Citigroup, Inc. (C)

Updated January 19th, 2026, by Josh Arnold

Key Metrics

Current Price:	$118	**5 Year CAGR Estimate:**	16.2%	**Market Cap:**	$206 B
Fair Value Price:	$128	**5 Year Growth Estimate:**	13.0%	**Ex-Dividend Date:**	02/02/2026
% Fair Value:	93%	**5 Year Valuation Multiple Estimate:**	1.6%	**Dividend Payment Date:**	02/27/2026
Dividend Yield:	2.0%	**5 Year Price Target**	$235	**Years Of Dividend Growth:**	3
Dividend Risk Score:	B	**Sector:**	Financials	**Rating:**	Buy

Overview & Current Events

Citigroup was founded in 1812, when it was known as the City Bank of New York. In the past 200+ years, the bank has grown into a global juggernaut in credit cards, commercial banking, trading, and a variety of other financial activities. It has thousands of branches, produces about $90 billion in annual revenue, and has a $206 billion market capitalization.

Citi posted fourth quarter and full-year earnings on January 14th, 2026, and results were mixed. The bank beat earnings per-share estimates handily, beating consensus by 19 cents at $1.81. Revenue was up just 2.1% year-over-year to $19.87 billion, missing estimates by almost $600 million. Compared to Q3, it was down from $22.1 billion. Net interest income was $15.7 billion, up 5% from Q3 and 14% higher year-over-year.

Operating expenses were $13.8 billion, down from $14.3 billion in Q3, but much higher than the $13.1 billion a year ago. Provisions for credit losses were $2.22 billion, down from $2.45 billion in Q3 and $2.59 billion a year earlier.

Loans ended the period were $752 billion, up from $734 billion in Q3. Deposits ended the quarter at $1.4 trillion, up slightly from Q3.

The company ended the year having repurchased more than $13 billion in common shares, including $4.5 billion in the fourth quarter. Citi also returned about $4 billion through dividends.

We start the year with $10.20 in adjusted earnings-per-share forecast, as the company is seeing strong margin growth, and more efficiencies coming through headcount reduction.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$4.72	$5.33	$6.65	$8.04	$4.87	$10.07	$7.11	$5.60	$6.21	$7.96	***$10.20***	***$18.79***
DPS	$0.42	$0.96	$1.54	$1.92	$2.04	$2.04	$2.04	$2.08	$2.18	$2.32	***$2.40***	***$3.53***
Shares[1]	2772	2570	2369	2114	2082	1984	1937	1914	1877	1748	***1680***	***1400***

Citi's earnings-per-share history is clouded by the immense struggles it endured following the Great Recession. However, years of hard work have paid off, and earnings have continued to move higher over time. We see Citi producing $10+ per share in earnings for 2026, from which we expect 13% annual growth for the foreseeable future.

We believe Citi will continue to see higher revenue as its institutional and consumer businesses gather cheap deposits and lend them prudently, leading to reasonable loss rates and favorable margins. Citi is still showing caution with lending, but with short-term rates falling, we should see more favorable conditions for lending in the coming quarters. That is a headwind, as it results in higher deposit costs without commensurate lending revenue, crimping top line and margin growth. However, the company's buybacks could be good for a mid-single-digit reduction in the share count annually, with share repurchases being a big tailwind once again in 2025. We note that even in the recent tumultuous interest rate environment, Citi is performing reasonably well. Citi is not as tied to traditional lending as most other banks, so the yield curve is not as critical, but the cost of deposits is important for its massive credit card business. Continued deposit growth that is outpacing lending growth is weighing on margins. This was masked in 2021 by reserve

[1] Share count in millions

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

releases, but it appears the bank is back to taking provisions on new loans without the benefit of massive releases, as evidenced in recent results showing higher credit costs, which is a headwind for earnings. We note higher credit provisions are simply a cost of growing any bank's loan portfolio. We think investors would do well to continue to monitor credit quality throughout 2026.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	9.7	12.3	10.4	8.4	11	6.9	6.4	9.2	11.3	14.7	***11.6***	***12.5***
Avg. Yld.	0.9%	1.5%	2.2%	2.8%	3.8%	2.9%	4.5%	4.0%	3.1%	2.0%	***2.0%***	***1.5%***

At 11.6 times earnings, Citigroup's price-to-earnings ratio is now modestly below fair value. We expect the dividend yield of 2% to decline as the share price appreciates more than the dividend, and as the company spends heavily on buybacks. Even so, this is a decent income stock.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	9%	18%	23%	24%	42%	20%	29%	37%	35%	29%	***24%***	***19%***

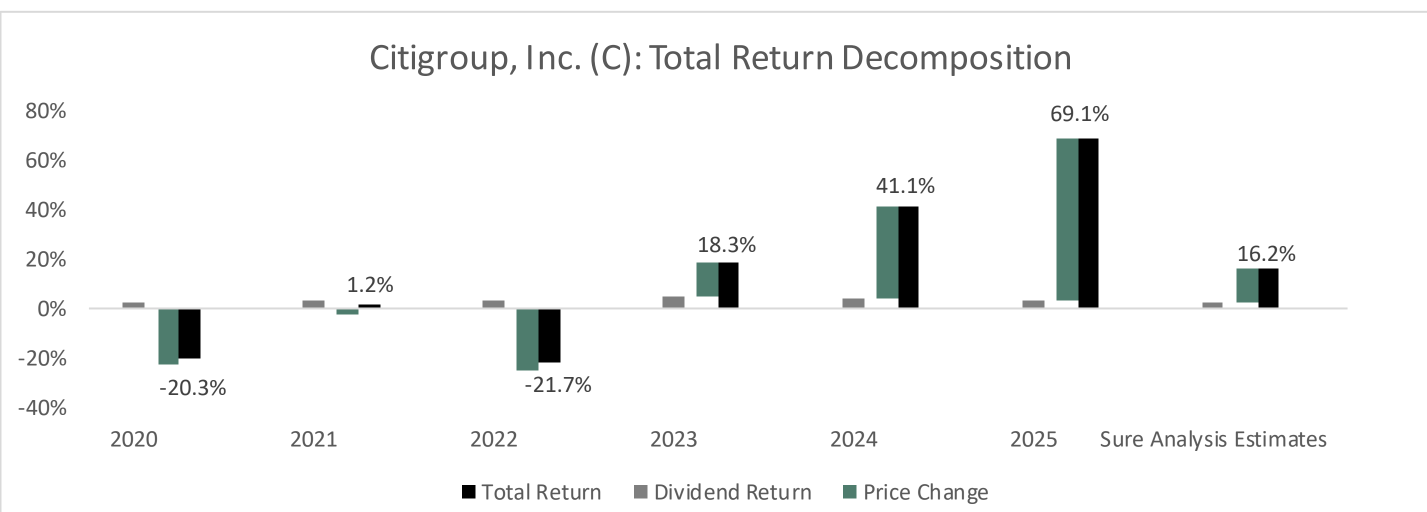
Citi's payout ratio is only 24% of estimated earnings this year. The bank has fully built its dividend back after playing catch up for several years. We now expect modest dividend raises for the foreseeable future, as Citi focuses instead on buying back shares.

Citi's competitive advantage is in its global reach and its large position in the lucrative credit card business. Citi has differentiated itself from the other money center banks in these ways and it continues to serve the bank well. It is very susceptible to recessions as it nearly went out of business in 2008/2009. The 2020 downturn wasn't kind to Citi, although we note that the bank is in much better shape than it was heading into the financial crisis from a balance sheet and business mix perspective for future recessions.

Final Thoughts & Recommendation

We are forecasting 16.2% total annual returns over the next five years. Earnings should be higher again this year, and we expect 13% annual growth. The yield is decent at 2%. We think Citi has a potentially strong earnings tailwind in cost savings ahead from headcount reduction, and as interest rates move favorably for banks. With growth still very strong and the valuation below fair value, we think Citi still warrants a buy rating after Q4 results.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	76,354	70,797	72,444	72,854	74,286	75,494	71,887	75,305	78,486	81,089
SG&A Exp.	29,897	29,303	29,698	29,892	30,026	32,130	26,740	28,305	30,712	29,745
D&A Exp.	3,506	3,720	3,659	3,754	3905	3,937	3,964	4,262	4,560	4,311
Net Profit	17,242	14,912	-6,798	18,045	19,401	11,047	21,952	14,845	9,228	12,682
Net Margin	22.6%	21.1%	-9.4%	24.8%	26.1%	14.6%	30.5%	19.7%	11.8%	15.6%
Free Cash Flow	36,539	50,977	-12135	33,178	-18,170	-24,067	42,971	19,437	-79,999	-26,169
Income Tax	7,440	6,444	29,388	5,357	4,430	2,525	5,451	3,642	3,528	4,211

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets ($B)	1,731	1,792	1,842	1,917	1,951	2,260	2,291	2,417	2,412	2,357
Cash & Eq. ($B)	133	160	180	188	193	310	262	342	261	277
Goodwill & Int.	27.851	28.337	27.402	27.266	26.948	26,909	25,794	24,119	24,519	23,794
Total Liab ($B)	1,508	1,565	1,640	1,720	1,757	2,060	2,089	2,214	2,206	2,148
Accounts Payable	53.722	57.152	61.342	64.571	48.601	11,165	61,430	69,218	63,539	66,601
LT Debt ($B)	222	236	281	264	293	301	282	319	324	336
Total Equity ($B)	205	205	181	177	175	180	183	182	188	191
LTD/E Ratio	1.00	1.05	1.40	1.35	1.52	1.51	1.40	1.58	1.58	1.61

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.0%	0.8%	-0.4%	1.0%	1.0%	0.5%	0.96%	0.6%	0.4%	0.5%
Return on Equity	8.5%	7.3%	-3.5%	10.0%	11.0%	6.2%	12.1%	8.1%	5.0%	6.1%
ROIC	3.7%	3.3%	-1.4%	3.8%	4.1%	2.2%	4.5%	3.0%	1.8%	2.4%
Shares Out.	2,954	2,772	2,570	2,369	2,114	2,082	2,049	1,964	1,956	1,940
Revenue/Share	25.39	24.51	26.85	29.20	32.79	35.97	35.08	38.34	40.13	41.80
FCF/Share	12.15	17.65	-4.50	13.30	-8.02	-11.47	20.97	9.90	-40.90	-13.76

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