

Regions Financial (RF)

\$28.52 (Stock Price as of 01/09/2026)

Price Target (6-12 Months): **\$30.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 12/27/23)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

2-Buy

Zacks Style Scores:

VGM: A

Value: B

Growth: C

Momentum: A

Summary

Shares of Regions Financial have outperformed the industry in the past six months. Its earnings beat estimates in the trailing four quarters. The lower deposit costs and higher fixed-asset returns continue to support the company's net interest income (NII) growth. Further, its strong presence in key Southeastern and Midwest markets positions the bank to benefit from regional economic growth, supporting future loan expansion. Given the strong liquidity position, its capital distribution activities appear sustainable. However, the subdued mortgage income may hamper the company's financials in the near term. Further, the economic uncertainty and concentrated loan exposure may affect its asset quality. Also, the rising expense base, despite the company's ongoing expense management efforts, will limit its bottom-line growth in the near term.

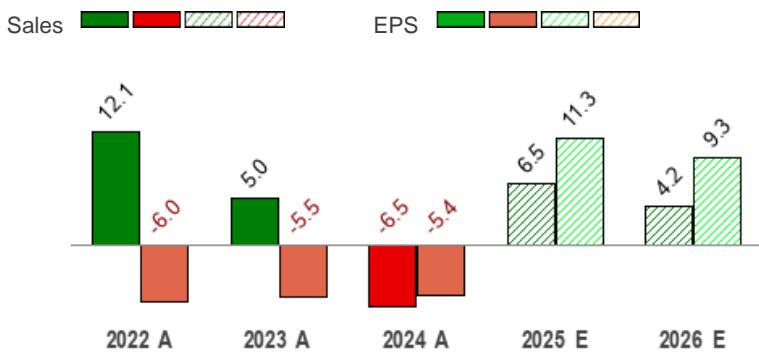
Price, Consensus & Surprise⁽¹⁾



Data Overview

52 Week High-Low	\$28.76 - \$17.74
20 Day Average Volume (sh)	9,714,018
Market Cap	\$25.3 B
YTD Price Change	6.4%
Beta	1.03
Dividend / Div Yld	\$1.06 / 3.7%
Industry	Banks - Southeast
Zacks Industry Rank	Top 22% (54 out of 244)

Sales and EPS Growth Rates (Y/Y %)⁽¹⁾



Last EPS Surprise	5.0%
Last Sales Surprise	-0.1%
EPS F1 Est- 4 week change	0.5%
Expected Report Date	01/16/2026
Earnings ESP	0.4%

Sales Estimates (millions of \$)⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2026	1,919 E	1,957 E	1,991 E	2,001 E	7,858 E
2025	1,784 A	1,905 A	1,916 A	1,927 E	7,540 E
2024	1,747 A	1,731 A	1,790 A	1,815 A	7,083 A

EPS Estimates⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2026	0.60 E	0.63 E	0.66 E	0.67 E	2.59 E
2025	0.54 A	0.60 A	0.63 A	0.61 E	2.36 E
2024	0.44 A	0.52 A	0.57 A	0.59 A	2.12 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 01/09/2026.

(2) The report's text and the price target are as of 01/05/2026.

Overview

Regions Financial Corporation is a Birmingham, AL-based financial holding company, providing retail and commercial and mortgage banking, as well as other financial services in asset management, wealth management, securities brokerage, trust services, mergers and acquisitions (M&A) advisory services, and other specialty financing.

The company has four business segments.

The Corporate Bank (constituting 31% of total deposits as of Sept. 30, 2025) segment includes the company's commercial banking functions, including commercial and industrial, commercial real estate, investor real estate lending, equipment lease financing, and capital market activities

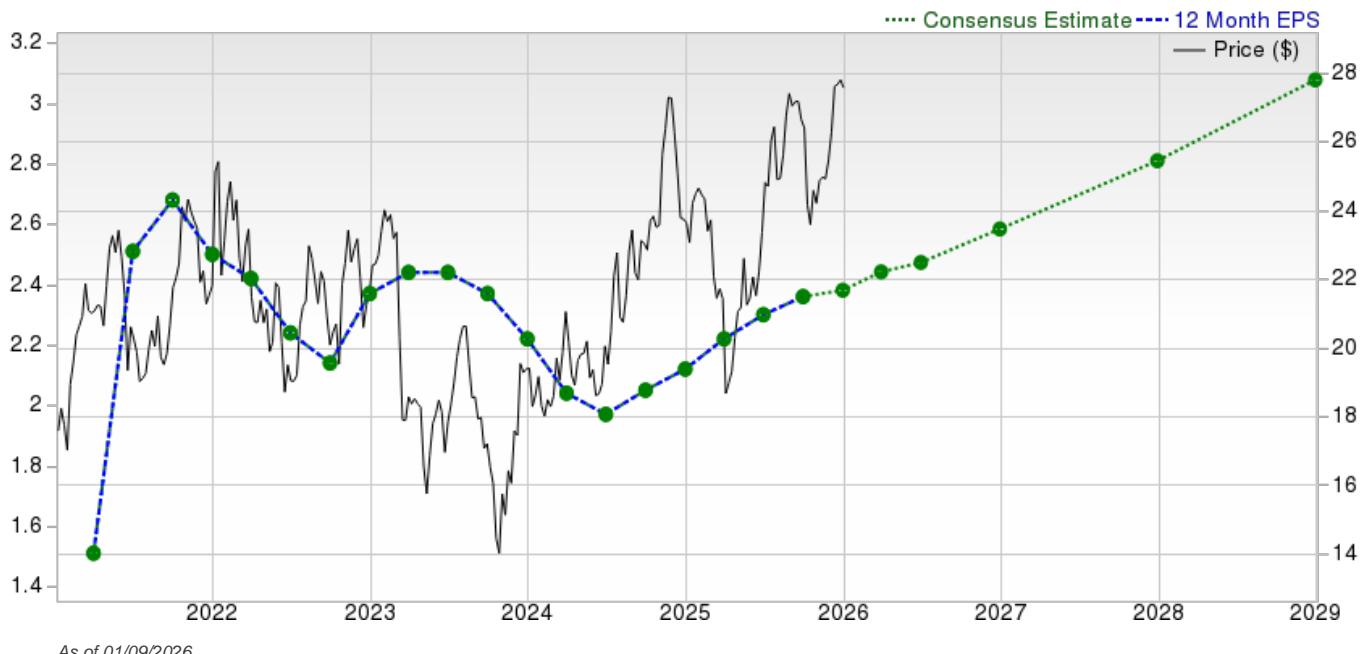
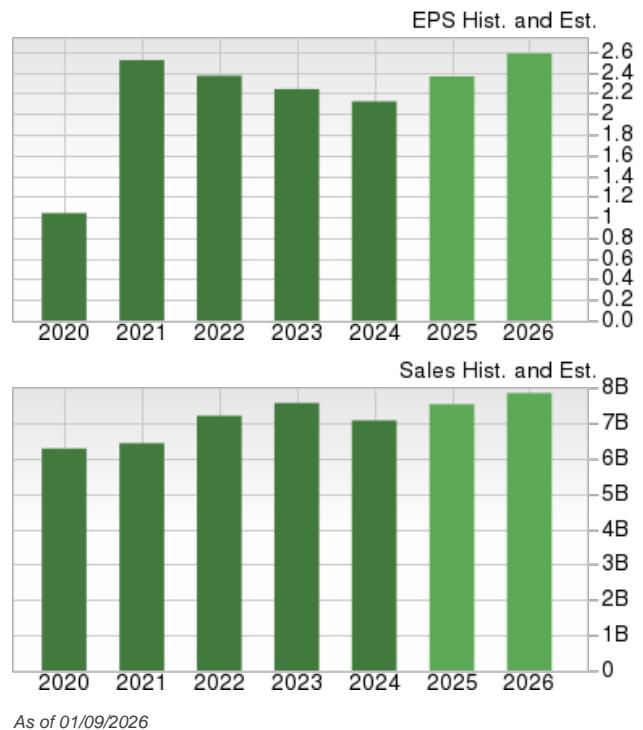
The Consumer Bank (61.1%) segment comprises the company's branch network, including consumer banking products and services and the corresponding deposit relationships.

The Wealth Management (5.9%) segment consists of wealth management products and services. This segment provides investment advice, assistance in managing assets, and estate planning to individuals and institutional clients.

Other (2%) include the company's treasury function, the securities portfolio, wholesale funding activities, interest rate risk management activities, and other corporate functions unrelated to a strategic business unit.

In 2021, Regions Financial acquired Clearsight Advisors, Inc. and the specialized home improvement lender, EnerBank USA. Also, Regions Financial's subsidiary, Regions Bank, acquired Sabal Capital Partners, LLC. In 2020, it acquired equipment finance lender, Ascentium Capital LLC. In 2019, Regions Financial closed the acquisition of Highland Associates, a leading institutional investment firm. In 2018, the company divested Regions Insurance Group.

As of Sept. 30, 2025, Regions Financial had \$159.9 billion of assets, \$96.1 billion of loans, net of unearned income, \$130.3 billion of deposits and \$19 billion of shareholders' equity.



Reasons To Buy:

- ▲ Regions Financial has witnessed a steady growth in its loan balances, seeing a compound annual growth rate (CAGR) of 3.2% over the past five years (2019-2024). Although the loan balance declined in the first nine months of 2025, rising loan pipelines along with the company's broad exposure across strategic Southeastern and Midwest markets provide a solid foundation for loan growth in the upcoming period. Management expects average loan balances to remain relatively stable from 2024 levels supported by growth in commercial and real estate lending.
- ▲ The company's NII has witnessed steady growth over the past years. NII witnessed a CAGR of 6% over the past five years ending in 2024. In the first nine months of 2025, NII continued to rise.. Further, NII is expected to grow 3-4% in 2025, supported by prudent funding cost management, securities repositioning, and higher yields from maturing fixed-rate assets.
- ▲ Regions Financial is focused on expanding and diversifying its business operations through investments in varied product offerings and inorganic expansion efforts. In 2021, the company acquired ClearSight, Sabal Capital and EnerBank USA, which diversified its revenue sources. In 2019, the company augmented its competencies in the not-for-profit space in wealth management and the healthcare space through the acquisition of Highland Associates. Regions Financial continues to explore opportunities for bolt-on acquisitions, besides adding capabilities in the wealth management unit. As the company is committed to diversifying its revenue streams and meeting customer needs via diverse services, we believe such endeavors will likely support its growth prospects in the long term.
- ▲ Regions Financial has a solid balance sheet and liquidity position. As of Sept. 30, 2025, Regions Financial had \$6.08 billion in total debt (including both long- and short-term borrowings), and liquidity sources totaled \$62 billion. The company's senior-unsecured debt enjoys an investment-grade credit rating of BBB+ from Standard & Poor's, Baa1 from Moody's and A- from Fitch. This renders the company's favorable access to debt at attractive rates. Given a strong liquidity profile, Regions Financial is less likely to default on interest and debt repayments if the economic situation worsens.
- ▲ We remain encouraged by Regions Financial's efforts to enhance shareholder value through its capital-deployment activities. In July 2025, the bank announced a 6% increase in its quarterly common stock dividend to 26 cents per share. The company also has a share repurchase plan in place. On Dec. 10, 2025, the board of directors approved a new share repurchase program worth up to \$3 billion of its common stock, effective from Jan. 1, 2026, through Dec. 31, 2027. The new authorization replaced the existing share repurchase program, which was originally launched in April 2022 and was set to expire on Dec. 31, 2025. Given the company's robust liquidity, its capital deployment activities seem sustainable and will drive investors' confidence in the stock.
- ▲ Shares of Regions Financial have outperformed the industry over the past six months. The company's 2025 earnings estimates have remained unchanged over the past month. Given strong fundamentals, the stock has decent upside potential in the near term.

Regions Financial benefits from an increase in NII supported by high rates and decent loan growth. Also, its buyouts will aid growth. The capital distribution activities are backed by strong liquidity.

Reasons To Sell:

- ▼ Regions Financial continues to record an increase in expenses. Non-interest expenses witnessed a CAGR of 4% over 2019-2024. The non-interest expenses continued to rise in the first nine months of 2025 as health insurance-related costs, compensation, and other operating expenses increased. These factors, along with market value adjustments on employee benefit assets, are expected to keep overall expenses elevated in the near terms, despite the company's ongoing expense management efforts.
- ▼ Regions Financial's mortgage income, which is a key component of its non-interest income, witnessed a negative CAGR of 2.2% over 2019-2024. Though mortgage income increased year over year in the first nine months of 2025, ongoing volatility in the mortgage market might keep the mortgage income under pressure in the near term.
- ▼ As of Sept. 30, 2025, 65.9% of Regions Financial's total loan portfolio comprises commercial loans (commercial and industrial lending as well as commercial real estate lending). Over the past few quarters, the company has witnessed pressure in the commercial loan portfolio. Particularly, office, senior housing, transportation and warehousing, health care, and wholesale goods industries saw an increase in non-accrual and classified loans. As of Sept. 30, 2025, 74.6% of total non-performing loans comprise commercial loans. Going forward, in case of any economic downturn, the asset quality of the loan category may deteriorate. Thus, the lack of loan portfolio diversification is expected to hurt the company's financials if the economic situation worsens.
- ▼ Regions Financial's trailing 12-month return on equity (ROE) undercuts its growth potential. The company's ROE of 13.05% compares unfavorably with 17.03% of the S&P 500. This reflects that the company is less efficient in using shareholders' funds.

Pressure on mortgage income due to high rates and a lack of diversification in loan portfolio are headwinds for Regions Financial. Rising non-interest expenses might impede the bottom-line growth.

Last Earnings Report

Regions Financial Q3 Earnings Top on High NII & Fee Income

Regions Financial's third-quarter 2025 adjusted earnings per share of 63 cents beat the Zacks Consensus Estimate of 60 cents. This compares favorably with earnings of 57 cents per share in the year-ago quarter.

An increase in non-interest income and net interest income alongside lower provisions supported RF's results. However, a lower loan and deposit balance, along with higher non-interest expenses, played spoilsport.

Net income (GAAP basis) available to common shareholders was \$548 million, up 22.9% year over year.

Revenues & Expenses Rise Y/Y

Total quarterly revenues were \$1.92 billion, which matched the Zacks Consensus Estimate. The top line rose 7% from the year-ago quarter.

Quarterly NII was \$1.26 billion, up 3.2% year over year. Further, the net interest margin rose 5 basis points to 3.59%.

Non-interest income increased 15.2% year over year to \$659 million.

Non-interest expenses increased 3.2% year over year to \$1.1 billion. Adjusted non-interest expenses moved up 3.9% year over year to \$1.11 billion.

The efficiency ratio was 57.2% in the third quarter compared with 59.3% in the prior-year quarter. A decline in the efficiency ratio indicates an increase in profitability.

Loans & Deposits Decline Sequentially

As of Sept. 30, 2025, total loans decreased slightly on a sequential basis to \$96.1 billion. Total deposits were \$130.3 billion, which decreased marginally from the previous quarter.

Credit Quality: Mixed Bag

Non-performing assets (excluding more than 90 days past due), as a percentage of loans, foreclosed properties and non-performing loans held for sale, decreased to 0.82% from the prior-year quarter's 0.87%. Non-performing loans, excluding loans held for sale as a percentage of net loans, were 0.79%, down from 0.85% in the prior-year quarter.

A provision for credit losses of \$105 million was recorded in the quarter, down 7.1% from the year-ago quarter.

Annualized net charge-offs, as a percentage of average loans, were 0.55% compared with 0.48% in the prior-year period.

Capital Ratios: Mixed Bag

As of Sept. 30, 2025, the Common Equity Tier 1 ratio and the Tier 1 capital ratio were 10.8% and 11.9%, respectively, compared with 10.6% and 12% in the year-earlier quarter.

Share Repurchase Update

In the reported quarter, the company repurchased 10 million shares for \$251 million.

Outlook

4Q 2025

NII is expected to rebound modestly from the third-quarter 2025 level, supported by fixed-rate asset turnover, additional securities repositioning, and lower deposit pricing.

The company expects Capital Markets revenues to be in the range of \$95 million to \$105 million.

2025

Management now expects average loan balances to remain relatively stable from 2024, reflecting a revision from the earlier guidance of stable to up modestly from the 2024 reported figure of \$97.03 billion.

The average deposit balance is now expected to be up low single digits year over year, higher than the prior expectation of stable to modestly higher than the 2024 level of \$126 billion. This reflects strong client retention and growth across commercial and priority markets.

NII is now projected to grow 3–4% compared with \$4.82 billion in 2024, narrowing from the previous guidance of 3–5%. NIM is expected to rebound to the mid-3.60% range in the fourth quarter, providing positive momentum into 2026.

Adjusted non-interest income is now expected to increase 4–5% from the 2024 level of \$2.47 billion, up from the earlier projection of 2.5–3.5%, driven by record performances in capital markets and wealth management.

FY Quarter Ending	12/31/2025
Earnings Reporting Date	Oct 17, 2025
Sales Surprise	-0.08%
EPS Surprise	5.00%
Quarterly EPS	0.63
Annual EPS (TTM)	2.36

Adjusted non-interest expenses are anticipated to rise around 2% from the 2024 level of \$4.2 billion, compared to the prior forecast of 1–2%, reflecting higher-than-expected health insurance-related costs, revenue-based incentives, and growth-related hires.

The operating leverage is expected to be positive within the range of 150 – 250bps.

The net charge-off rate is now expected to be around 50 bps, compared to the earlier guidance of the upper end of the 40–50 bps range, as the company continues to resolve stressed portfolios.

Management anticipates the allowance for credit losses ratio to remain flat to slightly lower.

It anticipates near-term CET1 to remain around 9.5%, compared with the prior range of 9.25–9.75%.

The effective tax rate is expected to be 20-21%.

Recent News

Dividend Update

On Oct. 15, 2025, Regions Financial announced a quarterly cash dividend of 26 cents per share on its common stock. The dividend was paid out on Jan. 2, 2026, to stockholders of record as of Dec. 1, 2025.

Valuation

Regions Financial's shares are up 19.8% in the past six months and up 0.5% over the trailing 12 months. Stocks in the Zacks sub-industry and those in the Zacks Finance sector are up 4.6% and 8.8%, respectively, in the past six months. Over the past year, the Zacks sub-industry is down 8.9% and the Finance sector is up 10.4%.

The S&P 500 Index is up 17.1% in the past six-month period and up 15.1% in the past year.

The stock is currently trading at 10.65X forward 12-month earnings, which compares to 10.33X for the Zacks sub-industry, 17.39X for the Zacks sector and 23.11X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 12.33X and as low as 6.46X, with a 5-year median of 9.59X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$30 price target reflects 11.31X forward earnings.

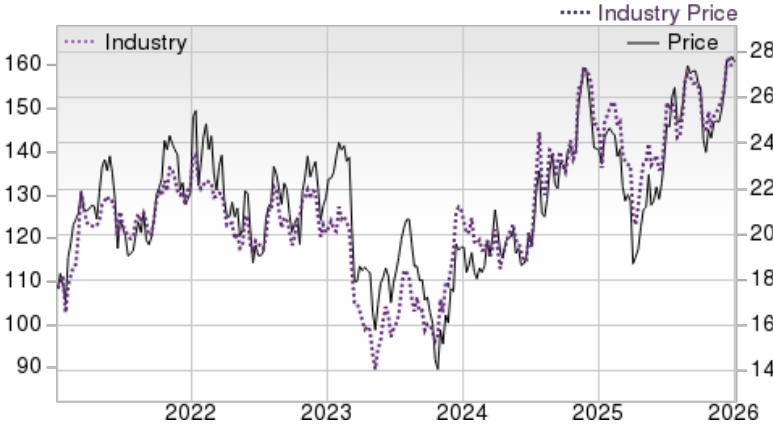
The table below shows summary valuation data for RF.

Valuation Multiples - RF					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	10.65	10.33	17.39	23.11
	5-Year High	12.33	14.09	18.28	23.80
	5-Year Low	6.46	7.87	12.36	15.74
	5-Year Median	9.59	10.58	16.11	21.21
P/TB TTM	Current	2.27	2.58	6.07	12.86
	5-Year High	3.28	3.78	6.13	16.54
	5-Year Low	1.45	2.06	3.46	10.49
	5-Year Median	2.12	2.66	4.75	13.58
P/S F12M	Current	3.07	4.10	9.08	5.59
	5-Year High	3.68	5.13	10.06	5.59
	5-Year Low	1.76	3.10	6.69	3.82
	5-Year Median	2.80	4.08	8.41	5.04

As of 1/02/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Top 32% (78 out of 244)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
BankUnited, Inc. (BKU)	Neutral	4
Citizens Financial G... (CFG)	Neutral	3
Comerica Incorporate... (CMA)	Neutral	3
First Horizon Corpor... (FHN)	Neutral	2
Fifth Third Bancorp (FITB)	Neutral	3
Huntington Bancshare... (HBAN)	Neutral	3
KeyCorp (KEY)	Neutral	2
M&T Bank Corporation (MTB)	Neutral	3

Industry Comparison⁽¹⁾ Industry: Banks - Southeast

	RF	X Industry	S&P 500	BKU	CMA	FITB
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	2	-	-	4	3	3
VGM Score	A	-	-	F	D	C
Market Cap	25.29 B	318.18 M	40.73 B	3.43 B	11.83 B	32.93 B
# of Analysts	8	3	22	2	7	10
Dividend Yield	3.68%	2.03%	1.37%	2.71%	3.07%	3.21%
Value Score	B	-	-	C	C	B
Cash/Price	0.50	0.50	0.04	0.17	0.47	0.68
EV/EBITDA	6.87	6.69	15.01	8.91	8.17	6.04
PEG Ratio	1.08	0.71	2.04	NA	NA	0.88
Price/Book (P/B)	1.45	1.12	3.44	1.13	1.68	1.71
Price/Cash Flow (P/CF)	11.85	11.85	15.54	12.34	14.32	11.25
P/E (F1)	11.14	10.77	18.81	13.21	16.95	12.47
Price/Sales (P/S)	2.64	2.27	3.07	1.79	2.46	2.55
Earnings Yield	8.98%	9.29%	5.30%	7.57%	5.90%	8.01%
Debt/Equity	0.27	0.14	0.57	0.69	0.77	0.71
Cash Flow (\$/share)	2.43	2.75	8.98	3.70	6.46	4.43
Growth Score	C	-	-	F	C	C
Hist. EPS Growth (3-5 yrs)	4.15%	1.95%	8.24%	-2.83%	-3.09%	2.74%
Proj. EPS Growth (F1/F0)	11.32%	10.61%	9.21%	12.99%	-2.97%	4.45%
Curr. Cash Flow Growth	-9.07%	0.42%	7.00%	1.60%	-25.04%	-2.24%
Hist. Cash Flow Growth (3-5 yrs)	1.45%	5.85%	7.49%	-4.48%	-8.19%	2.85%
Current Ratio	0.82	0.92	1.19	0.83	0.96	0.82
Debt/Capital	20.04%	11.62%	38.14%	40.69%	42.19%	39.32%
Net Margin	22.49%	16.69%	12.77%	13.98%	14.91%	18.67%
Return on Equity	13.05%	10.19%	17.03%	9.18%	10.69%	13.41%
Sales/Assets	0.06	0.06	0.53	0.05	0.06	0.06
Proj. Sales Growth (F1/F0)	6.50%	5.72%	5.30%	6.90%	3.30%	6.30%
Momentum Score	A	-	-	C	F	F
Daily Price Chg	1.34%	1.52%	0.01%	1.06%	1.29%	1.32%
1 Week Price Chg	-0.83%	-1.42%	1.11%	-1.32%	-0.29%	-1.45%
4 Week Price Chg	3.59%	0.15%	0.30%	-1.23%	2.98%	2.96%
12 Week Price Chg	23.51%	9.43%	4.41%	29.24%	25.33%	23.44%
52 Week Price Chg	21.08%	15.75%	16.95%	18.49%	48.60%	17.44%
20 Day Average Volume	9,714,018	34,721	2,445,854	647,850	1,328,582	5,806,717
(F1) EPS Est 1 week change	0.35%	0.00%	0.00%	0.00%	-0.42%	0.28%
(F1) EPS Est 4 week change	0.46%	0.00%	0.00%	0.00%	-0.42%	0.20%
(F1) EPS Est 12 week change	1.61%	1.69%	0.47%	0.10%	-2.93%	-0.19%
(Q1) EPS Est Mthly Chg	0.76%	0.00%	0.00%	0.00%	-1.14%	-0.82%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	B
Growth Score	C
Momentum Score	A
VGM Score	A

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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