



Citizens Financial Group, Inc. (CFG)

Updated January 25th, 2026, by Josh Arnold

Key Metrics

Current Price:	\$63	5 Year CAGR Estimate:	20.9%	Market Cap:	\$27 B
Fair Value Price:	\$61	5 Year Growth Estimate:	20.0%	Ex-Dividend Date:	02/04/26
% Fair Value:	103%	5 Year Valuation Multiple Estimate:	-0.6%	Dividend Payment Date:	02/18/26
Dividend Yield:	2.9%	5 Year Price Target	\$152	Years Of Dividend Growth:	4
Dividend Risk Score:	C	Sector:	Financials	Rating:	Hold

Overview & Current Events

Citizens Financial Group is a bank holding company for Citizens Bank, a regional bank that is based in Providence, Rhode Island. Citizens operates in two segments: Consumer Banking and Commercial Banking. The consumer segment offers traditional banking products and services, such as deposit accounts, home and education loans, credit cards, business loans, mortgage and home equity loans, personal loans, auto finance loans, and wealth management. The commercial segment offers a full suite of financial products and services to businesses, including treasury management, cash management, forex and interest rate risk solutions, M&A advisory services, and more. Citizens traces its roots back to 1828 and operates about 1,000 branches in 11 states in the U.S. The stock trades with a market capitalization of \$27 billion, and Citizens should generate roughly \$9 billion in revenue this year.

Citizens posted fourth quarter and full-year earnings on January 21st, 2026, and results were better than expected on both the top and bottom lines, if only slightly. Adjusted earnings-per-share came to \$1.13, which was two cents ahead of estimates. Earnings rose from \$1.05 in the third quarter, and from 83 cents a year earlier. Revenue was up 9.1% year-over-year to \$2.16 billion, which beat estimates narrowly. The management team attributed strength to fee growth and an improvement in net interest margin.

Net interest income was \$1.54 billion, up from \$1.49 billion a quarter ago, and \$1.41 billion a year earlier. Net interest margin was 3.07% in Q4, up from 3.00% in Q3, and from 2.87% in last year's Q4.

Loans and leases totaled \$143 billion in Q4, up from \$141 billion in Q3. Deposits were \$183 billion, up from \$180 billion a quarter earlier. That puts the loan-to-deposit ratio at about 78%, which is relatively high compared to our coverage universe. Provisions for credit losses were \$137 million in Q4, better than the \$154 million from Q3 and the \$162 million from a year ago.

We start 2026 with an estimate of \$5.10 in adjusted earnings-per-share, as Citizens nearly completes its earnings recovery back to 2021 levels.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$1.97	\$3.25	\$3.52	\$3.81	\$2.22	\$5.34	\$4.84	\$3.88	\$3.24	\$3.86	\$5.10	\$12.69
DPS	\$0.46	\$0.64	\$0.98	\$1.36	\$1.56	\$1.56	\$1.62	\$1.64	\$1.68	\$1.72	\$1.84	\$2.35
Shares¹	512	491	466	433	427	422	496	466	441	429	418	400

Citizens once had strong, sustained growth, but that hasn't been the case since the COVID recession. Citizens had been seeing strong credit metrics based on prudent underwriting strategies, resulting in lower net charge-offs and allowances for credit losses until recently. Citizens, like just about every other bank of reasonable size, took huge credit loss provisions in 2020, but those were largely unwound in 2021 as actual results were much better than originally feared during the worst of the pandemic. We note that Citizens is seeing lower lending margins and rising expenses, given the volatile moves in interest rates that continue to take place. The bank is on pace to best its COVID-era earnings peak in 2027, an impressive feat. Based on estimates for 2026, we have moved our growth forecast to 20% annually. We believe

¹ Share count in millions

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Citizens has made it through the worst period of earnings headwinds and see a brighter future ahead, and current estimates are for very strong growth ahead.

We see the dividend rising in the years to come as Citizens' payout ratio is low compared to many regional banks. The dividend has proven to be a priority to management, and we believe it has the potential to hit \$2.35 per share by 2030. We note that Citizens raised its payout for the first time in 2.5 years in mid-2022, and is now on a run of four consecutive years of increases.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Avg. P/E	12.3	11.2	11.5	9.3	12.6	10.8	8.1	8.5	13.5	15.1	12.4	12.0
Avg. Yld.	1.9%	1.8%	2.4%	3.8%	5.6%	3.4%	4.1%	4.9%	3.8%	2.9%	2.9%	1.5%

Citizens has been valued in the low-double-digits for the past handful of years, excluding 2022, and we peg fair value at 12 times earnings. Shares trade at 12.4 times this year's earnings, implying a modest negative valuation impact. The yield is also strong at 2.9%, and we see it drifting below 2% on strong earnings growth.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	23%	20%	28%	36%	70%	29%	33%	42%	52%	45%	36%	19%

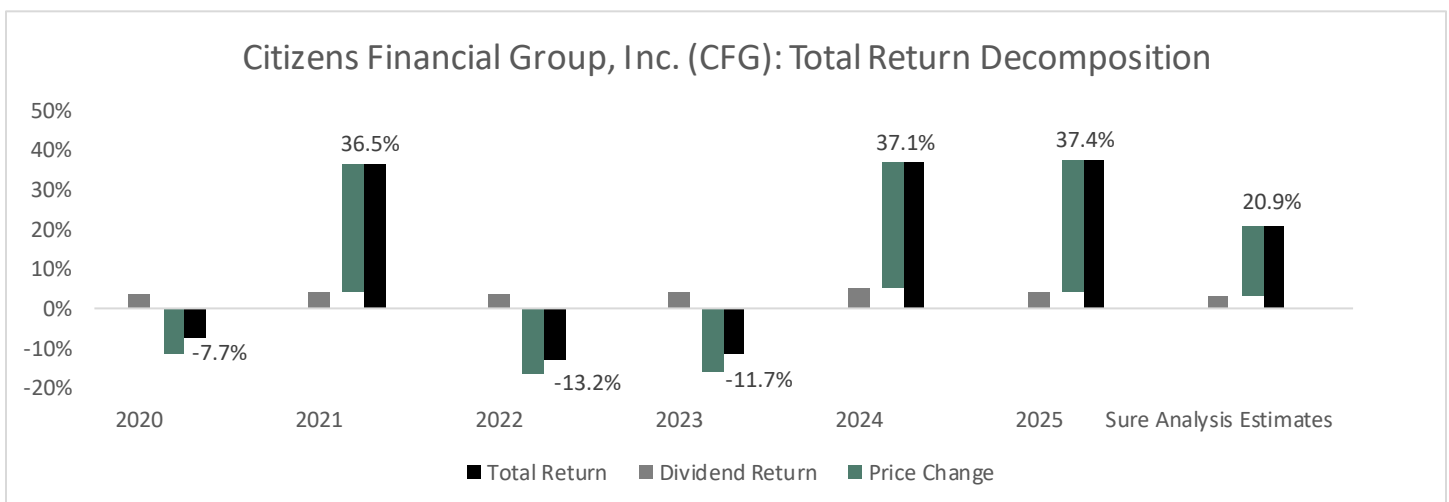
We see the payout ratio declining from here in the years to come, as earnings growth should outpace dividend growth. We have no dividend safety concerns at this point.

Citizens, like any other bank, is beholden to economic conditions. Citizens didn't exist in its current form during the Great Recession, but regional banks in general are quite susceptible to recessions, and indeed 2020 showed what kind of impact a recession can have on earnings. Citizens, also like other regional banks, doesn't really enjoy any competitive advantages, as services are commoditized in banking to a large extent.

Final Thoughts & Recommendation

Expected total returns have declined slightly and remain very high, but we're reiterating the stock at a hold rating on its dividend growth streak. Dividend safety is strong, and the current yield is about double that of the S&P 500, so we see Citizens as a strong income stock. Total returns could accrue from 20% growth, a modest valuation headwind, and the 2.9% yield.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	5,255	5,707	6,128	6,491	6,905	6,647	8,052	8,224	7,809	8,247
SG&A Exp.	1,932	2,008	2,113	2,200	2,289	2,132	2,811	3,176	2,657	---
D&A Exp.	515	487	489	633	578	625	565	478	498	---
Net Profit	1,045	1,652	1,721	1,791	1,057	2,319	2,073	1,608	1,509	1,831
Net Margin	19.9%	28.9%	28.1%	27.6%	15.3%	34.9%	25.8%	19.6%	19.3%	22.2%
Free Cash Flow	1,187	1,443	1,535	1,602	(7)	2,151	3,993	2,789	1,879	---
Income Tax	489	260	462	460	241	658	582	422	379	

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets (\$B)	149.5	152.3	160.5	165.7	183.3	188.4	226.7	222.0	217.5	226.4
Cash & Equivalents	4,143	3,224	4,222	3,683	13,039	9,474	10,850	12,033	11,236	1,464
Goodwill & Int. Ass.	6,876	6,887	6,923	7,044	7,050	7,116	8,370	8,345	8,333	8302
Total Liabilities (\$B)	129.8	132.1	139.7	143.5	160.7	165.0	203.0	197.6	193.3	200.0
Long-Term Debt	16,001	13,621	16,086	14,056	8,358	7,006	15,890	13,972	12,401	11,224
Shareholder's Equity	19,500	20,023	19,977	20,631	20,708	21,406	21,676	22,328	22,141	24,206
LTD/E Ratio	0.81	0.67	0.77	0.63	0.37	0.30	0.67	0.57	0.51	0.43

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	0.7%	1.1%	1.1%	1.1%	0.6%	1.2%	1.0%	0.7%	0.7%	0.8%
Return on Equity	5.4%	8.4%	8.6%	8.8%	5.1%	11.0%	9.6%	7.3%	6.2%	7.2%
ROIC	3.1%	4.7%	4.9%	4.9%	3.1%	7.5%	5.9%	4.1%	4.0%	4.9%
Shares Out.	512	491	466	433	427	422	478	477	454	437
Revenue/Share	10.03	11.33	12.76	14.37	16.13	15.55	16.79	17.25	17.22	27.60
FCF/Share	3.13	3.83	2.31	1.84	2.89	5.03	8.36	5.85	4.14	---

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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