upcoming changes to regulatory guidance as discussed in the "Regulatory Requirements" section. See also Note 3 "Debt Securities" for additional information.

Debt securities available for sale, comprising 21 percent of earning assets, constituted approximately 91 percent of the securities portfolio at September 30, 2024. They are an important tool used to manage interest rate sensitivity and provide a primary source of liquidity for the Company, as much of the portfolio is highly liquid. Additionally, some of the securities portfolio is eligible to be used as collateral for funding of various types of borrowings. See the "Liquidity" section for more information on these arrangements. Regions maintains a highly-rated securities portfolio consisting primarily of agency MBS. See Note 3 "Debt Securities" to the consolidated financial statements for additional information. Also see the "Market Risk-Interest Rate Risk" section for more information.

Debt securities increased \$2.6 billion from December 31, 2023 to September 30, 2024 as the Company purchased \$750 million of residential agency MBS securities with proceeds from a debt issuance in the second quarter of 2024 and an additional \$1.0 billion of residential agency MBS securities and U.S Treasury securities with proceeds from a debt issuance in the third quarter of 2024 (see Table 15—Long-Term Borrowings). Additionally, three distinct securities repositioning transactions occurred over the nine months ended September 30, 2024 involving the sale of mostly shorter-duration commercial agency MBS and replacement with residential agency MBS with favorable prepayment profiles. The intent was to maintain the securities portfolio duration that would otherwise shorten naturally. In the first quarter of 2024, the Company sold approximately \$1.3 billion of debt securities available for sale, realizing \$50 million in pre-tax losses. In the second quarter of 2024, the Company sold approximately \$983 million of debt securities available for sale, realizing \$50 million in pre-tax losses. In the third quarter of 2024, the Company sold approximately \$1.3 billion of debt securities available for sale, realizing \$75 million in pre-tax losses. Proceeds from the sales were reinvested at higher market yields.

The average life of the debt securities portfolio at September 30, 2024 was estimated to be 5.8 years, with a duration of approximately 4.7 years. These metrics compare with an estimated average life of 5.5 years and a duration of approximately 4.5 years for the portfolio at December 31, 2023.

## LOANS HELD FOR SALE

The following table presents Regions' loans held for sale by type:

**Table 2—Loans Held for Sale**

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
	(In millions)	
Commercial	\$ 261	\$ 208
Residential first mortgage	248	184
Consumer and other performing	6	5
Non-performing	7	3
	<u>\$ 522</u>	<u>\$ 400</u>

Commercial loans held for sale include commercial mortgage loans originated for sale to third parties and commercial loans originally recorded as held for investment when management has the intent to sell. Levels of commercial loans held for sale fluctuate based on timing of sale to third parties. The levels of residential first mortgage loans held for sale that are part of the Company's mortgage originations fluctuate depending on the timing of origination and sale to third parties.

## LOANS

Loans, net of unearned income, represented 70 percent of interest-earning assets as of September 30, 2024. The following table presents the distribution of Regions' loan portfolio by segment and class, net of unearned income:

**Table 3—Loan Portfolio**

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
	(In millions, net of unearned income)	
Commercial and industrial	\$ 49,565	\$ 50,865
Commercial real estate mortgage—owner-occupied	4,873	4,887
Commercial real estate construction—owner-occupied	341	281
Total commercial	<u>54,779</u>	<u>56,033</u>
Commercial investor real estate mortgage	6,562	6,605
Commercial investor real estate construction	2,250	2,245
Total investor real estate	<u>8,812</u>	<u>8,850</u>
Residential first mortgage	20,125	20,207
Home equity lines	3,130	3,221
Home equity loans	2,404	2,439
Consumer credit card	1,372	1,341
Other consumer—exit portfolios	9	43
Other consumer	6,158	6,245
Total consumer	<u>33,198</u>	<u>33,496</u>
	<u>\$ 96,789</u>	<u>\$ 98,379</u>

## PORTFOLIO CHARACTERISTICS

The following sections describe the composition of the portfolio segments and classes disclosed in Table 3, explain changes in balances from year-end 2023 and highlight the related risk characteristics. Regions believes that its loan portfolio is well diversified by product, client, and geography throughout its footprint. However, the loan portfolio may be exposed to certain concentrations of credit risk which exist in relation to individual borrowers or groups of borrowers, certain types of collateral, certain types of industries and certain loan products. See Note 4 "Loans and the Allowance for Credit Losses" to the consolidated financial statements for additional discussion. See the "Third Quarter Overview" section for details on expectations for loans in 2024.

### *Commercial*

The commercial portfolio segment includes commercial and industrial loans to commercial customers for use in normal business operations to finance working capital needs, equipment purchases and other expansion projects. Commercial and industrial loans decreased \$1.3 billion since year-end 2023, due to lower line of credit utilization and loans refinanced off the Company's balance sheet through the debt capital markets. In the nine months ended September 30, 2024, the decline in commercial and industrial loans was broad-based as shown in Table 4.

The commercial portfolio also includes owner-occupied commercial real estate mortgage loans to operating businesses, which are loans for long-term financing on land and buildings, and are repaid by cash generated by business operations. Owner-occupied commercial real estate 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.



Over half of the Company's total loans are included in the commercial portfolio segment. These balances are spread across numerous industries, as noted in the table below. The Company manages the related risks to this portfolio by setting certain lending limits for each significant industry.

The following tables provide detail of Regions' commercial lending balances in selected industries.

**Table 4—Commercial Industry Exposure**

	September 30, 2024		
	Loans	Unfunded Commitments	Total Exposure
	(In millions)		
Administrative, support, waste and repair	\$ 1,442	\$ 748	\$ 2,190
Agriculture	244	123	367
Educational services	3,183	792	3,975
Energy	1,488	3,501	4,989
Financial services	8,419	9,632	18,051
Government and public sector	3,020	471	3,491
Healthcare	3,156	2,545	5,701
Information	2,340	1,154	3,494
Manufacturing	4,836	5,192	10,028
Professional, scientific and technical services	2,042	1,752	3,794
Real estate <sup>(1)</sup>	8,893	8,880	17,773
Religious, leisure, personal and non-profit services	1,579	849	2,428
Restaurant, accommodation and lodging	1,280	205	1,485
Retail trade	2,614	1,829	4,443
Transportation and warehousing	3,587	1,601	5,188
Utilities	2,414	3,585	5,999
Wholesale goods	4,137	3,331	7,468
Other <sup>(2)</sup>	105	2,050	2,155
<b>Total commercial</b>	<b>\$ 54,779</b>	<b>\$ 48,240</b>	<b>\$ 103,019</b>
	<b>December 31, 2023 <sup>(3)</sup></b>		
	Loans	Unfunded Commitments	Total Exposure
	(In millions)		
Administrative, support, waste and repair	\$ 1,461	\$ 916	\$ 2,377
Agriculture	239	208	447
Educational services	3,502	827	4,329
Energy	1,484	3,349	4,833
Financial services	7,562	8,428	15,990
Government and public sector	3,161	414	3,575
Healthcare	3,216	2,478	5,694
Information	2,791	1,250	4,041
Manufacturing	4,789	5,122	9,911
Professional, scientific and technical services	2,328	1,799	4,127
Real estate <sup>(1)</sup>	9,166	9,219	18,385
Religious, leisure, personal and non-profit services	1,562	630	2,192
Restaurant, accommodation and lodging	1,408	289	1,697
Retail trade	2,764	2,327	5,091
Transportation and warehousing	3,486	1,858	5,344
Utilities	3,044	2,732	5,776
Wholesale goods	4,006	3,768	7,774
Other <sup>(2)</sup>	64	1,511	1,575
<b>Total commercial</b>	<b>\$ 56,033</b>	<b>\$ 47,125</b>	<b>\$ 103,158</b>

(1) "Real estate" includes REITs, which are unsecured commercial and industrial products that are real estate related. This portfolio, which accounts for approximately 17 percent and 18 percent of the total commercial exposure at September 30, 2024 and December 31, 2023, respectively, is well diversified, generally has low leverage with strong access to liquidity, and the REITs included in this portfolio are primarily investment or near investment grade.

(2) "Other" contains balances related to non-classifiable and invalid business industry codes offset by payments in process and fee accounts that are not available at the loan level.

- (3) As customers' businesses evolve (e.g. up or down the vertical manufacturing chain), Regions may need to change the assigned business industry code used to define the customer relationship. When these changes occur, Regions does not recast the customer history for prior periods into the new classification because the business industry code used in the prior period was deemed appropriate. As a result, year over year changes may be impacted.

*Investor Real Estate*

Loans for real estate development are repaid through cash flows 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, this category includes loans made to finance income-producing properties such as apartment buildings, office and industrial buildings, and retail shopping centers. Total investor real estate loans decreased \$38 million in comparison to year-end 2023 balances.

The Company's total non-owner-occupied commercial real estate lending consists of both unsecured commercial and industrial loans that are real estate related (including REITs) and investor real estate loans and are considered to be well diversified across property types. The following table provides detail of these loans:

**Table 5— Unsecured Commercial Real Estate and Investor Real Estate Exposure**

	September 30, 2024	
	Loan Balance	Percent of Total <sup>(1)</sup>
	(In millions)	
Residential homebuilders	\$ 1,166	7.5 %
Apartments	4,243	27.5 %
Industrial	2,233	14.5 %
Data center	406	2.6 %
Diversified	1,871	12.1 %
Business offices	1,555	10.1 %
Residential land	67	0.4 %
Retail	1,369	8.9 %
Healthcare	1,168	7.6 %
Hotel	798	5.2 %
Commercial land	19	0.1 %
Self Storage	272	1.8 %
Other	263	1.7 %
Total <sup>(2)</sup>	<u>\$ 15,430</u>	<u>100 %</u>

(1) Amounts calculated based on whole dollar values.

(2) Owner-occupied commercial real estate is not included as the principal source of repayment is individual businesses, which more closely aligns with the commercial portfolio credit performance.

Included within Table 5 above, the multi-family (listed as apartments), business offices, and senior housing (listed as healthcare) portfolios are considered portfolios of interest due to conditions such as inflationary pressures, higher interest rates, and adverse underlying market fundamentals resulting in rising vacancies and reductions in net effective rents. However, the level of heightened systemic risk for the multi-family and senior housing portfolios has started to decline since the second quarter of 2024. Additionally, within the commercial portfolio, the trucking sector of the transportation and warehousing portfolio is also considered a portfolio of interest as trucking companies have been working through the most prolonged downturns in the U.S. domestic freight market. Recent and future rate cuts should ease pressure on borrowers across the entire loan portfolio. See Table 6 below for more details on these portfolios, as well as the allowance discussion following Table 9 .

**Table 6— Portfolios of Interest**

	As of and for the Nine Months Ended September 30, 2024			
	Office <sup>(1)</sup>	Multi-Family	Senior Housing <sup>(2)</sup>	Trucking
	(dollars in millions)			
Commitments	\$ 1,653	\$ 6,701	\$ 1,291	\$ 1,862
Loan balance	\$ 1,555	\$ 4,243	\$ 1,126	\$ 1,418
Loan balance as a percent of total loans	1.6 %	4.4 %	1.2 %	1.5 %
Non-performing loans	\$ 225	\$ —	\$ 62	\$ 61
Charge-offs	\$ 9	\$ —	\$ 8	\$ 24
Related allowance for credit losses to loans	6.8 %	1.8 %	3.4 %	4.4 %

(1) Approximately 90 percent of the office portfolio was secured, with approximately 62 percent of secured balances located in the South region of the U.S. of which 91% was Class A properties. Additionally, the IRE office portfolio had a weighted-average LTV of approximately 66 percent at September 30,

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2024, based upon appraisal at origination or most recent received, and a stressed weighted-average LTV of approximately 88 percent as of October 4, 2024, based upon GreenStreet's Commercial Property Price Index. No new loan originations are currently being contemplated in this portfolio.

- (2) Senior housing herein represents the CRE portfolio and excludes approximately \$135 million in non-real estate commercial loans in the senior housing sector. There has been limited new client activity in this sector for several years.

### *Residential First Mortgage*

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 Lines*

Home equity lines are secured by a first or second mortgage on the borrower's residence and allow customers to borrow against the equity in their homes. Home equity lines decreased \$91 million in comparison to year-end 2023 balances, as payoffs and paydowns continue to outpace production. Substantially all of this portfolio was originated through Regions' branch network.

Beginning in December 2016, new home equity lines of credit have a 10-year draw period and a 20-year repayment term. During the 10-year draw period customers do not have an interest-only payment option, except on a very limited basis. From May 2009 to December 2016, home equity lines of credit had a 10-year draw period and a 10-year repayment term. Prior to May 2009, the predominant structure was a 20-year draw period with a balloon payment upon maturity. The term “balloon payment” means there are no principal payments required until the balloon payment is due for interest-only lines of credit.

The following table presents information regarding the future principal payment reset dates for the Company's home equity lines of credit as of September 30, 2024. The balances presented are based on maturity date for lines with a balloon payment and draw period expiration date for lines that convert to a repayment period.

**Table 7—Home Equity Lines of Credit - Future Principal Payment Resets**

	<u>First Lien</u>	<u>% of Total</u>	<u>Second Lien</u>	<u>% of Total</u>	<u>Total</u>
	(Dollars in millions)				
2024	\$ 23	0.75 %	\$ 15	0.47 %	\$ 38
2025	73	2.34 %	75	2.38 %	148
2026	104	3.33 %	110	3.51 %	214
2027	263	8.41 %	217	6.94 %	480
2028	252	8.05 %	165	5.28 %	417
2029-2033	605	19.33 %	860	27.46 %	1,465
2034-2038	89	2.84 %	185	5.91 %	274
>=2039	7	0.22 %	7	0.22 %	14
Revolving Loans Converted to Amortizing	48	1.52 %	32	1.04 %	80
Total	<u>\$ 1,464</u>	<u>46.79 %</u>	<u>\$ 1,666</u>	<u>53.21 %</u>	<u>\$ 3,130</u>

### *Home Equity Loans*

Home equity loans are also secured by a first or second mortgage on the borrower's residence, are primarily originated as amortizing loans, and allow customers to borrow against the equity in their homes. Substantially all of this portfolio was originated through Regions' branch network.

### *Consumer Credit Quality Data*

The Company calculates an estimate of the current value of property secured as collateral for both residential first mortgage and home equity lending products (“current LTV”). The estimate is based on home price indices compiled by a third party that is updated typically every three months. The third party data indicates trends for MSAs. Regions uses the third party valuation trends from the MSAs in the Company's footprint in its estimate. The trend data is applied to the loan portfolios taking into account the age of the most recent valuation and geographic area.

The following table presents current LTV data for components of the residential first mortgage, home equity lines and home equity loans classes of the consumer portfolio segment. Current LTV data for some loans in the portfolio is not available due to mergers and systems integrations. The amounts in the table represent the entire loan balance. For purposes of the table below, if the loan balance exceeds the current estimated collateral the entire balance is included in the “Above 100%” category, regardless of the amount of collateral available to partially offset the shortfall.

**Table 8—Estimated Current Loan to Value Ranges**

	September 30, 2024				
	Residential First Mortgage	Home Equity Lines of Credit		Home Equity Loans	
		1st Lien	2nd Lien	1st Lien	2nd Lien
	(In millions)				
Estimated current LTV:					
Above 100%	\$ 44	\$ —	\$ —	\$ 1	\$ —
Above 80% - 100%	1,764	2	2	7	8
80% and below	17,985	1,447	1,652	1,925	460
Data not available	332	15	12	2	1
	<u>\$ 20,125</u>	<u>\$ 1,464</u>	<u>\$ 1,666</u>	<u>\$ 1,935</u>	<u>\$ 469</u>

  

	December 31, 2023				
	Residential First Mortgage	Home Equity Lines of Credit		Home Equity Loans	
		1st Lien	2nd Lien	1st Lien	2nd Lien
	(In millions)				
Estimated current LTV:					
Above 100%	\$ 57	\$ 2	\$ —	\$ 2	\$ —
Above 80% - 100%	1,822	3	2	5	7
80% and below	17,981	1,567	1,619	2,055	365
Data not available	347	15	13	5	—
	<u>\$ 20,207</u>	<u>\$ 1,587</u>	<u>\$ 1,634</u>	<u>\$ 2,067</u>	<u>\$ 372</u>

*Consumer Credit Card*

Consumer credit card lending represents primarily open-ended variable interest rate consumer credit card loans.

*Other Consumer—Exit Portfolios*

Exit portfolios primarily include lending initiatives through third parties consisting of loans made through automotive dealerships. Regions ceased originating new loans related to these businesses prior to 2020 and therefore the portfolio balances have been in run-off.

*Other Consumer*

Other consumer loans primarily include indirect and direct consumer loans, overdrafts and other revolving loans. Other consumer loans decreased \$87 million from year-end 2023 driven by a slight decline in consumer home improvement lending.

Regions considers factors such as periodic updates of FICO scores, unemployment, and home prices as credit quality indicators for consumer loans. FICO scores are obtained at origination and refreshed FICO scores are obtained by the Company quarterly for most consumer loans. For more information on credit quality indicators refer to Note 4 "Loans and the Allowance for Credit Losses".

**ALLOWANCE**

The allowance consists of two components: the allowance for loan losses and the reserve for unfunded credit commitments. Unfunded credit commitments includes items such as letters of credit, financial guarantees and binding unfunded loan commitments. The allowance totaled \$1.7 billion at September 30, 2024 and December 31, 2023, which represents management's best estimate of expected losses over the life of the loan and credit commitment portfolios.

The table below reflects a range of macroeconomic factors utilized in the Base forecast over the two-year R&S forecast period as of September 30, 2024. The unemployment rate is the most significant macroeconomic factor among the allowance models and is expected to remain relatively consistent over the forecast period.

**Table 9— Macroeconomic Factors in the Forecast**

	Pre-R&S Period		Base R&S Forecast September 30, 2024						
	3Q2024	4Q2024	1Q2025	2Q2025	3Q2025	4Q2025	1Q2026	2Q2026	3Q2026
	Unemployment rate	4.2 %	4.2 %	4.3 %	4.3 %	4.4 %	4.4 %	4.3 %	4.3 %
Real GDP, annualized % change	1.8 %	1.9 %	2.0 %	1.8 %	2.1 %	2.3 %	2.2 %	2.1 %	1.9 %
HPI, year-over-year % change	3.4 %	2.7 %	2.5 %	2.5 %	2.4 %	2.5 %	2.5 %	2.5 %	2.6 %
CPI, year-over-year % change	2.6 %	2.4 %	2.1 %	2.0 %	2.4 %	2.5 %	2.5 %	2.4 %	2.4 %

In deriving any forecast, Regions benchmarks its internal forecast with external forecasts and external data available. Regions' September 2024 baseline forecast showed some deterioration compared to the June 2024 forecast. Job and wage growth are slowing, but growth in labor earnings is expected to continue to outpace inflation. The trend rate of job growth is slowing, but thus far this has been a function of a slowing rate of hiring as opposed to an increasing rate of layoffs. Regions' baseline forecast anticipates further deceleration in the rate of job growth in the months ahead. The labor force participation rate has risen, which has contributed to an increase in the unemployment rate, but the participation rate is nonetheless expected to remain below pre-pandemic norms, which will limit further increases in the unemployment rate over the forecast horizon. Growth in consumer spending is slowing, but this reflects growth in spending becoming realigned with income growth after the pandemic-related distortions in spending patterns over the past few years. Business investment in machinery and equipment, as well as intellectual property products, is expected to grow at a slow but steady rate over the coming quarters; sustained growth in these areas is necessary to support faster growth in labor productivity over time. Core inflation is expected to slow further but remain above the FOMC's 2.0 percent target rate through 2025. The risks to the baseline forecast are considered to be balanced.

Credit metrics are monitored throughout each quarter in order to understand external macro-views, trends and industry outlooks, as well as Regions' internal specific views of credit metrics and trends. In the third quarter of 2024, overall asset quality continued show signs of stabilization. Commercial and investor real estate criticized balances decreased approximately \$171 million, which included a slight increase in classified balances of \$98 million compared to the second quarter of 2024. Non-performing loans, excluding held for sale, decreased approximately \$26 million compared to the second quarter of 2024. The decreases in criticized and non-performing loans were primarily due to upgrades and payoffs across several categories. Total net charge-offs increased by 6 basis points to 0.48 percent of average loans compared to the second quarter of 2024, driven by one large investor real estate borrower. See Table 12 for more details regarding non-performing assets.

While it is the intent of Regions' quantitative allowance methodologies to reflect all risk factors, including incremental risk in portfolios identified as under stress, any estimate involves assumptions and uncertainties resulting in some level of imprecision. The qualitative framework has a general imprecision component which is meant to acknowledge that model and forecast errors are inherent in any modeling estimate. In the third quarter of 2024, the general imprecision remained stable.

Based upon the factors discussed above, the September 30, 2024 allowance remained relatively stable compared to the second quarter of 2024. Based on the overall analysis performed, management deemed an allowance of \$1.7 billion to be appropriate to absorb expected credit losses in the loan and credit commitment portfolios as of September 30, 2024.

Details regarding the allowance and net charge-offs, including an analysis of activity from previous year's totals, are included in Table 10 "Allowance for Credit Losses". Net charge-offs increased \$74 million year-over-year, primarily driven by increases in commercial and industrial and commercial investor real estate mortgage net charge-offs. As noted, economic trends such as interest rates, unemployment, volatility in commodity prices, collateral valuations and inflationary pressure will impact the future levels of net charge-offs and may result in volatility of certain credit metrics in 2024 and beyond. See the "Third Quarter Overview" section for details on expectations for net charge-offs in 2024.

**Table 10—Allowance for Credit Losses**

	<b>Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Dollars in millions)</b>	
Allowance for loan losses at January 1	\$ 1,576	\$ 1,464
Cumulative effect from change in accounting guidance <sup>(1)</sup>	—	(38)
Allowance for loan losses, January 1 (as adjusted for change in accounting guidance) <sup>(1)</sup>	1,576	1,426
<b>Loans charged-off:</b>		
Commercial and industrial	192	154
Commercial real estate mortgage—owner-occupied	2	1
Commercial investor real estate mortgage	17	—
Residential first mortgage	1	1
Home equity lines	3	3
Home equity loans	—	1
Consumer credit card	47	38
Other consumer—exit portfolios	1	11
Other consumer	144	132
	<u>407</u>	<u>341</u>

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**Nine Months Ended September 30**

	2024	2023
<b>Recoveries of loans previously charged-off:</b>		
Commercial and industrial	31	43
Commercial real estate mortgage—owner-occupied	1	1
Commercial real estate construction—owner-occupied	1	—
Commercial investor real estate mortgage	2	—
Residential first mortgage	3	1
Home equity lines	5	6
Home equity loans	—	1
Consumer credit card	6	6
Other consumer—exit portfolios	1	2
Other consumer	18	16
	<u>68</u>	<u>76</u>
<b>Net charge-offs (recoveries):</b>		
Commercial and industrial	161	111
Commercial real estate mortgage—owner-occupied	1	—
Commercial real estate construction—owner-occupied	(1)	—
Commercial investor real estate mortgage	15	—
Residential first mortgage	(2)	—
Home equity lines	(2)	(3)
Consumer credit card	41	32
Other consumer—exit portfolios	—	9
Other consumer	126	116
	<u>339</u>	<u>265</u>
Provision for loan losses	370	386
Allowance for loan losses at September 30	<u>1,607</u>	<u>1,547</u>
Reserve for unfunded credit commitments at January 1	124	118
Provision for (benefit from) unfunded credit losses	(3)	12
Reserve for unfunded credit commitments at September 30	<u>121</u>	<u>130</u>
Allowance for credit losses at September 30	\$ 1,728	\$ 1,677
Loans, net of unearned income, outstanding at end of period	\$ 96,789	\$ 98,942
Average loans, net of unearned income, outstanding for the period	\$ 97,246	\$ 98,220
<b>Net loan charge-offs (recoveries) as a % of average loans, annualized <sup>(2)</sup>:</b>		
Commercial and industrial	0.43 %	0.29 %
Commercial real estate mortgage—owner-occupied	0.03 %	0.01 %
Commercial real estate construction—owner-occupied	(0.24)%	(0.11)%
Total commercial	<u>0.39 %</u>	<u>0.26 %</u>
Commercial investor real estate mortgage	0.30 %	— %
Commercial investor real estate construction	— %	(0.01)%
Total investor real estate	<u>0.22 %</u>	<u>(0.01)%</u>
Residential first mortgage	(0.01)%	— %
Home equity lines	(0.10)%	(0.12)%
Home equity loans	(0.02)%	(0.01)%
Consumer credit card	4.07 %	3.44 %
Other consumer—exit portfolios	(3.72)%	2.78 %
Other consumer	2.73 %	2.61 %
Total consumer	<u>0.65 %</u>	<u>0.63 %</u>
Total	<u><u>0.47 %</u></u>	<u><u>0.36 %</u></u>
<b>Ratios <sup>(2)</sup>:</b>		
Allowance for credit losses at end of period to loans, net of unearned income	1.79 %	1.70 %
Allowance for loan losses to loans, net of unearned income	1.66 %	1.56 %
Allowance for credit losses at end of period to non-performing loans, excluding loans held for sale	210 %	261 %
Allowance for loan losses to non-performing loans, excluding loans held for sale	196 %	241 %

(1) See Note 1 "Summary of Significant Accounting Policies" in the Annual Report on Form 10-K for the year ended December 31, 2023 for additional information.

(2) Amounts have been calculated using whole dollar values.

Allocation of the allowance for credit losses by portfolio segment and class is summarized as follows:

**Table 11—Allowance Allocation**

	September 30, 2024			December 31, 2023		
	Loan Balance	Allowance Allocation	Allowance to Loans % <sup>(1)</sup>	Loan Balance	Allowance Allocation	Allowance to Loans % <sup>(1)</sup>
	(Dollars in millions)					
Commercial and industrial	\$ 49,565	\$ 701	1.41 %	\$ 50,865	\$ 697	1.37 %
Commercial real estate mortgage—owner-occupied	4,873	109	2.24	4,887	110	2.25
Commercial real estate construction—owner-occupied	341	10	2.93	281	7	2.38
Total commercial	54,779	820	1.50	56,033	814	1.45
Commercial investor real estate mortgage	6,562	198	3.01	6,605	169	2.56
Commercial investor real estate construction	2,250	43	1.90	2,245	36	1.63
Total investor real estate	8,812	241	2.73	8,850	205	2.32
Residential first mortgage	20,125	104	0.52	20,207	100	0.50
Home equity lines	3,130	80	2.57	3,221	80	2.49
Home equity loans	2,404	26	1.07	2,439	23	0.94
Consumer credit card	1,372	138	10.03	1,341	138	10.24
Other consumer—exit portfolios	9	—	4.05	43	1	3.09
Other consumer	6,158	319	5.18	6,245	339	5.43
Total consumer	33,198	667	2.01	33,496	681	2.03
Total	\$ 96,789	\$ 1,728	1.79 %	\$ 98,379	\$ 1,700	1.73 %

(1) Amounts have been calculated using whole dollar values.

**NON-PERFORMING ASSETS**

The following table presents non-performing assets as of September 30, 2024 and December 31, 2023:

**Table 12—Non-Performing Assets**

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
	<b>(Dollars in millions)</b>	
<b>Non-performing loans:</b>		
Commercial and industrial	\$ 430	\$ 471
Commercial real estate mortgage—owner-occupied	43	36
Commercial real estate construction—owner-occupied	6	8
<b>Total commercial</b>	<b>479</b>	<b>515</b>
Commercial investor real estate mortgage	287	233
<b>Total investor real estate</b>	<b>287</b>	<b>233</b>
Residential first mortgage	23	22
Home equity lines	26	29
Home equity loans	6	6
<b>Total consumer</b>	<b>55</b>	<b>57</b>
<b>Total non-performing loans, excluding loans held for sale</b>	<b>821</b>	<b>805</b>
<b>Non-performing loans held for sale</b>	<b>7</b>	<b>3</b>
<b>Total non-performing loans<sup>(1)</sup></b>	<b>828</b>	<b>808</b>
<b>Foreclosed properties</b>	<b>17</b>	<b>15</b>
<b>Total non-performing assets<sup>(1)</sup></b>	<b>\$ 845</b>	<b>\$ 823</b>
<b>Accruing loans 90+ days past due:</b>		
Commercial and industrial	3	11
Commercial real estate mortgage—owner-occupied	1	—
<b>Total commercial</b>	<b>4</b>	<b>11</b>
Commercial investor real estate mortgage	40	23
<b>Total investor real estate</b>	<b>40</b>	<b>23</b>
Residential first mortgage <sup>(2)</sup>	75	61
Home equity lines	16	20
Home equity loans	7	7
Consumer credit card	19	20
Other consumer	22	29
<b>Total consumer</b>	<b>139</b>	<b>137</b>
<b>Total accruing loans 90+ days past due</b>	<b>\$ 183</b>	<b>\$ 171</b>
Non-performing loans <sup>(1)</sup> to loans and non-performing loans held for sale	0.86 %	0.82 %
Non-performing loans, excluding loans held for sale <sup>(1)</sup> to loans	0.85 %	0.82 %
Non-performing assets <sup>(1)</sup> to loans, foreclosed properties and non-performing loans held for sale	0.87 %	0.84 %

(1) Excludes accruing loans 90+ days past due.

(2) Excludes residential first mortgage loans that are 100% guaranteed by the FHA and all guaranteed loans sold to Ginnie Mae where Regions has the right but not the obligation to repurchase. Total 90+ days or more past due guaranteed loans excluded were \$46 million at September 30, 2024 and \$34 million at December 31, 2023.

Non-performing loans at September 30, 2024 increased \$20 million as compared to year-end 2023 levels. The same economic trends that impact net charge-offs, as discussed above, will impact the future level of non-performing assets. Circumstances related to individually large credits could also result in volatility.



The following tables provide an analysis of non-accrual loans (excluding loans held for sale) by portfolio segment:

**Table 13— Analysis of Non-Accrual Loans**

<b>Non-Accrual Loans, Excluding Loans Held for Sale for the Nine Months Ended September 30, 2024</b>				
	<b>Commercial</b>	<b>Investor Real Estate</b>	<b>Consumer<sup>(1)</sup></b>	<b>Total</b>
(In millions)				
Balance at beginning of period	\$ 515	\$ 233	\$ 57	\$ 805
Additions	485	164	—	649
Net payments/other activity	(280)	(92)	(2)	(374)
Return to accrual	(21)	—	—	(21)
Charge-offs on non-accrual loans <sup>(2)</sup>	(187)	(17)	—	(204)
Transfers to held for sale <sup>(3)</sup>	(9)	(1)	—	(10)
Net loan sales	(24)	—	—	(24)
Balance at end of period	<u>\$ 479</u>	<u>\$ 287</u>	<u>\$ 55</u>	<u>\$ 821</u>
<b>Non-Accrual Loans, Excluding Loans Held for Sale for the Nine Months Ended September 30, 2023</b>				
	<b>Commercial</b>	<b>Investor Real Estate</b>	<b>Consumer<sup>(1)</sup></b>	<b>Total</b>
(In millions)				
Balance at beginning of period	\$ 382	\$ 53	\$ 65	\$ 500
Additions	400	123	1	524
Net payments/other activity	(111)	(7)	(7)	(125)
Return to accrual	(104)	—	—	(104)
Charge-offs on non-accrual loans <sup>(2)</sup>	(148)	—	—	(148)
Transfers to held for sale <sup>(3)</sup>	(5)	—	—	(5)
Balance at end of period	<u>\$ 414</u>	<u>\$ 169</u>	<u>\$ 59</u>	<u>\$ 642</u>

(1) All net activity within the consumer portfolio segment other than sales and transfers to held for sale (including related charge-offs) is included as a single net number within the net payments/other activity line.

(2) Includes charge-offs on loans on non-accrual status and charge-offs taken upon sale and transfer of non-accrual loans to held for sale.

(3) Transfers to held for sale are shown net of charge-offs recorded upon transfer.

## GOODWILL

Goodwill totaled \$5.7 billion at both September 30, 2024 and December 31, 2023. Refer to Note 1 "Summary of Significant Accounting Policies" and Note 9 "Intangible Assets" to the consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2023 for the methodologies and assumptions used in the goodwill impairment analysis.

## DEPOSITS

Regions competes with other banking and financial services companies for a share of the deposit market. Regions' ability to compete in the deposit market depends heavily on the pricing of its deposits and how effectively the Company meets customers' needs. Regions employs various means to meet those needs and enhance competitiveness, such as providing a high level of customer service, competitive pricing and convenient branch locations for its customers. Regions also serves customers through providing centralized, high-quality banking services through the Company's digital channels and contact center.

The following table summarizes deposits by category and by segment:

**Table 14—Deposits by Category and by Segment**

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
	(In millions)	
Non-interest-bearing demand	\$ 39,698	\$ 42,368
Interest-bearing checking	23,704	24,480
Savings	12,085	12,604
Money market—domestic	35,205	33,364
Time deposits	15,684	14,972
	<u>\$ 126,376</u>	<u>\$ 127,788</u>
Consumer Bank segment	\$ 78,858	\$ 80,031
Corporate Bank segment	36,955	36,883
Wealth Management segment	7,520	7,694
Other <sup>(1)</sup>	3,043	3,180
	<u>\$ 126,376</u>	<u>\$ 127,788</u>

(1) Other deposits represent non-customer balances primarily consisting of wholesale funding (for example, Eurodollar trade deposits, selected deposits and brokered time deposits). Other deposits include brokered deposits totaling \$2.3 billion at September 30, 2024 and \$2.4 billion at December 31, 2023.

Total deposits at September 30, 2024 decreased approximately \$1.4 billion across most segments and categories compared to year-end 2023 levels due to seasonal consumer spending patterns. Slight growth in corporate deposits was overcome by declines in all other segments. As expected, the pace of deposit remixing from non-interest-bearing into interest-bearing products has continued to slow during 2024. Furthermore, competitive rates declined ahead of the 50 basis point reduction in the Fed funds rate late in the third quarter of 2024.

Regions' deposits are granular and diversified including insured and collateralized deposits, with consumer deposits making up more than 62 percent of the total deposit base. Furthermore, corporate deposits include those that are operational in nature (where the primary use is certain operational services such as clearing, custody, payments or other cash management activities). A significant amount of the Company's deposit base is insured by the FDIC or collateralized, with approximately \$9.8 billion in deposits collateralized in public funds or in trusts at September 30, 2024. The amount of estimated uninsured deposits totaled \$48.9 billion at September 30, 2024, therefore over 60 percent of total deposits were insured by the FDIC. The granularity of the Company's deposits was evidenced by an average deposit account balance of approximately \$18 thousand at September 30, 2024. The estimates of uninsured deposits and average account size were based on methodologies used in the Company's Call Report, which is prepared on an unconsolidated bank basis.

See the "Third Quarter Overview" section for details on expectations for deposits in 2024. See also the "Liquidity" and "Market Risk-Interest Rate Risk" sections for further discussion.

## **BORROWED FUNDS**

### **Short-Term Borrowings**

Short-term borrowings, which primarily consist of FHLB advances, were \$1.5 billion at September 30, 2024, and there were no short-term borrowings outstanding at December 31, 2023. The levels of these borrowings can fluctuate depending on the Company's funding needs and the sources utilized.

Short-term secured borrowings, such as securities sold under agreements to repurchase and FHLB advances, are a portion of Regions' funding strategy. See the "Liquidity" section for further detail of Regions' borrowing capacity with the FHLB.

**Table 15—Long-Term Borrowings**

	September 30, 2024	December 31, 2023
	(In millions)	
<b>Regions Financial Corporation (Parent):</b>		
2.25% senior notes due May 2025	\$ 749	\$ 747
1.80% senior notes due August 2028	647	646
5.722% senior notes due June 2030 <sup>(1)</sup>	746	—
5.502% senior notes due September 2035 <sup>(2)</sup>	994	—
7.75% subordinated notes due September 2024	—	100
6.75% subordinated debentures due November 2025	151	153
7.375% subordinated notes due December 2037	299	298
Valuation adjustments on hedged long-term debt	(68)	(112)
	3,518	1,832
<b>Regions Bank:</b>		
FHLB advances	2,000	—
6.45% subordinated notes due June 2037	496	496
Other long-term debt	2	2
	2,498	498
Total consolidated	\$ 6,016	\$ 2,330

(1) On June 6, 2029, the Notes will bear floating rate interest equal to Compounded SOFR plus 1.49%.

(2) On September 6, 2034, the Notes will bear floating rate interest equal to Compounded SOFR plus 2.06%.

Long-term borrowings increased by approximately \$3.7 billion from year-end 2023 due to the use of FHLB advances and debt issuances during the second and third quarters of 2024.

On June 3, 2024, Regions issued \$750 million of 5.722% fixed rate to floating rate senior notes due June 2030. The notes will initially bear interest at 5.722% per annum and, commencing on June 6, 2029 in conjunction with the call date, the notes will bear interest at a floating rate per annum equal to Compounded SOFR plus 1.49%.

On September 3, 2024, Regions issued \$1.0 billion of 5.502% fixed rate to floating rate senior notes due September 2035. The notes will initially bear interest at 5.502% per annum and, commencing on September 6, 2034 in conjunction with the call date, the notes will bear interest at a floating rate per annum equal to Compounded SOFR plus 2.06%.

In the third quarter of 2024, the Company's 7.75% subordinated notes matured.

Funding from the FHLB and Federal Reserve Bank is secured by pledged assets, primarily certain loan portfolios which are also subject to blanket lien arrangements with the FHLB and Federal Reserve Bank. As of September 30, 2024, Regions' blanket lien arrangements with these entities covered a total loan balance of approximately \$93.3 billion and included loans from various loan portfolios. However, borrowing capacity with the FHLB and Federal Reserve Bank is contingent on a subset of the blanket lien portfolios which are eligible and pledged according to the parameters for each counterparty.

## REGULATORY REQUIREMENTS

### CAPITAL RULES

Regions and Regions Bank are required to comply with regulatory capital requirements established by Federal and State banking agencies. These regulatory capital requirements involve quantitative measures of the Company's assets, liabilities and selected off-balance sheet items, and also qualitative judgments by the regulators. Failure to meet minimum capital requirements can subject the Company to a series of increasingly restrictive regulatory actions. Under the Basel III Rules, Regions is designated as a standardized approach bank. Regions is a "Category IV" institution under the Federal Reserve's Tailoring Rules.

Federal banking agencies allowed a phase-in of the impact of CECL on regulatory capital. At December 31, 2021, the add-back to regulatory capital was calculated as the impact of initial adoption, adjusted for 25 percent of subsequent changes in the allowance. The amount is phased-in over a three-year period beginning in 2022 and will conclude in the first quarter of 2025. At September 30, 2024, the net impact of the addback on CET1 was approximately \$102 million or approximately 8 basis points.

Regions participates in supervisory stress testing conducted by the Federal Reserve and its SCB is currently floored at 2.5 percent. See Note 6 "Shareholders' Equity and Accumulated Other Comprehensive Income" to the consolidated financial statements for further details regarding CCAR results.

The following table summarizes the applicable holding company and bank regulatory requirements:

**Table 16—Regulatory Capital Requirements**

	September 30, 2024 Ratio <sup>(1)</sup>	December 31, 2023 Ratio	Minimum Requirement	Minimum Requirement plus SCB <sup>(2)</sup>	To Be Well Capitalized
<b>Common equity Tier 1 capital:</b>					
Regions Financial Corporation	10.58 %	10.26 %	4.50 %	7.00 %	N/A
Regions Bank	11.63	11.22	4.50	7.00	6.50 %
<b>Tier 1 capital:</b>					
Regions Financial Corporation	11.95 %	11.57 %	6.00 %	8.50 %	6.00 %
Regions Bank	11.63	11.22	6.00	8.50	8.00
<b>Total capital:</b>					
Regions Financial Corporation	13.87 %	13.35 %	8.00 %	10.50 %	10.00 %
Regions Bank	13.28	12.74	8.00	10.50	10.00
<b>Leverage capital:</b>					
Regions Financial Corporation	9.82 %	9.72 %	4.00 %	4.00 %	N/A
Regions Bank	9.58	9.44	4.00	4.00	5.00

(1) The current quarter Basel III CET1 capital, Tier 1 capital, Total capital, and Leverage capital ratios are estimated.

(2) Reflects Regions' SCB of 2.5 percent. SCB does not apply to leverage capital ratios.

See the "Third Quarter Overview" section for details on expectations for CET1.

In the third quarter of 2023, proposals were issued by the U.S. federal banking regulators that, if adopted, would impact the Company related to long-term debt requirements and U.S. implementation of capital requirements under Basel IV rules, more recently referred to as the Basel III "Endgame". The Company is studying the proposals and evaluating their impacts. Additional discussion of the Basel III Rules, their applicability to Regions, recent proposals and final rules issued by the federal banking agencies and recent laws enacted that impact regulatory requirements is included in the "Supervision and Regulation" subsection of the "Business" section in Regions' Annual Report on Form 10-K for the year ended December 31, 2023.

## LIQUIDITY

Regions maintains a robust liquidity management framework designed to effectively manage liquidity risk in accordance with sound risk management principals and regulatory expectations. The framework establishes sustainable processes and tools to effectively identify, measure, mitigate, monitor, and report liquidity risks beginning with Regions' Liquidity Management Policy and the Liquidity Risk Appetite Statements approved by the Board. Processes within the liquidity management framework include, but are not limited to, liquidity risk governance, cash management, liquidity stress testing, liquidity risk limits, contingency funding plans, and collateral management. While the framework is designed to comply with liquidity regulations, the processes are further tailored to be commensurate with Regions' operating model and risk profile.

See the "Liquidity" section for more information. Also, see the "Supervision and Regulation—Liquidity Requirements" subsection of the "Business" section and the "Risk Factors" section in the 2023 Annual Report on Form 10-K for additional information.

## RATINGS

Table 17 "Credit Ratings" reflects the debt ratings information of Regions Financial Corporation and Regions Bank by S&P, Moody's, Fitch and DBRS.

**Table 17—Credit Ratings**

	As of September 30, 2024			
	S&P	Moody's	Fitch	DBRS <sup>(1)</sup>
<b>Regions Financial Corporation</b>				
Senior unsecured debt	BBB+	Baa1	A-	A
Subordinated debt	BBB	Baa1	BBB+	WR
<b>Regions Bank</b>				
Short-term	A-2	P-1	F1	R-1M
Long-term bank deposits	N/A	A1	A	AH
Senior unsecured debt	A-	Baa1	A-	AH
Subordinated debt	BBB+	Baa1	BBB+	A
<b>Outlook</b>	Stable	Stable	Stable	Stable

(1) As of March 31, 2024, DBRS withdrew their rating on Regions Financial Corporations' subordinated debt.

On September 16, 2024, Moody's affirmed the Company's senior unsecured debt rating and revised its outlook to stable from negative citing its very strong deposit franchise, sound profitability and conservative asset risk profile.

In general, ratings agencies base their ratings on many quantitative and qualitative factors, including capital adequacy, liquidity, asset quality, business mix, probability of government support, and level and quality of earnings. Any downgrade in credit ratings by one or more ratings agencies may impact Regions in several ways, including, but not limited to, Regions' access to the capital markets or short-term funding, borrowing cost and capacity, collateral requirements, and acceptability of its letters of credit, thereby potentially adversely impacting Regions' financial condition and liquidity. See the "Risk Factors" section of Regions' Annual Report on Form 10-K for the year ended December 31, 2023 for more information.

A security rating is not a recommendation to buy, sell or hold securities, and the ratings are subject to revision or withdrawal at any time by the assigning rating agency. Each rating should be evaluated independently of any other rating. Additional information on the credit rating ranking within the overall classification system is located on the website of each credit rating agency.

## **SHAREHOLDERS' AND TOTAL EQUITY**

Shareholders' equity was \$18.7 billion at September 30, 2024 as compared to \$17.4 billion at December 31, 2023. During the nine months ended September 30, 2024, net income increased shareholders' equity by \$1.4 billion, cash dividends on common stock reduced shareholders' equity by \$669 million, and cash dividends on preferred stock reduced shareholders' equity by \$78 million. Changes in AOCI increased shareholders' equity by \$918 million, primarily due to available for sale securities and derivative instruments as a result of changes in market interest rates during the nine months ended September 30, 2024. During the third quarter of 2024, the Company issued Series F preferred stock, which increased shareholders' equity by \$489 million and redeemed all of the outstanding shares of its Series B preferred stock, which decreased shareholders' equity by \$500 million. Common stock repurchased during the nine months ended September 30, 2024 decreased shareholders' equity by \$290 million. These shares were immediately retired upon repurchase and therefore were not included in treasury stock. The cumulative effect from the adoption of new accounting guidance related to the accounting for tax credit investments decreased shareholders' equity by \$5 million.

Subsequent to September 30, 2024, the Company purchased 2.2 million shares for approximately \$52 million through November 4, 2024. These shares were immediately retired upon repurchase and therefore were not included in treasury stock.

Total equity included noncontrolling interest of \$51 million and \$64 million at September 30, 2024 and December 31, 2023, respectively. The noncontrolling interest represents the unowned portion of a low income housing tax credit fund syndication, of which Regions held the majority interest at September 30, 2024 and December 31, 2023.

See Note 6 "Shareholders' Equity and Accumulated Other Comprehensive Income (Loss)" section for additional information.

## **NON-GAAP MEASURES**

The table below presents computations of earnings and certain other financial measures, which excludes certain adjustments that are included in the financial results presented in accordance with GAAP. These non-GAAP financial measures include "adjusted non-interest expense", "adjusted non-interest income", "adjusted total revenue", and "adjusted total revenue, taxable-equivalent basis". Regions believes that excluding certain items provides a meaningful base for period-to-period comparison, which management believes will assist investors in analyzing the operating results of the Company and predicting future performance. These non-GAAP financial measures are also used by management to assess the performance of Regions' business because management does not consider the activities related to the adjustments to be indications of ongoing operations. Regions believes that presentation of these non-GAAP financial measures will permit investors to assess the performance of the Company on the same basis as that applied by management. Management and the Board utilize these non-GAAP financial measures as follows:

- Preparation of Regions' operating budgets
- Monthly financial performance reporting
- Monthly close-out reporting of consolidated results
- Presentations to investors of Company performance
- Metrics for incentive compensation

Non-interest expense (GAAP) is presented excluding adjustments to arrive at adjusted non-interest expense (non-GAAP). Net interest income (GAAP) is presented with taxable-equivalent adjustments to arrive at net interest income on a taxable-equivalent basis (GAAP). Non-interest income (GAAP) is presented excluding adjustments to arrive at adjusted non-interest income (non-GAAP). Net interest income (GAAP) and adjusted non-interest income (non-GAAP) are added together to arrive at adjusted total revenue (non-GAAP). Net interest income on a taxable-equivalent basis (GAAP) and adjusted non-interest income (non-GAAP) are added together to arrive at adjusted total revenue on a taxable-equivalent basis (non-GAAP).

Non-GAAP financial measures have inherent limitations, are not required to be uniformly applied and are not audited. Although these non-GAAP financial measures are frequently used by stakeholders in the evaluation of a company, they have limitations as analytical tools, and should not be considered in isolation, or as a substitute for analyses of results as reported under GAAP. In particular, a measure of earnings that excludes selected items does not represent the amount that effectively accrues directly to shareholders.

The following table provides: 1) a reconciliation of non-interest expense (GAAP) to adjusted non-interest expense (non-GAAP), 2) a reconciliation of non-interest income (GAAP) to adjusted non-interest income (non-GAAP), 3) a computation of adjusted total revenue (non-GAAP), and 4) a computation of adjusted total revenue on a taxable-equivalent basis (non-GAAP).

**Table 18—GAAP to Non-GAAP Reconciliations**

	Three Months Ended September 30		Nine Months Ended September 30		
	2024	2023	2024	2023	
(Dollars in millions)					
<b>ADJUSTED EXPENSES AND REVENUES<sup>(1)</sup></b>					
Non-interest expense (GAAP)	A	\$ 1,069	\$ 1,093	\$ 3,204	\$ 3,231
Adjustments:					
Other miscellaneous expenses <sup>(2)</sup>		—	—	37	—
Professional, legal and regulatory expenses		(1)	—	(3)	—
FDIC insurance special assessment <sup>(3)</sup>		4	—	(18)	—
Branch consolidation, property and equipment charges		—	(1)	(2)	(4)
Salaries and employee benefits—severance charges		(3)	(3)	(20)	(3)
Adjusted non-interest expense (non-GAAP)	B	\$ 1,069	\$ 1,089	\$ 3,198	\$ 3,224
Net interest income (GAAP)	C	\$ 1,218	\$ 1,291	\$ 3,588	\$ 4,089
Taxable-equivalent adjustment (GAAP)		12	13	37	38
Net interest income, taxable-equivalent basis (GAAP)	D	\$ 1,230	\$ 1,304	\$ 3,625	\$ 4,127
Non-interest income (GAAP)	E	\$ 572	\$ 566	\$ 1,680	\$ 1,676
Adjustments:					
Securities (gains) losses, net		78	1	178	3
Leveraged lease termination gains		—	—	—	(1)
Adjusted non-interest income (non-GAAP)	F	\$ 650	\$ 567	\$ 1,858	\$ 1,678
Total revenue (GAAP)	C+E=G	\$ 1,790	\$ 1,857	\$ 5,268	\$ 5,765
Adjusted total revenue (non-GAAP)	C+F=H	\$ 1,868	\$ 1,858	\$ 5,446	\$ 5,767
Total revenue, taxable-equivalent basis (GAAP)	D+E=I	\$ 1,802	\$ 1,870	\$ 5,305	\$ 5,803
Adjusted total revenue, taxable-equivalent basis (non-GAAP)	D+F=J	\$ 1,880	\$ 1,871	\$ 5,483	\$ 5,805

(1) See the "Third Quarter Overview" for expectations for adjusted non-interest expense and non-interest income.

(2) In the second quarter of 2024, the Company had a contingent reserve release related to a previous acquisition.

(3) The third quarter 2024 amount reflects a reduction to the Company's FDIC special assessment accrual.

Table 19 "Consolidated Average Daily Balances and Yield/Rate Analysis" presents a detail of net interest income (on a taxable-equivalent basis), the net interest margin, and the net interest spread.

**Table 19—Consolidated Average Daily Balances and Yield/Rate Analysis**

	Three Months Ended September 30					
	2024			2023		
	Average Balance	Income/ Expense	Yield/ Rate <sup>(1)</sup>	Average Balance	Income/ Expense	Yield/ Rate <sup>(1)</sup>
(Dollars in millions; yields on taxable-equivalent basis)						
<b>Assets</b>						
Earning assets:						
Federal funds sold and securities purchased under agreements to resell	\$ 1	\$ —	5.44 %	\$ 1	\$ —	5.32 %
Debt securities <sup>(2)(3)</sup>	32,252	241	2.98	31,106	185	2.38
Loans held for sale	642	11	6.56	910	14	5.99
Loans, net of unearned income <sup>(4)(5)</sup>	97,040	1,475	6.02	98,785	1,475	5.91
Interest-bearing deposits in other banks	6,682	92	5.52	6,374	90	5.56
Other earning assets	1,456	13	3.58	1,465	15	4.09
Total earning assets	138,073	1,832	5.26	138,641	1,779	5.08
Unrealized gains/(losses) on securities available for sale, net <sup>(2)</sup>	(2,213)			(3,626)		
Allowance for loan losses	(1,629)			(1,526)		
Cash and due from banks	2,822			2,165		
Other non-earning assets	17,614			17,830		
	<u>\$ 154,667</u>			<u>\$ 153,484</u>		
<b>Liabilities and Shareholders' Equity</b>						
Interest-bearing liabilities:						
Savings	\$ 12,183	4	0.13	\$ 13,715	4	0.12
Interest-bearing checking	23,599	98	1.64	22,499	74	1.31
Money market	35,051	247	2.80	32,146	179	2.20
Time deposits	15,427	158	4.09	12,112	110	3.59
Total interest-bearing deposits <sup>(6)</sup>	86,260	507	2.34	80,472	367	1.81
Federal funds purchased and securities sold under agreements to repurchase	22	—	4.40	8	—	5.46
Short-term borrowings	641	10	5.42	2,794	39	5.48
Long-term borrowings	5,351	85	6.28	4,295	69	6.31
Total interest-bearing liabilities	92,274	602	2.59	87,569	475	2.15
Non-interest-bearing deposits <sup>(6)</sup>	39,690	—	—	44,748	—	—
Total funding sources	131,964	602	1.81	132,317	475	1.42
Net interest spread <sup>(2)</sup>			<u>2.67</u>			<u>2.93</u>
Other liabilities	4,623			4,677		
Shareholders' equity	18,047			16,468		
Noncontrolling interest	33			22		
	<u>\$ 154,667</u>			<u>\$ 153,484</u>		
Net interest income /margin on a taxable-equivalent basis <sup>(7)</sup>		<u>\$ 1,230</u>	<u>3.54 %</u>		<u>\$ 1,304</u>	<u>3.73 %</u>

(1) Amounts have been calculated using whole dollar values.

(2) Debt securities are included on an amortized cost basis with yield and net interest margin calculated accordingly.

(3) Interest income on debt securities includes hedging income of \$3 million for the three months ended September 30, 2024 and zero for the three months ended September 30, 2023.

(4) Loans, net of unearned income include non-accrual loans for all periods presented.

(5) Interest income on loans, net of unearned income, includes hedging expense of \$110 million and \$82 million for the three months ended September 30, 2024 and 2023, respectively. Interest income on loans, net of unearned income, also includes net loan fees of \$36 million and \$31 million for the three months ended September 30, 2024 and 2023, respectively.

(6) Total deposit costs may be calculated by dividing total interest expense on deposits by the sum of interest-bearing deposits and non-interest-bearing deposits. The rates for total deposit costs equaled 1.60% and 1.16% for the three months ended September 30, 2024 and 2023, respectively.

(7) The computation of taxable-equivalent net interest income is based on the statutory federal income tax rate of 21%, adjusted for applicable state income taxes net of the related federal tax benefit.

	Nine Months Ended September 30					
	2024			2023		
	Average Balance	Income/Expense	Yield/Rate <sup>(1)</sup>	Average Balance	Income/Expense	Yield/Rate <sup>(1)</sup>
(Dollars in millions; yields on taxable-equivalent basis)						
<b>Assets</b>						
Earning assets:						
Federal funds sold and securities purchased under agreements to resell	\$ 1	\$ —	5.44 %	\$ —	\$ —	— %
Debt securities <sup>(2)(3)</sup>	31,800	669	2.80	31,576	557	2.35
Loans held for sale	557	28	6.61	615	31	6.58
Loans, net of unearned income <sup>(4)(5)</sup>	97,246	4,353	5.94	98,220	4,314	5.84
Interest-bearing deposits in other banks	5,868	246	5.61	6,330	241	5.08
Other earning assets	1,414	47	4.47	1,406	41	3.94
Total earning assets	136,886	5,343	5.19	138,147	5,184	4.99
Unrealized gains/(losses) on securities available for sale, net <sup>(2)</sup>	(2,838)			(3,259)		
Allowance for loan losses	(1,615)			(1,483)		
Cash and due from banks	2,694			2,281		
Other non-earning assets	17,871			17,762		
	<u>\$ 152,998</u>			<u>\$ 153,448</u>		
<b>Liabilities and Shareholders' Equity</b>						
Interest-bearing liabilities:						
Savings	\$ 12,437	12	0.13	\$ 14,605	13	0.12
Interest-bearing checking	24,100	303	1.68	23,383	191	1.09
Money market	34,358	713	2.77	32,077	400	1.67
Time deposits	15,386	476	4.13	9,366	202	2.88
Total interest-bearing deposits <sup>(6)</sup>	86,281	1,504	2.33	79,431	806	1.36
Federal funds purchased and securities sold under agreements to repurchase	13	—	4.83	8	—	5.30
Short-term borrowings	560	24	5.47	2,154	86	5.23
Long-term borrowings	3,790	190	6.63	3,374	165	6.48
Total interest-bearing liabilities	90,644	1,718	2.53	84,967	1,057	1.66
Non-interest-bearing deposits <sup>(6)</sup>	40,375	—	—	47,155	—	—
Total funding sources	131,019	1,718	1.75	132,122	1,057	1.07
Net interest spread <sup>(2)</sup>			<u>2.66</u>			<u>3.33</u>
Other liabilities	4,647			4,705		
Shareholders' equity	17,295			16,606		
Noncontrolling interest	37			15		
	<u>\$ 152,998</u>			<u>\$ 153,448</u>		
Net interest income/margin on a taxable-equivalent basis <sup>(7)</sup>		<u>\$ 3,625</u>	<u>3.54 %</u>		<u>\$ 4,127</u>	<u>3.99 %</u>

- (1) Amounts have been calculated using whole dollar values.
- (2) Debt securities are included on an amortized cost basis with yield and net interest margin calculated accordingly.
- (3) Interest income on debt securities includes hedging income of \$7 million for the nine months ended September 30, 2024 and zero for the nine months ended September 30, 2023.
- (4) Loans, net of unearned income include non-accrual loans for all periods presented.
- (5) Interest income on loans, net of unearned income, includes hedging expense of \$343 million and \$129 million for the nine months ended September 30, 2024 and 2023, respectively. Interest income on loans, net of unearned income, also includes net loan fees of \$105 million and \$93 million for the nine months ended September 30, 2024 and 2023, respectively.
- (6) Total deposit costs may be calculated by dividing total interest expense on deposits by the sum of interest-bearing deposits and non-interest-bearing deposits. The rates for total deposit costs equaled 1.58% and 0.85% for the nine months ended September 30, 2024 and 2023, respectively.
- (7) The computation of taxable-equivalent net interest income is based on the statutory federal income tax rate of 21%, adjusted for applicable state income taxes net of the related federal tax benefit.

Net interest income is Regions' principal source of income and is one of the most important elements of Regions' ability to meet its overall performance goals. Both net interest income and net interest margin are influenced by both long-term and short-term market interest rates. Both long-term and short-term rates were higher for most of the nine months ended 2024 compared to 2023. Late in the third quarter of 2024, the FOMC decreased the Fed funds rate by 50 basis points.

Net interest income (taxable-equivalent basis) and net interest margin decreased in both the third quarter and nine months ended September 30, 2024 compared to the same periods in 2023. While the pace of deposit re-mixing continued to slow in 2024, higher funding costs (which included an increase in deposit costs due to re-mixing) primarily drove the decline in net interest income and margin. Partially offsetting the increase in funding costs was higher asset yields benefiting from the



maturity and continued replacement of lower-yielding, fixed-rate loans and securities. This includes the benefit of multiple distinct securities repositioning transactions that occurred in 2024. See Table 1 for additional details.

## **MARKET RISK—INTEREST RATE RISK**

Regions' primary market risk is interest rate risk. This includes uncertainty with respect to absolute interest rate levels as well as relative interest rate levels, which are impacted by both the shape and the slope of the various yield curves that affect the financial products and services that the Company offers. As its primary tool to analyze this risk, Regions measures the change in its net interest income in various interest rate scenarios compared to a base case scenario. Net interest income sensitivity to market rate movements is a useful short-term indicator of Regions' interest rate risk.

In addition to net interest income simulations, Regions also utilizes an EVE analysis as a measurement tool to estimate risk exposure over a longer-term horizon. EVE measures the extent to which the economic value of assets, liabilities and derivative instruments may change in response to fluctuations in interest rates. Importantly, EVE values only the current balance sheet, excluding the growth assumptions used in net interest income sensitivity analyses. Additionally, the results are highly dependent on assumptions for products with embedded prepay optionality and indeterminate maturities. The uncertainty surrounding important assumptions used in EVE analysis may limit its efficacy.

Sensitivity Measurement—Financial simulation models are Regions' primary tools used to measure interest rate exposure. Using a wide range of sophisticated simulation techniques provides management with extensive information on the potential impact to net interest income caused by changes in interest rates. Models are structured to simulate cash flows and accrual characteristics of Regions' balance sheet. Assumptions are made about the direction and magnitude of interest rate movements, the slope of the yield curve, and the changing composition of the balance sheet that results from both strategic plans and customer behavior. Among the assumptions are expectations of balance sheet growth and composition, the pricing and maturity characteristics of existing business and the characteristics of future business. Interest rate-related risks are expressly considered, such as pricing spreads, the pricing of deposit accounts, prepayments and other option risks. Regions considers these factors, as well as the degree of certainty or uncertainty surrounding their future behavior.

The primary objective of asset/liability management at Regions is to coordinate balance sheet composition with interest rate risk management to sustain reasonable and stable net interest income throughout various interest rate cycles. In computing interest rate sensitivity, Regions compares a set of alternative interest rate scenarios to the results of a base case scenario derived using "market forward rates." See the "Third Quarter Overview" section for details on expectations for net interest income in 2024. The set of alternative interest rate scenarios includes instantaneous parallel rate shifts of various magnitudes. In addition to parallel rate shifts, multiple curve steepening and flattening scenarios are contemplated. Regions includes simulations of gradual interest rate movements phased in over a six-month period that may more realistically mimic the speed of potential interest rate movements.

Exposure to Interest Rate Movements—Regions' balance sheet is naturally asset sensitive, with net interest income increasing with higher interest rates, and decreasing with lower interest rates. This is the result of approximately half of the loan portfolio floating contractually with market rate indices, and funding from a large, mostly stable retail deposit portfolio. Importantly, the stability and rate sensitivity of Regions' deposit portfolio has been proven over multiple interest rate cycles. With this natural balance sheet profile, the ability to utilize discretionary asset duration strategies within the investment portfolio and through derivative hedges is critical in mitigating the Bank's naturally asset sensitive position.

As of September 30, 2024, Regions evidenced a mostly balanced, or "neutral" asset/liability position, with an asset duration of approximately 2.5 years and a liability duration of approximately 2.5 years, using historically-informed approximations. The securities portfolio duration was approximately 4.7 years and is appropriate for Regions' risk profile in order to offset the long-duration deposit liabilities. While the derivative hedging portfolio has been recorded on the balance sheet at an unrealized loss, deposit value increases more than offset this loss during the rising rate cycle. The additional value of deposits in a higher rate environment is realized in the form of lower-cost funding when compared with wholesale sources. While balance sheet analysis, particularly EVE analysis, does contemplate the economic value of deposits, the estimated fair value of deposits is equal to their carrying value for certain financial statement footnote disclosures, consistent with industry practices. See Note 10 "Fair Value Measurements" to the consolidated financial statements for additional information.

Regions' net interest income profile was mostly neutral to both gradual and instantaneous parallel yield curve shifts as compared to the base case for the 12-month measurement horizon ending September 2025. The estimated exposure associated with the rising and falling rate scenarios in Table 20 below reflects the combined impacts of movements in short-term and long-term interest rates. An increase or reduction in short-term interest rates (such as the Fed Funds rate, the interest rate on reserve balances, and SOFR) will drive the yield on assets and liabilities contractually tied to such rates higher or lower. In either scenario, it is expected that changes in funding costs and balance sheet hedging income will offset the change in asset yields, resulting in little change to net interest income.

Net interest income remains exposed to intermediate and long-term yield curve tenors. While this was a headwind to net interest income during a low rate environment, it represents a tailwind to net interest income growth given higher interest rates today. Elevated, or increasing intermediate and long-term interest rates (such as intermediate to longer-term U.S. Treasuries,

swaps and mortgage rates) will drive yields higher on certain fixed-rate, newly originated or renewed loans, increase prospective yields on certain investment portfolio purchases, and reduce amortization of premium expense on existing securities in the investment portfolio. The opposite is true in an environment where intermediate and long-term interest rates fall.

The interest rate sensitivity analysis presented below in Table 20 is informed by a variety of assumptions and estimates regarding the progression of the balance sheet in both the baseline scenario as well as the scenarios of instantaneous and gradual shifts in the yield curve. Though there are many assumptions which affect the estimates for net interest income, those pertaining to deposit pricing, deposit mix and overall balance sheet composition are particularly impactful. Given the uncertainties associated with monetary policy on industry liquidity levels and the cost of that liquidity, management evaluates the impacts from these key assumptions through sensitivity analysis. Sensitivity calculations are hypothetical and should not be considered predictive of future results.

The Company's baseline balance sheet assumptions include management's best estimate for balance sheet changes in the coming 12 months. Deposit balances and mix continue to show signs of stabilization and have mostly reverted to normal historical patterns and trends. Additional deposit balance outflow of \$1 billion would reduce net interest income by \$18 million over 12 months in the parallel, instantaneous +100 basis point scenario in Table 20. Conversely, if an additional \$1 billion is retained, a positive benefit of \$18 million would be expected over 12 months in the parallel, instantaneous +100 basis point scenario in Table 20.

In rising rate scenarios only, management assumes that the mix of deposits will change versus the base case as informed by analyses of prior rate cycles. Currently, however, much of the anticipated mix shift has already occurred or is expected to occur within the baseline scenario, mitigating the amount of additional remixing in higher rate scenarios. The magnitude of the remixing shift is rate dependent and equates to approximately \$1.1 billion over 12 months in the parallel, instantaneous +100 basis point scenario in Table 20. Furthermore, over the 12 month horizon, an increase of \$1 billion in deposit remixing would decrease net interest income by approximately \$22 million, and a decrease of \$1 billion in deposit remixing would increase net interest income by \$22 million in the parallel, instantaneous +100 basis point scenario.

The interest-bearing deposit beta is calibrated using the experience from prior rate cycles and is dynamic across both interest rate level and time. The parallel, instantaneous +100 basis point shock scenario in Table 20 incorporates an incremental beta between 40 and 45 percent when compared to the base case scenario, while the parallel, instantaneous -100 basis point shock scenario incorporates an incremental beta between 35 and 40 percent when compared to the base case scenario. Incremental deposit pricing outperformance or underperformance of 5 percent in a parallel, instantaneous 100 basis point shock would increase or decrease net interest income by approximately \$43 million.

The table below summarizes Regions' positioning over the next 12 months in various parallel yield curve shifts (i.e., including all yield curve tenors). The scenarios are inclusive of all interest rate hedging activities. More information regarding hedges is disclosed in Table 21 and its accompanying description.

**Table 20—Interest Rate Sensitivity**

	<b>Estimated Annual Change in Net Interest Income September 30, 2024<sup>(1)(2)</sup></b>
	<b>(in millions)</b>
<b><u>Gradual Change in Interest Rates</u></b>	
+ 200 basis points	\$ 62
+ 100 basis points	32
- 100 basis points	(43)
- 200 basis points	(80)
<b><u>Instantaneous Change in Interest Rates</u></b>	
+ 200 basis points	\$ (5)
+ 100 basis points	7
- 100 basis points	(37)
- 200 basis points	(71)

(1) Disclosed interest rate sensitivity levels represent the 12-month forward looking net interest income changes as compared to market forward rate cases and include expected balance sheet growth and remixing.

(2) All active cash flow hedges, including forward starting hedges, are reflected within the measurement horizon. See Table 22 for additional information regarding hedge start and maturity dates.

Regions' comprehensive interest rate risk management approach uses derivatives and debt securities to manage its interest rate risk position.

Interest rate movements may also have an impact on the value of Regions’ securities portfolio, which can directly impact the carrying value of shareholders’ equity.

*Derivatives*—Regions uses financial derivative instruments for management of interest rate sensitivity. ALCO, which consists of members of Regions’ senior management team, in its oversight role for the management of interest rate sensitivity, approves the use of derivatives in balance sheet hedging strategies. Derivatives are also used to offset the risks associated with customer derivatives, which include interest rate, credit, and foreign exchange risks. The most common derivatives Regions employs are forward rate contracts, forward sale commitments, futures contracts, interest rate swaps, interest rate options (caps, floors and collars), and contracts with a combination of these instruments.

Forward rate contracts are commitments to buy or sell financial instruments at a future date at a specified price or yield. Futures contracts subject Regions to market risk associated with changes in interest rates. Because futures contracts are cash settled daily, there is minimal credit risk associated with futures. Interest rate swaps are contractual agreements typically entered into to exchange fixed for variable (or vice versa) streams of interest payments. The notional principal is not exchanged but is used as a reference for the size of interest settlements. Interest rate options are contracts that allow the buyer to purchase or sell a financial instrument at a predetermined price and time. Forward sale commitments are contractual obligations to sell market instruments at a future date for an already agreed-upon price. Foreign currency contracts involve the exchange of one currency for another on a specified date and at a specified rate. These contracts are executed on behalf of the Company’s customers and are used by customers to manage fluctuations in foreign exchange rates. The Company is subject to the credit risk that another party will fail to perform.

Regions has made use of interest rate swaps and options in balance sheet hedging strategies to effectively convert a portion of its fixed-rate funding position to a variable-rate position, to effectively convert a portion of its fixed-rate debt securities available for sale portfolio to a variable-rate position, and to effectively convert a portion of its floating-rate loan portfolios to fixed-rate. Regions also uses derivatives to economically manage interest rate and pricing risk associated with its mortgage origination business. In the period of time that elapses between the origination and sale of mortgage loans, changes in interest rates have the potential to cause a decline in the value of the loans in this held-for-sale portfolio. Futures contracts and forward sale commitments are used to protect the value of the loan pipeline and loans held for sale from changes in interest rates and pricing.

The following table presents additional information about hedging interest rate derivatives used by Regions to manage interest rate risk:

**Table 21—Hedging Derivatives by Interest Rate Risk Management Strategy**

	September 30, 2024			
	Notional Amount	Weighted-Average		
		Maturity (Years)	Receive Rate	Pay Rate
(Dollars in millions)				
<b>Derivatives in fair value hedging relationships:</b>				
Receive variable/pay fixed swaps - debt securities available for sale <sup>(1)(2)(3)</sup>	\$ 1,774	0.6	4.9 %	4.8 %
Receive fixed/pay variable swaps - borrowings and time deposits <sup>(3)</sup>	3,160	5.2	2.3 %	4.2 %
<b>Derivatives in cash flow hedging relationships:</b>				
Receive fixed/pay variable swaps - floating-rate loans <sup>(1)(2)(3)</sup>	\$ 32,300	3.0	3.0 %	4.5 %
Interest rate options <sup>(4)</sup>	2,000	3.8		
<b>Total derivatives designated as hedging instruments</b>	<b>\$ 39,234</b>			

- (1) Floating rates represent the most recent fixing for active derivatives and the first forward fixing for future starting derivatives.
- (2) Includes forward starting notional with maturity relative to current quarter-end. For more information on notional by year, see Table 22.
- (3) All floating rates are SOFR based and may include SOFR conversion spread.
- (4) Interest rate options have an average cap strike of 6.22% and a floor of 1.86%.

The proceeds from the 5.502% senior notes due September 2035, which were issued in September 2024, were invested in \$1.0 billion of residential agency MBS and U.S Treasury securities (see Table 1). Additionally, a \$1.0 billion receive fixed, fair value swap, beginning in September 2031 and maturing in September 2034 was added to complement the duration of residential agency MBS hedge and for flexibility in liquidity management in the notes’ final years prior to the call date.

In the third quarter of 2024 the Company added \$1.3 billion in forward-starting swaps with a receive rate of 3.22 percent, which will become active in both July 2026 and July 2028 and mature in July 2031. The Company also added \$1.2 billion in pay-fixed swaps with an average pay rate of 4.85 percent maturing in 2024.

Subsequent to September 30, 2024, the Company executed an additional \$2.0 billion in forward-starting swaps with a receive rate of 3.36 percent, which will become active in July 2026 and mature 5 years from their start date. The Company also terminated \$1.5 billion of pay-fixed swaps originally scheduled to mature in 2024.

The following table presents the average asset hedge notional amounts that are active during each of the remaining quarterly and annual periods. Asset hedge notional amounts mature prior to the end of 2032, with an immaterial amount of notional maturing in early 2032.

**Table 22—Schedule of Notional for Asset Hedging Derivatives**

	Average Active Notional Amount															
	Quarters Ended		Years Ended													
	12/31/2024	2025	2026	2027	2028	2029	2030	2031								
<b>Asset Hedging Relationships:</b>																
Receive fixed/pay variable swaps	\$	19,019	\$	18,988	\$	17,157	\$	14,697	\$	9,981	\$	4,886	\$	4,250	\$	1,135
Receive variable/pay fixed swaps		1,654		300		249		15		23		23		23		23
Net receive fixed/pay variable swaps	\$	17,365	\$	18,688	\$	16,908	\$	14,682	\$	9,958	\$	4,863	\$	4,227	\$	1,112
Interest rate options	\$	1,500	\$	1,999	\$	2,000	\$	2,000	\$	999	\$	1	\$	—	\$	—

(1) All cash flow hedges are reflected within the 12-month measurement horizon and included in income sensitivity levels as disclosed in Table 20.

Regions manages the credit risk of these instruments in much the same way as it manages credit risk of the loan portfolios by establishing credit limits for each counterparty and through collateral agreements for dealer transactions. For non-dealer transactions, the need for collateral is evaluated on an individual transaction basis and is primarily dependent on the financial strength of the counterparty. Credit risk is also reduced significantly by entering into legally enforceable master netting agreements. When there is more than one transaction with a counterparty and there is a legally enforceable master netting agreement in place, the exposure represents the net of the gain and loss positions with and collateral received from and/or posted to that counterparty. Most hedging interest rate swap derivatives traded by Regions are subject to mandatory clearing. The counterparty risk for cleared trades effectively moves from the executing broker to the clearinghouse allowing Regions to benefit from the risk mitigation controls in place at the respective clearinghouse. The “Credit Risk” section in this report contains more information on the management of credit risk.

Regions also uses derivatives to meet the needs of its customers. Interest rate swaps, interest rate options and foreign exchange forwards are the most common derivatives sold to customers. Other derivative instruments with similar characteristics are used to hedge market risk and minimize volatility associated with this portfolio. Instruments used to service customers are held in the trading account, with changes in value recorded in the consolidated statements of income.

The primary objective of Regions’ hedging strategies is to mitigate the impact of interest rate changes, from an economic perspective, on net interest income and other financing income and the net present value of its balance sheet. The overall effectiveness of these hedging strategies is subject to market conditions, the quality of Regions’ execution, the accuracy of its valuation assumptions, counterparty credit risk and changes in interest rates.

See Note 9 "Derivative Financial Instruments and Hedging Activities" to the consolidated financial statements for a tabular summary of Regions’ year-end derivatives positions and further discussion.

Regions accounts for residential MSRs at fair market value with any changes to fair value being recorded within mortgage income. Regions enters into derivative transactions to economically mitigate the impact of market value fluctuations related to residential MSRs. Derivative instruments entered into in the future could be materially different from the current risk profile of Regions’ current portfolio.

## REFERENCE RATE REFORM

In the fourth quarter of 2023, Bloomberg Index Services Limited announced the permanent cessation of the BSBY index and all tenors effective November 15, 2024. Regions is planning for cessation and will not rely on accounting relief during transition.

## LIQUIDITY

Liquidity is an important factor in the financial condition of Regions and affects Regions’ ability to meet the needs of the Company and its customers. Regions’ goal in liquidity management is to maintain diverse liquidity sources and reserves sufficient to satisfy the cash flow requirements of depositors and borrowers, under normal and stressed conditions. Accordingly, Regions maintains a variety of liquidity sources to fund its obligations, as further described below. See also Note 12 "Commitments, Contingencies and Guarantees" to the consolidated financial statements for additional discussion of the Company’s funding requirements. Furthermore, Regions performs specific procedures, including scenario analyses and stress testing to evaluate and maintain appropriate levels of available liquidity in alignment with liquidity risk.

Regions' operation of its business provides a generally balanced liquidity base which is comprised of customer assets, consisting principally of loans, and funding provided by customer deposits and borrowed funds. Maturities in the loan portfolio provide a steady flow of funds, and are supplemented by Regions' deposit base.

Cash reserves, liquid assets and secured borrowing capabilities aid in the management of liquidity in normal and stressed conditions, and/or meeting the need of contingent events such as obligations related to potential litigation. As part of its normal management practice, Regions maintains collateral and operational readiness to utilize secured funding sources such as the FHLB and the Federal Reserve Bank on a same-day basis (subject to any practical constraints affecting these market participants). While the securities portfolio is a primary source of liquidity, the secured borrowing capabilities, in addition to cash reserves on hand, assist in alleviating the Company's need to sell securities for funding purposes. Liquidity needs can also be met by borrowing funds in national money markets, though Regions does maintain limits on short-term unsecured funding due to the volatility that can affect such markets.

The following table summarizes the Company's available sources of liquidity as of September 30, 2024:

**Table 23—Liquidity Sources**

	<b>Availability as of September 30, 2024</b>	
	<b>(in billions)</b>	
Cash at the Federal Reserve Bank <sup>(1)</sup>	\$	7.9
Unencumbered investment securities <sup>(2)</sup>		25.2
FHLB borrowing availability		8.3
Federal Reserve Bank borrowing availability through the discount window		20.9
<b>Total liquidity sources</b>	<b>\$</b>	<b>62.3</b>

(1) Includes small in transit items that may not yet be reflected in the Fed master account closing balance.

(2) Unencumbered investment securities comprise securities that are eligible as collateral for secured transactions through market channels or are eligible to be pledged to the FHLB or the Federal Reserve Discount Window.

The balance with the Federal Reserve Bank is the primary component of the balance sheet line item “interest-bearing deposits in other banks.” At September 30, 2024, Regions had approximately \$7.9 billion in cash on deposit with the Federal Reserve Bank and other depository institutions, an increase from approximately \$4.2 billion at December 31, 2023, driven by FHLB utilization in order to optimize collateral and increase cash balances.

The securities portfolio also serves as a primary source and storehouse of liquidity. Proceeds from maturities and principal and interest payments of securities provide a continual flow of funds available for cash needs (see Note 3 "Debt Securities" to the consolidated financial statements). Furthermore, the highly liquid nature of the available for sale securities portfolio (for example, the agency guaranteed MBS portfolio) can be readily used as a source of cash through various secured borrowing arrangements. Regions' securities portfolio consists of residential and commercial agency MBS, U.S. Treasury securities, federal agency securities, and corporate and other debt. In evaluating the liquidity within the securities portfolio, unencumbered investment securities are primarily comprised of U.S Treasury securities and residential and commercial agency MBS. Unencumbered investment securities also includes certain corporate bonds considered to be highly liquid and other securities, primarily non-agency commercial MBS.

Regions' financing arrangement with the FHLB adds additional flexibility in managing the Company's liquidity position. As of September 30, 2024, Regions had \$1.5 billion in short-term FHLB borrowings, \$2.0 billion in long-term FHLB borrowings and had borrowing capacity as shown in Table 23. FHLB borrowing capacity was determined based on eligible securities and loan amounts, as of September 30, 2024, that were pledged as collateral for future borrowing capacity. Additionally, investment in FHLB stock is required in relation to the level of outstanding borrowings. The FHLB has been and is expected to continue to be a reliable and economical source of funding.

Regions has additional borrowing availability with the Federal Reserve Bank through the discount window as shown in Table 23. Federal Reserve Bank borrowing capacity is determined based on eligible loan amounts that were pledged as collateral for future borrowing capacity. Regions also is an eligible Standing Repo Facility counterparty, which supplements Regions' available channels for monetizing unencumbered securities.

Regions maintains a shelf registration statement with the SEC that can be utilized by Regions to issue various debt and/or equity securities. Additionally, Regions' Board has authorized Regions Bank to issue up to \$10 billion in aggregate principal amount of bank notes outstanding at any one time. Refer to Note 11 "Borrowed Funds" to the consolidated financial statements in the 2023 Annual Report on Form 10-K for additional information.

Regions may, from time to time, consider opportunistically retiring outstanding issued securities, including subordinated debt in privately negotiated or open market transactions for cash or common shares. Regulatory approval would be required for retirement of some instruments. See Note 6 "Shareholders' Equity and Accumulated Other Comprehensive Income (Loss)" to the consolidated financial statements for additional information.

Regions' liquidity policy requires the holding company to maintain cash sufficient to cover the greater of (1) 18 months of debt service and other cash needs or (2) a minimum cash balance of \$500 million. Cash and cash equivalents at the holding company totaled \$1.8 billion at September 30, 2024. Overall liquidity risk limits are established by the Board through its Risk Appetite Statement and Liquidity Policy. The Company's Board, LROC and ALCO regularly review compliance with the established limits.

### **CREDIT RISK**

Regions' objective regarding credit risk is to maintain a credit portfolio that provides for stable credit costs with acceptable volatility through an economic cycle. Regions has various processes to manage credit risk as described below. In order to assess the risk profile of the loan portfolio, Regions considers risk factors within the loan portfolio segments and classes, the current U.S. economic environment and that of its primary banking markets, as well as counterparty risk. See the "Portfolio Characteristics" section found earlier in this report for further information regarding the risk characteristics of each loan type.

### **INFORMATION SECURITY RISK**

Regions faces information security risks, such as evolving and adaptive cyber-attacks that are conducted regularly against financial institutions in attempts to compromise or disable information systems. In the event of a cyber-attack or other data breach, Regions may be required to incur significant expenses, including with respect to remediation costs, costs of implementing additional preventative measures, addressing any reputational harm and addressing any related regulatory inquiries or civil litigation arising from the event.

Refer to Part 1 Item1C. *Cybersecurity* in the Annual Report on Form 10-K for the year ended December 31, 2023 for further discussion of Regions' risk identification and assessment, risk management and governance of information security risk.

### **PROVISION FOR CREDIT LOSSES**

The provision for credit losses is used to maintain the allowance for loan losses and the reserve for unfunded credit losses at a level that in management's judgment is appropriate to absorb expected credit losses over the contractual life of the loan and credit commitment portfolio at the balance sheet date. The provision for credit losses totaled \$113 million and net charge-offs were \$117 million during the third quarter of 2024 compared to \$145 million for provision for credit losses and \$101 million for net charge-offs during the third quarter of 2023. The provision for credit losses totaled \$367 million and net charge-offs were \$339 million for the first nine months of 2024 compared to \$398 million for provision for credit losses and \$265 million for net charge-offs during the first nine months of 2023. Refer to the "Allowance" section for further detail.

**NON-INTEREST INCOME**

**Table 24—Non-Interest Income**

	Three Months Ended September 30		Quarter-to-Date Change 9/30/2024 vs. 9/30/2023	
	2024	2023	Amount	Percent
	(Dollars in millions)			
Service charges on deposit accounts	\$ 158	\$ 142	\$ 16	11.3 %
Card and ATM fees	118	126	(8)	(6.3)%
Capital markets income	92	64	28	43.8 %
Investment management and trust fee income	85	79	6	7.6 %
Mortgage income	36	28	8	28.6 %
Investment services fee income	43	33	10	30.3 %
Commercial credit fee income	28	24	4	16.7 %
Bank-owned life insurance	28	20	8	40.0 %
Market value adjustments on employee benefit assets	13	4	9	225.0 %
Securities gains (losses), net	(78)	(1)	(77)	NM
Other miscellaneous income	49	47	2	4.3 %
	<u>\$ 572</u>	<u>\$ 566</u>	<u>\$ 6</u>	<u>1.1 %</u>

	Nine Months Ended September 30		Year-to-Date Change 9/30/2024 vs. 9/30/2023	
	2024	2023	Amount	Percent
	(Dollars in millions)			
Service charges on deposit accounts	\$ 457	\$ 449	\$ 8	1.8 %
Card and ATM fees	354	377	(23)	(6.1)%
Capital markets income	251	174	77	44.3 %
Investment management and trust fee income	249	232	17	7.3 %
Mortgage income	111	78	33	42.3 %
Investment services fee income	120	102	18	17.6 %
Commercial credit fee income	83	78	5	6.4 %
Bank-owned life insurance	81	56	25	44.6 %
Market valuation adjustments on employee benefit assets	30	3	27	NM
Securities gains (losses), net	(178)	(3)	(175)	NM
Other miscellaneous income	122	130	(8)	(6.2)%
	<u>\$ 1,680</u>	<u>\$ 1,676</u>	<u>\$ 4</u>	<u>0.2 %</u>

NM - Not Meaningful

**Service Charges on Deposit Accounts**

Service charges on deposit accounts include overdraft fees, treasury management fees and other customer transaction-related service charges. Service charges increased modestly in the three and nine months ended September 30, 2024 compared to the same periods in 2023, driven by an increase in fees from treasury management services. Partially offsetting the increase in the nine months ended 2024 was a decline in overdraft fees as a result of recent overdraft-related policy enhancements.

On October 25, 2023, the Federal Reserve issued a proposal for public comment that, if finalized, would lower the maximum interchange fee that a large debit card issuer can receive for a debit card transaction. Under the proposed rule the maximum interchange fee would be subject to adjustments every other year based upon issuer cost data. The Company is studying the proposal and evaluating its impact.

On January 17, 2024, the CFPB issued a proposal for public comment that, if finalized, would cap overdraft fees in line with established benchmarks ranging between \$3-\$14 or their actual costs. Alternatively, an institution could calculate its own fee to break even. The Company is studying the proposal and evaluating its impact.

**Card and ATM Fees**

Card and ATM fees include the combined amounts of credit card/bank card income and debit card and ATM related revenue. Card and ATM fees decreased in both the three and nine months ended September 30, 2024 compared to the same periods in 2023, driven by a decline in foreign ATM revenue due to elimination of balance inquiry fees in February 2024, as well as credit card rewards liability adjustments combined with higher trending rewards utilization.

**Capital Markets Income**

Capital markets income primarily relates to capital raising activities that include securities underwriting and placement, loan syndication, as well as foreign exchange, derivatives, merger and acquisition and other advisory services. Capital markets

income increased in the three and nine months ended September 30, 2024 compared to the same periods in 2023, driven primarily by less negative credit/debit valuation adjustments due to rate and spread movements, and increased securities underwriting and placement fees. The nine months ended September 30, 2024 also benefited from increased real estate transactions.

### **Mortgage Income**

Mortgage income is generated through the origination and servicing of residential mortgage loans for long-term investors and sales of residential mortgage loans in the secondary market. The increases in mortgage income in the three and nine months ended September 30, 2024 compared to the same periods in 2023 were due primarily to an increase in servicing income due to bulk purchases of the rights to service \$6.2 billion of residential mortgage loans in the third quarter of 2023 and \$8 billion of residential mortgage loans at the end of the first quarter of 2024.

### **Investment Services Fee Income**

Investment services fee income represents income earned from investment advisory services. Investment services fee income increased in the three and nine months ended September 30, 2024 compared to the same periods in 2023 due to strong advisor production.

### **Bank-owned Life Insurance**

Bank-owned life insurance income primarily represents income earned from the appreciation of the cash surrender value of insurance contracts held and the proceeds of insurance benefits. Bank-owned life insurance income increased during the three and nine months ended September 30, 2024 compared to the same periods in 2023 driven primarily by increased claim volume.

### **Market Value Adjustments on Employee Benefit Assets**

Market value adjustments on employee benefit assets are the reflection of market value variations related to assets held for certain employee benefits. The adjustments are offset in salaries and benefits and other non-interest expense.

### **Securities Gains (Losses)**

Net securities gains (losses) primarily result from the Company's asset/liability and capital management processes. In the first nine months of 2024, the Company sold debt securities and reinvested the proceeds at higher current market yields, incurring \$175 million in total pre-tax losses. See Table 1 "Debt Securities" for more information. An additional \$3 million in losses was incurred associated with the sale of certain employee benefit assets.



**Table 25—Non-Interest Expense**

	Three Months Ended September 30		Quarter-to-Date Change 9/30/2024 vs. 9/30/2023	
	2024	2023	Amount	Percent
(Dollars in millions)				
Salaries and employee benefits	\$ 645	\$ 589	\$ 56	9.5 %
Equipment and software expense	101	107	(6)	(5.6)%
Net occupancy expense	69	72	(3)	(4.2)%
Outside services	41	39	2	5.1 %
Marketing	28	26	2	7.7 %
Professional, legal and regulatory expenses	21	27	(6)	(22.2)%
Credit/checkcard expenses	14	16	(2)	(12.5)%
FDIC insurance assessments	17	27	(10)	(37.0)%
Visa class B shares expense	17	5	12	240.0 %
Operational losses	19	75	(56)	(74.7)%
Branch consolidation, property and equipment charges	—	1	(1)	(100.0)%
Other miscellaneous expenses	97	109	(12)	(11.0)%
	<u>\$ 1,069</u>	<u>\$ 1,093</u>	<u>\$ (24)</u>	<u>(2.2)%</u>

	Nine Months Ended September 30		Year-to-Date Change 9/30/2024 vs. 9/30/2023	
	2024	2023	Amount	Percent
(Dollars in millions)				
Salaries and employee benefits	\$ 1,912	\$ 1,808	\$ 104	5.8 %
Equipment and software expense	302	310	(8)	(2.6)%
Net occupancy expense	211	218	(7)	(3.2)%
Outside services	120	120	—	— %
Marketing	82	79	3	3.8 %
Professional, legal and regulatory expenses	74	66	8	12.1 %
Credit/checkcard expenses	43	45	(2)	(4.4)%
FDIC insurance assessments	89	81	8	9.9 %
Visa class B shares expense	26	22	4	18.2 %
Operational losses	79	183	(104)	(56.8)%
Branch consolidation, property and equipment charges	2	4	(2)	(50.0)%
Other miscellaneous expenses	264	295	(31)	(10.5)%
	<u>\$ 3,204</u>	<u>\$ 3,231</u>	<u>\$ (27)</u>	<u>(0.8)%</u>

### Salaries and Employee Benefits

Salaries and employee benefits consist of salaries, incentive compensation, long-term incentives, payroll taxes, and other employee benefits such as 401(k), pension, and medical, life and disability insurance, as well as, expenses from liabilities held for employee benefit purposes. Salaries and employee benefits increased in the three and nine months ended September 30, 2024 compared to the same periods in 2023 primarily due to an increase in incentives, base salaries, and benefits expenses. The increase was also driven by an increase in market valuation adjustments on employee benefit assets that are offset in non-interest income. Salaries and employee benefits expense in the nine months ended 2024 was also impacted by an increase in severance costs. Full-time equivalent headcount decreased to 19,560 at September 30, 2024 from 20,257 at September 30, 2023.

### Professional, Legal and Regulatory Expenses

Professional, legal, and regulatory expenses consist of amounts related to legal, consulting, other professional fees and regulatory charges. Professional, legal, and regulatory expenses decreased in the three months ended September 30, 2024 compared to the same period in 2023 due to a decline in other professional fees. Professional, legal and regulatory expenses increased in the nine months ended September 30, 2024 compared to the same period in 2023 due to accruals for legal and regulatory matters in the first quarter of 2024.

### FDIC Insurance Assessments

FDIC insurance assessments decreased in the three months ended September 30, 2024 as compared to the same period in 2023 primarily resulting from a \$4 million reduction in the FDIC special assessment accrual (discussed below) and favorability in the base assessment which was driven by higher levels of unsecured debt and cash as well as lower exposures in higher risk assets. FDIC insurance assessments increased in the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 primarily resulting from the special assessment, offset by favorability in the base assessment.

Federal law requires that any losses to the FDIC's DIF related to the protection of uninsured depositors under the Systemic Risk Exception be repaid by a special assessment on IDIs. In the fourth quarter of 2023, the FDIC finalized a special assessment related to the two March 2023 bank failures, which was required to be recognized as the accrual of a liability and related expense in the fourth quarter of 2023 pursuant to accounting guidance. In late February 2024, the FDIC published revised loss estimates related to the failures, increasing the estimated loss to the DIF. Regions adjusted the special assessment accrual by \$18 million during the first quarter of 2024. Based on updated information in invoices received from the FDIC, Regions recorded an additional \$4 million during the second quarter of 2024 and a reduction of \$4 million in the third quarter of 2024.

The total assessment is to be paid in ten quarterly installments that began with the invoice for the first quarter of 2024 received in June 2024 and should be deductible for income taxes.

### **Visa Class B shares Expense**

Visa class B shares expense is associated with previously sold shares. The Visa class B shares have restrictions tied to finalization of certain covered litigation. Visa class B shares expense increased in the three months ended September 30, 2024 compared to the same period in 2023 due to an expense of \$14 million recognized in the third quarter of 2024 for the Company's proportionate share of the escrow funding related to the ongoing covered litigation.

### **Operational Losses**

Operational losses include losses related to fraud, execution, delivery and process management, and damage to physical assets. Operational losses decreased in the three and nine months ended September 30, 2024 compared to the same periods in 2023 primarily due to check fraud that occurred in the second and third quarters of 2023.

### **Other Miscellaneous Expenses**

Other miscellaneous expenses include expenses related to communications, postage, supplies, certain credit-related costs, foreclosed property expenses, mortgage repurchase costs, and other costs (benefits) related to employee benefit plans. Other miscellaneous expenses decreased in the three and nine months ended September 30, 2024 compared to the same periods in 2023 primarily due to lower pension related costs. Other miscellaneous expenses in the nine months ended September 30, 2024 also includes a reduction for a contingent reserve release in the second quarter of 2024 related to a prior acquisition.

### **INCOME TAXES**

The Company's income tax expense for the three months ended September 30, 2024 was \$118 million compared to \$129 million for the three months ended September 30, 2023, resulting in effective tax rates of 19.4 percent and 20.9 percent, respectively. The Company's income tax expense for the nine months ended September 30, 2024 was \$338 million compared to \$453 million for the nine months ended September 30, 2023, resulting in effective tax rates of 19.9 percent and 21.2 percent, respectively. The decreases in the effective tax rates for the periods in 2024 were primarily due to expectations of lower pre-tax income in 2024 as compared to 2023, causing tax preferential items to have a more favorable impact as well as increased tax benefits in relation to bank owned life insurance and investments in affordable housing. See the "Third Quarter Overview" section for the Company's expectations for the 2024 effective tax rate.

The effective tax rate is affected by many factors including, but not limited to, the level of pre-tax income, the mix of income between various tax jurisdictions with differing tax rates, enacted tax legislation, net tax benefits related to affordable housing investments, bank-owned life insurance income, tax-exempt interest and nondeductible expenses. In addition, the effective tax rate is affected by items that may occur in any given period but are not consistent from period-to-period, such as the termination of certain leveraged leases, share-based payments, valuation allowance changes and changes to unrecognized tax benefits. Accordingly, the comparability of the effective tax rate between periods may be impacted.

At September 30, 2024, the Company reported a net deferred tax asset of \$396 million compared to \$741 million at December 31, 2023. The change in the net deferred tax position was due primarily to the deferred tax impact of decreases in unrealized losses on securities for sale and derivative instruments arising during the nine months ended September 30, 2024.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

The information presented in the "Market Risk" section of Part 1, Item 2 is incorporated herein by reference.

**Item 4. Controls and Procedures**

Based on an evaluation, as of the end of the period covered by this Form 10-Q, under the supervision and with the participation of Regions' management, including its Chief Executive Officer and Chief Financial Officer, the Chief Executive Officer and Chief Financial Officer have concluded that Regions' disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) are effective. During the quarter ended September 30, 2024, there were no changes in Regions' internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, Regions' internal control over financial reporting.

**PART II. OTHER INFORMATION**

**Item 1. Legal Proceedings**

Information required by this item is set forth in Note 12 "Commitments, Contingencies and Guarantees" in the Notes to the Consolidated Financial Statements (Unaudited) in Part I. Item 1. of this report, which is incorporated by reference.

**Item 1A. Risk Factors**

There are no material changes to the risk factors set forth in Regions' Annual Report on Form 10-K for the year ended December 31, 2023.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

On April 20, 2022, the Board authorized the repurchase of up to \$2.5 billion of the Company's common stock, permitting purchases from the second quarter of 2022 through the fourth quarter of 2024.

The following table presents information regarding issuer purchases of equity securities during the third quarter of 2024. All of these shares were immediately retired upon repurchase and therefore were not included in treasury stock.

Period	Total Number of Shares Purchased	Average Price Paid per Share <sup>(1)</sup>	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under Publicly Announced Plans or Programs
July 1-31, 2024	—	\$ —	—	\$ 2,047,022,869
August 1-31, 2024	645,026	\$ 23.25	645,026	\$ 2,032,016,432
September 1-30, 2024	3,775,802	\$ 22.51	3,775,802	\$ 1,946,978,804
Total Third Quarter	<u>4,420,828</u>	\$ 22.62	<u>4,420,828</u>	\$ 1,946,978,804

(1) Average price paid does not reflect the 1 percent excise tax charged on public company share repurchases.

**Item 6. Exhibits**

The following is a list of exhibits including items incorporated by reference

- 3.1 [Amended and Restated Certificate of Incorporation, incorporated by reference to Exhibit 3.1 to the Form 10-Q filed by registrant on August 6, 2012.](#)
- 3.2 [Certificate of Designations, incorporated by reference to Exhibit 3.4 to the Form 8-A filed by registrant on April 29, 2019.](#)
- 3.3 [Certificate of Designations, incorporated by reference to Exhibit 3.1 to the Form 8-K filed by registrant on June 5, 2020.](#)
- 3.4 [Certificate of Designations, incorporated by reference to Exhibit 3.6 to the Form 8-A filed by registrant on May 3, 2021.](#)
- 3.5 [Certificate of Designations, incorporated by reference to Exhibit 3.6 on the Form 8-A filed by registrant on July 26, 2024.](#)
- 3.6 [By-Laws as amended and restated, incorporated by reference to Exhibit 3.2 to the Form 8-K filed by registrant on October 18, 2023.](#)
- 3.7 [Certificate of Elimination, incorporated by reference to Exhibit 3.1 to the Form 8-K filed by registrant on September 17, 2024.](#)
- 10.1 [Regions Financial Corporation Financial Restatement Compensation Recoupment Policy \(Amended and Restated as of October 15, 2024\).](#)
- 31.1 [Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2 [Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32 [Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101 The following materials are formatted in Inline XBRL: (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Income; (iii) the Consolidated Statements of Comprehensive Income; (iv) the Consolidated Statements of Changes in Shareholders' Equity; (v) the Consolidated Statements of Cash Flows; and (vi) the Notes to the Consolidated Financial Statements.
- 104 Cover Page Interactive Data File, formatted in Inline XBRL (included within the Exhibit 101 attachments).

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DATE: November 5, 2024

**Regions Financial Corporation**

/s/ Karin K. Allen

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**Karin K. Allen**

**Executive Vice President and Assistant Controller  
(Chief Accounting Officer and Authorized Officer)**

## CERTIFICATIONS

I, John M. Turner, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Regions Financial Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2024

/s/ JOHN M. TURNER, JR.

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**John M. Turner, Jr.**  
**President and Chief Executive Officer**

## CERTIFICATIONS

I, David J. Turner, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Regions Financial Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2024

/s/ DAVID J. TURNER, JR.

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**David J. Turner, Jr.**  
**Senior Executive Vice President and**  
**Chief Financial Officer**



CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Regions Financial Corporation (the “Company”) on Form 10-Q for the quarter ended September 30, 2024 (the “Report”), I, John M. Turner, Jr., Chief Executive Officer of the Company, and David J. Turner, Jr., Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to our knowledge:

- 1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JOHN M. TURNER, JR.

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**John M. Turner, Jr.**  
President and Chief Executive Officer

/s/ DAVID J. TURNER, JR.

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**David J. Turner, Jr.**  
Chief Financial Officer

Date: November 5, 2024

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appear in typed form within the electronic version of this written statement required by Section 906, has been provided to Regions Financial Corporation and will be retained by Regions Financial Corporation and furnished to the Securities and Exchange Commission or its staff upon request.