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Company Conference Presentation

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Call Participants

EXECUTIVES

David Jackson Turner
Senior EVP & CFO

John M. Turner
President, CEO & Director

M. Deron Smithy
Executive VP & Treasurer

ANALYSTS

Unknown Analyst

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Presentation

Unknown Analyst

All right. Up next, we're excited to have Regions Financial. Over the past year, Regions has navigated the environment better than most, growing NII at peer-leading level, accelerating loan growth and also layering in some timely hedges for eventual rate cuts. The combination of these has resulted in top decile stock performance in 2022 and one of the only banks that is up year-to-date.
Here to tell us more about the strategy is CEO, John Turner. Also joining him for the fireside chat are going to be CFO, David Turner; and Treasurer, Deron Smithy. First, I just want to start off congratulating the Georgia Bulldogs for making the playoffs, and I'm sorry about the Crimson Tide not getting in there, David.

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Question and Answer

Unknown Analyst

But with that, maybe we'll get started on some questions. So John, so 2022 ended up being a much better year from a fundamental perspective than initially expecting, rising rates, net interest income expansion and solid loan growth. Stock has been a great performer, as I highlighted. With that as a backdrop, like how are you thinking the bank is positioned to succeed as we look into next year?

John M. Turner
President, CEO & Director

Yes. I think we're well positioned. We are enjoying the benefits of the work we've done over the last 10 years to remix the business, to strengthen our balance sheet, to grow and diversify our revenue streams. We're in really good markets. We've made investments in a variety of new capabilities that have helped diversify our revenue base and complement our offering to customers. We think that from a credit risk management standpoint, we've created much better balance and diversity. We have a strong liquidity position. I think our teams have done a really nice job managing interest rate risk at this point. And so as we look ahead, while there is uncertainty, clearly, we feel very good about how we're positioned.

Unknown Analyst

So I know that you spent quite a bit amount of time on the road recently. As you're around the market meeting with customers, can you maybe just talk about what is the mood amongst your corporate borrowers? What are they focused on as they look to borrow in 2023? And maybe just talk about how they're feeling about the environment overall.

John M. Turner
President, CEO & Director

I think our customer base feels much like we do. Again, we're operating in good markets. Companies have had very good 2020s, 2021s, 2022s. In many cases, each of those 3 years was successively better than the prior year. The companies' balance sheets are strong. They're maintaining good liquidity, and they have a good outlook on the future, notwithstanding the fact that they're still confronting issues of labor. There's still some supply chain constraints that are problematic for customers, rising rates have some impact on their business. They clearly are concerned about inflation, but generally have been able to pass inflation on to their customers. And so they're looking at the uncertainty in the same way we are. They think they're well positioned, not sure exactly what the range of outcomes might be. I understand there's a wide range of outcomes, not sure where we may be headed, but think that they're in good shape to deal with that.

Unknown Analyst

And when you think about your consumer customer base, you're more of a mass market oriented than some other banks. And as you look at what your customers are spending money on, can you maybe just talk about any changes you're seeing? How are they being impacted by inflation? How are they managing their savings? And what are some of the leading indicators that you're looking at, John, to judge performance?

John M. Turner
President, CEO & Director

Yes, I think one of the things that gives us confidence is our consumer base is strong. We've seen customers increase the level of balances that they're maintaining with us. On average, our lowest balance cohort is maintaining 6x more in average balances than they were prior to the pandemic. Savings rates are up across the board. Consumer spending is also up but generally consistent with wage growth. So as wages increase, consumers are spending more, but not spending more than they have. We're seeing credit card payment rates continue to increase. Over 50% of our credit card customers pay their balance in full every month, which is an increase over prepandemic levels. And customers have a lot of liquidity and access to credit. So again, we think as long as the job market is reasonably stable that our consumer base is in a really good position, and we feel good about that.

In terms of spending, we've seen a little shift of spending into gasoline, groceries and goods, but that's not unexpected. Our consumer base, we believe that over 90% of our consumer checking account customers maintain their primary account with us. And so a lot of the spending we see day-to-day is what you would characterize as normal cost of living, so to speak.

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Unknown Analyst

So the bank has done an outstanding job growing loans this year, I think up about 8%. Including a loan sale you had in the third quarter, I think, you guys are talking about around 9% for the year. Strongest we've obviously seen at the bank for a very long time. Maybe just talk about some of the drivers of growth. And looking ahead, how do you see this evolving? And what do you believe will be the drivers of loan growth across your customer base?

John M. Turner
President, CEO & Director

So we have experienced nice loan growth, and that's been both in consumer loans and in the corporate banking business. On the consumer side, we acquired EnerBank. We've seen growth in that portfolio. We've also enjoyed the benefit of some increase in mortgage finance as we've added floating rate mortgages -- or adjustable rate mortgages, I should say, to the balance sheet, which has been a nice contributor to loan growth. Additionally, on the wholesale side, we're seeing companies rebuilding inventories. Some fixed capital spending, not a ton with rising costs, but we have seen some. And then because the capital markets have been -- have not been available to our larger customers, we've seen them come into the bank market as well. As we look ahead, pipelines are a little softer but still not bad, and we're anticipating loan growth in 2023, which I think we've signaled already. So I think in general, the economy, we do expect to soften, and I think that's appropriate given rising rates, but we believe that we'll still perform pretty well.

Unknown Analyst

Maybe to go down the road a little bit. So the market really appreciated all the color you've given on net interest margin. So talking about a range of 3.75% to 4.05% and a floor on the NIM, let's call it, somewhere in the 3.60% or 3.80% range. Just regarding your base case, can you maybe just talk a little bit about the underlying assumptions and how you expect to see things progress in the coming quarters?

M. Deron Smithy
Executive VP & Treasurer

Sure. You want me to take that?

John M. Turner
President, CEO & Director

Yes.

M. Deron Smithy
Executive VP & Treasurer

Yes. So it's a pretty simple story but a good one for us in that we will continue to see net interest income grow and the margin expand while the Fed is tightening. We're maintaining a modestly asset-sensitive position today. As you said, we've been preparing for what might be an eventual downturn and potentially a reversal in rates. But over the next 12 to 18 months, we think it's appropriate to maintain an asset-sensitive position because none of us know exactly how far the Fed is going to have to go or how long they're going to stay there. But we'll continue to see net interest income growth while they're tightening.

Once that stops -- and so the market today is expecting the Fed to tighten into early next year and then maybe be on hold for a bit. Once that stops, you'll see the margin actually settle. Early next year, it will be well above the range that you laid out because we're going to see some eventual increases in deposit costs and betas that take a while to catch up. But we think the run rate of roughly 3.90% is a good expectation for us next year. The timing of how that will play out is going to be driven by how far the Fed has to go, when they stop and how deposit rates ultimately play out. But we think that the 3.90% is a good expectation for us in the medium term.

Unknown Analyst

And if I think about what you referenced, you talked about deposit betas will continue to rise. Obviously, one of the strongest points of the franchise is the quality of the deposit base and I think you talked about mid-30s this time versus high 20s last time. You've obviously been on the low end, the peer is below 10% peers in the high teens. Can you maybe just talk about drivers of beta, what you're seeing? And I think within the guidance, you assumed 30% for this quarter and 50% for next quarter, are you actually seeing those kinds of increases in the marketplace?

M. Deron Smithy

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Executive VP & Treasurer

Yes. So I would say deposit costs continue to move higher but slower than we anticipated. I ultimately think that getting to somewhere in the mid-30s is plausible. Again, that's not a prediction as much as it is just to frame the guidance that we're giving. But we think it's reasonable to assume that beta is ultimately or higher because history shows us that it's upward sloping with respect to rates. And so as you push to higher rates, betas push higher. And if the Fed were to stay there longer, they continue to move higher. So again, mid-30s, we think, assuming the Fed is -- ends the tightening cycle somewhere early next year, you would get to that later in the year. But so far, things are progressing a bit slower than we anticipated.

David Jackson Turner
Senior EVP & CFO

But you asked about why our beta is lower, it's just the nature of our deposit base. So a lot of consumer deposits, the primacy John just talked about. These are transaction accounts, monies in, monies out, and they're not seeking rates as much. So I think that we can continue to have -- whatever beta is going to be in the industry, we'll be on the low end of that. and we're giving you our best guidance. I think some of the betas from peers have started to catch up with what we said at our earnings release. So...

Unknown Analyst

And then some.

David Jackson Turner
Senior EVP & CFO

That was a bit comforting. But yes, I think our -- we feel good about where we are right now.

Unknown Analyst

David and Deron, obviously, there's been a big focus on protecting the downside. I think you guys win the award for the best job hedging over the last 2 rate cycles. So congrats for that. But can you maybe just remind everybody the strategy that's in place, thoughts on what's left to go in terms of finishing out the program, what you're working on? And how does that position you for an eventual decline in rates?

M. Deron Smithy
Executive VP & Treasurer

Yes. So I think you said it well. Our risk is to lower rates. And so that's the environment that we're always trying to protect against, and that's a job that's never really done. But we think we're well positioned to -- if the Fed were to reverse course quickly, we're well positioned to protect the margin to a level we think better than 3.60%, and that's if rates were to go below -- back to 1% or below in the 10 years in the mid-1s. So again, well positioned. We think it makes sense in this environment to, again, maintain a modest asset-sensitive position really until we see, a, how far rates have to go; and b, how the deposit rates ultimately play out.

And so we think we have maybe as much as $5 billion left to do for our -- what I would describe as our nearer-term sensitivity. And to the extent that betas play out a little better than we expect, maybe there's a little more to do. To the extent they're a little higher, there's a little less to do. But I think it's appropriate to maintain that marginal asset-sensitive position over the next few quarters as we figure that out. Now we have been adding to protection out on the horizon. We've recently seen an opportunity to put on protection out in the '25, '26, '27 time frame at really attractive rates, really that we think if the Fed were to return back to a neutral stance out there that these are hedge positions that could actually be modestly accretive in a neutral stance and certainly protect you at levels below that.

Unknown Analyst

Before we get into a couple of more strategic questions. So we are 2 months through the quarter. I think you gave guidance for, I think, 7% to 9% NII growth, NIM above 3.80%, moving pieces on fees and a lot of positive operating leverage. David, given 2 months into the quarter, maybe just any high-level thoughts on how the quarter is progressing?

David Jackson Turner
Senior EVP & CFO

Yes. So the 7% to 9% increase in NII still holds, perhaps we're at the upper end of that range. We feel pretty good about that. From a fee standpoint, capital markets is still soft. I think that business, as we've mentioned before, is rather episodic, and it has 5 sub-businesses within that. Our debt protection or interest rate hedging business is doing fine as people expect rates to go up. But the other

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businesses are a bit soft and we think it's a matter of time before they come back. Mortgage obviously is soften the rates. But wealth management is doing well. our interchange revenue is doing well. Our service charges are doing really well. We've really had a great year in TM, treasury management with some new technology, growth in customers. It's been a real outperformer for us and happy we have that. So all in all, we feel pretty good about where we're headed for the quarter and credit is doing fine.

And we talked about, we had a little bit of run-up in NPLs, but that was idiosyncratic. We think credit costs are going to be lower than we said in that low 20 basis point range for the year. That still holds. And so yes, it ought be a good finish and a good tailwind leading into 2023.

Unknown Analyst

So I wanted to jump around and hit on a handful of different topics. So John, you announced a multiyear plan to upgrade your core systems, obviously, a big undertaking. Maybe just talk about why was now the right time, how will this help the product offering evolve over time. And what do you think -- what sort of financial impact do you think that'll have over time?

John M. Turner
President, CEO & Director

Well, part of our decision was driven by the fact that our deposit -- core deposit system has reached end of life. And so that's a motivator for the transition. But more importantly, as we began to think beyond 3 years and out 5, 7 and 10 years, what's the business going to look like? What are the capabilities we're going to have to have? We're going to have to be faster and quicker to deliver products and services to customers. We're going to need to offer customers more personalized solutions. They're willing to give us their information, but they want us to give them back personalized ideas and solutions. We've got to offer greater convenience. And ultimately, what we would refer to as a cross-channel experience, where whether a customer is in a branch, banking with a commercial banker, calling the contact center at an ATM, they have the same great personalized experience.

And so we think that the investment we're making in transformation, as we call it, will help us deliver products and capabilities faster, better to customers, will help drive greater efficiencies and process improvement, which will ultimately allow us to drive the cost of doing business down and ultimately improve profitability and performance. So it's a big undertaking, we understand that. But I think the team is very dedicated to it, serious about it. We're going into it eyes wide open, and I think it can be really transformative for us over time.

Unknown Analyst

And you talked about delivering products and services. One area where you've made product changes has been some of the overdraft policies. A handful of changes you made, grace period and the like. Talk maybe about how the customer feedback has been to this -- has been towards this. And are there any other policy changes that you're contemplating over time?

John M. Turner
President, CEO & Director

It's been very good. Most recently, we just did away with a return item deposit fee. We have one more change to make, which is in 2023, we'll offer customers a grace period, but we've reduced caps. We've increased de minimis levels. We have eliminated overdraft protection fees. We've changed the way that we post items to customers' accounts. All -- have provided additional alerts to customers. As a result of all those changes, we've seen some really positive trends in terms of customers -- more than 15% reduction in the number of customers -- it's early, but more than a 15% reduction in the number of customers who are overdrawing their accounts on a consistent basis. We think that's a great thing. That -- the financial wellness and helping our customers improve the way that they manage their finances ultimately accrues to our benefit just as it does to our customers. And so I think the changes have been good.

We've managed through changes in sources of revenue before. I think I've said, since 2011, we've seen a $175 million decline or about a 40% decline in NSF OD revenue. At the same time, we had to deal with changes related to Reg E and Durbin, which also reduced noninterest revenue by about $300 million. So that's almost a $500 million delta. During that same period of time, we increased noninterest revenue by $400 million. So it's a $900 million swing, and that was the result of or driven by increases in customer accounts, increases in activity-related charges, growth in treasury management, investment in capital markets, investments in wealth management.

So we're confident we can work through what will be a reduction in service charge revenue related to overdrafts. And at the same time, most importantly, positively benefit customers, which will ultimately be good for our business.

Unknown Analyst

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And you've been able to manage many of these headwinds through fantastic expense discipline over many handful of years. I think I made a joke last year that you guys were at $3.4 billion for 10 years. Over the last few years, we've seen it up a little bit more mid-single digits. I know David is going to correct me and say a large part of that was acquisition driven. But I guess just as you look ahead, maybe just talk about some of the main drivers of costs, including inflation. And given some of the revenue tailwinds you have, we just talked about or the core modernization, are you looking to accelerate any investments across the franchise, John? And are you continuing to find opportunities for continuous improvement?

John M. Turner
President, CEO & Director

Yes. We're excited about the opportunities. As David said, we can always improve, and I'm challenging the team all the time, how do we get better? How do we make our processes easier for our customers and our bankers? I think there's a tremendous opportunity there, and that will help impact cost. We want to make -- continue to make investments, whether it's in bankers, in markets that we operate in today, in wealth management and commercial banking. We're making -- still making investments in branches because we believe those are important to us.

Also hoping to have the opportunity to acquire businesses. We've made, I think, 8 acquisitions since 2014. The majority of those have been capital markets focused, but we also acquired a small business lending platform in Ascentium. We acquired EnerBank we've talked about, and we acquired an institutional business in wealth management. We're looking to continue to do those sorts of things across all those platforms to develop additional capabilities and growth opportunities for our business. And we think we'll do that, we feel good about it.

Unknown Analyst

And usually, this is the point of the presentation where I put David on the spot and they can commit to positive operating leverage for next year. But given the revenue tailwinds that you have into next year, it's a pretty low bar. So I thought what I would say is given that you're going to have 600 basis points this year, can you repeat the performance into 2023 and what are some of the biggest pieces that factor in? Thought you'd get me on that one.

David Jackson Turner
Senior EVP & CFO

Well, usually, we give you that guidance in January, but we can commit to positive operating leverage for next year. I do want to clarify, we eliminated NSF fees. Overdraft fees, we still have those locked in...

John M. Turner
President, CEO & Director

Did I say we eliminated overdraft fees?

David Jackson Turner
Senior EVP & CFO

So I just want to make sure...

John M. Turner
President, CEO & Director

I meant overdraft protection. We eliminated the cost of whatever was associated with overdraft protection.

David Jackson Turner
Senior EVP & CFO

But yes, so for us, you're in a commodity business, you have to become as efficient as you can be. It's a bit of what John talked about on the transformation that we're putting in and the continuous improvement that he asked us to do every day. We cannot stop. We feel good about our efficiency ratio. We've done a good job managing expenses.

Obviously, the efficiency ratio is helped by the denominator effect of rising rates. But we still have to focus on headcount, making sure we have the right people doing the right things. Making sure that our occupancy costs, that's the next highest, and then our equipment software costs and things of that nature that we control that and our vendor spend, really, really important. We do not leverage technology, in my opinion, as well as we can. I think that's probably true with every bank in the country, and we're hoping

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to continue to push the efficiency ratio down. And this [RF II --] this transformation that we're going through over time, I think, will help do that.

So we're fixated on expenses. It's not just generating positive operating leverage because there are times where that can lead you to not make investments that you need to make. We're going to be hiring people, for instance, next year in our corporate bank, the good revenue producers to help grow our business. That's important to us. We're hiring people for this transformation. So we're making investments there. And so we think we have a good mix of proper investments. We're looking to use our excess -- our capital that we're generating to reinvest in nonbank businesses to help us grow. So we're open to continue to grow and make those investments. And yes, we'll have positive operating leverage.

Unknown Analyst

Three more big topics I want to hit on. First, maybe we'll start with funding, get Deron back in the conversation here. You're one of the few banks sitting on a lot of excess liquidity, somewhere in the $13 billion-ish or so cash on the balance sheet. Maybe just talk broadly about, one, plans for utilizing your liquidity. And maybe just talk about your funding strategy given on the -- you're talking about the low end of the $5 billion to $10 billion of cumulative outflows. Where do you see funding going over intermediate time frame?

M. Deron Smithy
Executive VP & Treasurer

Sure. That's been a good story for us. As we've seen opportunities to grow the balance sheet in '22, we've been able to fund that with cash on hand as well as we have expected deposits to normalize through the recovery part of the pandemic as well as the rising rate environment. That has been slower. The $5 billion to $10 billion that you referenced, we think we'll be on the lower end of that for this year, but we still think there's a little bit more to go next year. Usually, you see kind of a final push for rate-seeking behavior and that type of thing toward the end of the tightening cycle. So we think early next year, there's the potential for more normalization there and then stabilize mid-year. But as we look out on the horizon, we expect to be able to meet that normalization as well as our expectation for balance sheet growth for the next few quarters at least.

And then as we look to the second half of next year, we will want to begin to add back to the debt position. We have very little debt outstanding today, and it's an important part of our overall liquidity profile. Not necessarily funding, but just managing longer-term liquidity. We've got a lot of good cheap options for funding such as the home loan bank. But at the end of the day, we think that we want to be opportunistic with that. And so we think over the balance of the year, to the extent we see opportunities where the markets are again open, at favorable pricing, we could add to it, add to our debt position earlier, but there's not really a need to do that until later next year.

Unknown Analyst

And on the comments you made about the final push on deposits, do you think we've seen the worst in terms of mix shift within the deposit base? How much more do you think there is to go?

M. Deron Smithy
Executive VP & Treasurer

Yes, I do. We've seen a lot already on the corporate side, which is where you see more of that in the rising rate environment. And we've done some things differently this cycle. We've created some new product opportunities on the balance sheet, which are offering our customers on balance sheet sweep options that are moving more in lockstep with rates, and they like that. They like keeping their liquidity on the balance sheet, and it's very predictable for them and us. So we've been able to outperform expectations of normalization there with those new products.

But I do think there's a little bit more to go perhaps in the small business space, not so much in consumer from an NIB, but perhaps moving into CDs and out of money markets. So I think there's a little bit more of that to go, but I think the bulk of it is behind us.

David Jackson Turner
Senior EVP & CFO

We have pretty good optionality with a loan-to-deposit ratio the lowest in the peer group. And we do have about $5 billion of deposits that are off balance sheet through our corporate banking customers that we still have the customer operating count, we still maintain the relationship. We just didn't pay up for those deposits. So they sought a better alternative. To the extent we needed liquidity, we have that available for us as well. We don't see the need to do that, as Deron mentioned, quite yet.

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Unknown Analyst

So it sounds like the liquidity story is well intact. David, you had referenced the increase in NPLs during the prior quarter, which we would note are still at very low levels and they're still down year-over-year, and obviously, charge-offs have been strong. Maybe David or John, maybe just talk about what caused the increase. And how are you thinking about asset quality from here?

John M. Turner
President, CEO & Director

So we did have a little increase, still well below pre-pandemic levels. We're seeing some stress in the office category, not significant, but we are seeing a little stress there. In some aspects of health care, particularly where customers are dealing with rising costs, they don't have the ability to quickly impact change in revenue cycle. So reimbursement cost, as an example. Also in -- so that would be senior housing and not-for-profit health care. On the lower end of transportation, a little softness there. But in general, our credit quality is still, as David said, good, we anticipate it to be good through the balance of the year and into 2023. We're anticipating some increase in charge-offs in '23 toward a more normalized environment, but still don't believe we get there in 2023 at this point based upon what we see.

Unknown Analyst

So can you just expand a little bit on -- you talked about the areas where they're seeing softness. Can you talk a little bit about what are some of the more higher risk parts of the portfolio, like the leveraged loan portfolio? And lastly, can you talk a little bit about the Shared National Credit portfolio, it's about $25 billion. Maybe just -- I'm sure you don't manage it as a business, but how do you think about these credits relative to the rest of the portfolio in terms of performance and during times of stress?

John M. Turner
President, CEO & Director

So I'll start with the Shared National Credit book. It's -- we don't think about it like a business, but we do actively manage it because that -- while the quality of that portfolio is good, it continues to improve. We're continuing to upgrade it with more investment-grade exposure. It's been important to us as a driver of our capital markets business. So as we've sought to grow capital markets revenue and add expertise, we've built our business around industry expertise, and that requires us to participate in the shared national credit market. But we're very aware of that large dollar exposure and what the [tall tree] risk potentially means to us. So again, focused on credit quality, continuing to ensure that we're getting paid for the capital that we're allocating through capital markets revenue, through deposits, through other ancillary business. And I think that's been a good story as we watched returns in that portfolio continue to improve.

With respect to the leverage book, it's about 3.5%, I think, of total exposure. We're trying to use -- I used the number on our earnings call that was the way we think about leverage, and it was a good bit higher than if we use a more industry sort of standard Moody's definition. I think our exposure is much more in line with our peers. And again, we are focused on that portfolio. We're constantly stressing it for impacts of rising rates. And that, again, we believe, is a well-diversified portfolio. The quality is good, and we think the risk is manageable.

We have been also, say, watching the small business sector because in a rising rate environment with inflationary cost, worry about small business being unable to pass cost on to their customers. So far, we're not seeing really any weakness in the small business portfolio. And Ascentium, the business that we acquired now over 2 years ago, is an equipment lender that focused on business-essential equipment, fairly short-duration loans, 2.5 to 3 years in general. And their credit quality through the Great Recession was very good, and so far, it's really holding up well. So we feel good about small business at this point.

Unknown Analyst

In the event of time, I would have asked David a question about the allowance and rates are down, and we're not focused on OCI anymore. But in the event of time, I wanted to switch to capital allocation. So on the recent call, you talked about running the capital towards the high end of your targeted range. Sort of a 2-part question, John, maybe remind us of the capital priorities. And David, why was it the right decision to move towards the high end of the range?

David Jackson Turner
Senior EVP & CFO

Yes. So we've had an operating range of 9.25% to 9.75% on common equity Tier 1. We had said we would operate in the middle of that. We changed that to the upper end. Just for some uncertainty, 25 basis points on that capital really doesn't create any pressure on

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returns. Our returns are extraordinarily high, doing well there. It just seemed like the right thing to do to give us optionality, if you will, to be able to utilize that capital for other purposes as we -- and I'll answer the second part. The -- we use our capital primarily to support our business and our customers, growing the loan book. We should have nice loan growth in 2023. A lot of commitment growth this year, but not outstandings. We ought to see that manifest itself in loan growth next year. So that's priority #1.

We want to pay a fair dividend, 35% to 45% of our earnings we kind of peg to pay out to our shareholders. We've been at the lower end of that, frankly, even though we had about an 18% increase in dividends last move. Then we look at ways to invest primarily in nonbank opportunities to support our businesses. So our Head of Corporate Development spends time with the 3 segment leaders to find out what products or services they might be missing or that they would like to augment our product set. And so we go out and look for opportunities. I think in the fintech space, there's probably going to be some pressure on fintechs this year. We have investments in some equity funds and invest in fintechs to give us access to what's going on there. And perhaps there could be an opportunity for us to get some unique technology that's pretty good. And so that's another use of our capital.

And then not really interested in the bank space at this time. And then our last is to buy our shares back, and we really don't want to do that. We want to invest to grow the business, but we also don't want to have bloated capital stack either. So we'll buy it back if we get -- if we generate more than the range that we want to operate in.

Unknown Analyst

John, you had mentioned, I think, 8 nonbank deals since 2014. David just referenced fintechs and some potential valuations coming out. What is the priority right here for nonbank acquisitions for you? What are the areas you're looking at? You've got a lot of success more recently with lending, fintech-oriented lending businesses. As you look out over the next year or 2, what is more of the priority for you now in terms of acquisitions?

John M. Turner
President, CEO & Director

Yes, I think within the corporate bank, it's focused on treasury management capabilities, capital markets. And there are some things that we can enhance or add to that we aren't doing today. Again, the investments we've made today have not been really big investments, with the exception of EnerBank which was sizable. I think they're appropriate uses of capital and add to our ability to solidly grow our business. In wealth management, institutional, niche businesses, we like. And beyond that, I think we'll continue to try to recruit teams of bankers to add in markets within wealth.

And then finally, on the consumer side, we're building that business, consumer lending business, around lending the homeowner. And so we're building out our first mortgage capabilities, have been doing that. We're improving our HELOC processing. And we bought EnerBank, a home improvement lender. And so that's a -- EnerBank controls about 1% of the market today, and they're the fifth largest point-of-sale home improvement lender in the space. So there's opportunity, we think, for some consolidation there. We don't have anything particularly in mind, but that would be an area where we might continue to grow.

And then finally, mortgage servicing rights. We think we've made about $13 billion in acquisitions this year. We have a very low-cost servicing platform. We like the business. We think it's important to our overall lending to the homeowner strategy. And so we'll likely continue to grow that as opportunities present themselves.

Unknown Analyst

We have time for one last question here. And John, I always used to harass you about bank M&A, and you would say, well, we're going to wait and see until the market rewards our currency. The market has rewarded the currency, but it doesn't sound like the appetite has changed. Now does the core modernization at all change the way you think about approaching bank M&A? Is it off the table for the intermediate time frame? Just broad strokes, how are you thinking about that?

John M. Turner
President, CEO & Director

Well, I think we've been really consistent in saying we haven't been interested in bank M&A largely because we believe the plan that we have will deliver top quartile results. And I think our performance has reflected exactly that. And we have a lot of confidence in our plan going forward. We believe that if we continue to execute our plan, we will continue to deliver top quartile results. Bank M&A can be productive, but it also can be and is very disruptive. And just our belief is let's continue to do what we do and do it well, and our shareholders, our associates, our communities, our customers will be rewarded by that performance. And so that's going to continue to be our focus.

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Unknown Analyst

Fantastic. Well, congrats on a great year, and please join me in thanking the team.

John M. Turner
President, CEO & Director
Thank you.

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