



# Citigroup, Inc. (C)

Updated April 18<sup>th</sup>, 2026, by Josh Arnold

## Key Metrics

<b>Current Price:</b>	\$132	<b>5 Year CAGR Estimate:</b>	15.6%	<b>Market Cap:</b>	\$221 B
<b>Fair Value Price:</b>	\$140	<b>5 Year Growth Estimate:</b>	13.0%	<b>Ex-Dividend Date:</b>	05/04/2026
<b>% Fair Value:</b>	94%	<b>5 Year Valuation Multiple Estimate:</b>	1.1%	<b>Dividend Payment Date:</b>	05/22/2026
<b>Dividend Yield:</b>	1.8%	<b>5 Year Price Target</b>	\$257	<b>Years Of Dividend Growth:</b>	3
<b>Dividend Risk Score:</b>	B	<b>Sector:</b>	Financials	<b>Rating:</b>	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 \$93 billion in annual revenue, and has a \$221 billion market capitalization.

Citi posted first quarter earnings on April 14<sup>th</sup>, 2026, and results were much better than expected on both the top and bottom lines. Earnings came to \$3.06 per share, beating estimates by 43 cents. Revenue was up 14% year-over-year to \$24.63 billion, beating estimates by more than a billion dollars. Revenue growth was driven by gains in each of Citi's businesses, as well as the impact of forex translation.

Provisions for credit losses were \$2.8 billion, reflecting \$2.2 billion of net credit losses and a net allowance for credit losses build of \$597 million. Operating costs were \$14.3 billion, up from \$13.8 billion in the prior quarter but down from \$21.6 billion a year earlier.

Book value ended the quarter at \$112 per share, up 8% versus December. Tangible book value was \$99 per share, also up 8% from the end of the year.

Net interest income for 2026 is still expected to be up 5% to 6% from last year's \$49.8 billion, and its efficiency efforts remain on track. For the quarter, Net interest income was \$15.7 billion, well past the estimate of \$14 billion. It was also higher by 12% year-over-year and flat to the December quarter.

Loans ended the period at \$762 billion, up from \$752 billion in Q4. Deposits grew as well over the same time frame, rising from \$1.40 trillion to \$1.45 trillion.

We've boosted our estimate of earnings to \$10.75 per share for this year following a great start to the year.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	\$4.72	\$5.33	\$6.65	\$8.04	\$4.87	\$10.07	\$7.11	\$5.60	\$6.21	\$7.96	<b>\$10.75</b>	<b>\$19.81</b>
<b>DPS</b>	\$0.42	\$0.96	\$1.54	\$1.92	\$2.04	\$2.04	\$2.04	\$2.08	\$2.18	\$2.32	<b>\$2.40</b>	<b>\$3.53</b>
<b>Shares<sup>1</sup></b>	2772	2570	2369	2114	2082	1984	1937	1914	1877	1748	<b>1680</b>	<b>1400</b>

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 \$10.75 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 relative caution with lending, but with short-term rates falling, we should see more favorable conditions for lending in the coming quarters. Modest lending growth 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

<sup>1</sup> Share count in millions

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even in the recent tumultuous interest rate environment, Citi is performing very 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 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 slightly 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, but there are no signs of deterioration today.

## 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	<b>12.3</b>	<b>13.0</b>
Avg. Yld.	0.9%	1.5%	2.2%	2.8%	3.8%	2.9%	4.5%	4.0%	3.1%	2.0%	<b>1.8%</b>	<b>1.4%</b>

At 12.3 times earnings, Citigroup's price-to-earnings ratio is now modestly below fair value. We expect the dividend yield of 1.8% to decline as the share price appreciates more than the dividend, and as the company spends heavily on buybacks. The yield is still better than the broader market average, but it's far from a pure 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%	<b>22%</b>	<b>18%</b>

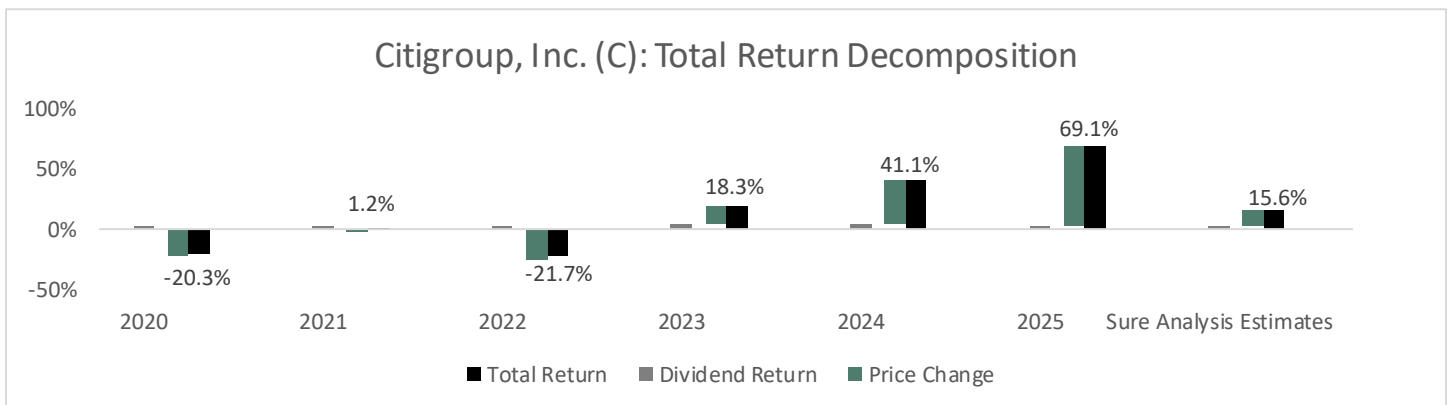
Citi's payout ratio is only 22% of estimated earnings this year. The bank has fully built its dividend back after playing catch up for several years. We now expect modest dividend raises for the foreseeable future, as Citi focuses instead on buying back shares.

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 15.6% 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 1.8%. 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 Q1 results.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenue</b>	70,797	72,444	72,854	74,286	75,494	71,887	75,305	78,486	81,089	85,213
<b>SG&amp;A Exp.</b>	29,303	29,698	29,892	30,026	32,130	26,740	28,305	30,712	29,745	---
<b>D&amp;A Exp.</b>	3,720	3,659	3,754	3,905	3,937	3,964	4,262	4,560	4,311	4,373
<b>Net Profit</b>	14,912	-6,798	18,045	19,401	11,047	21,952	14,845	9,228	12,682	14,284
<b>Net Margin</b>	21.1%	-9.4%	24.8%	26.1%	14.6%	30.5%	19.7%	11.8%	15.6%	16.8%
<b>Free Cash Flow</b>	50,977	-12,135	33,178	-18,170	-24,067	42,971	19,437	-79,999	-26,169	22,283
<b>Income Tax</b>	6,444	29,388	5,357	4,430	2,525	5,451	3,642	3,528	4,211	5,373

## Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Assets (\$B)</b>	1,792	1,842	1,917	1,951	2,260	2,291	2,417	2,412	2,357	2,662
<b>Cash &amp; Eq. (\$B)</b>	160	180	188	193	310	262	342	261	277	481
<b>Goodwill &amp; Int.</b>	28.337	27.402	27.266	26.948	26,909	25,794	24,119	24,519	23,794	22,623
<b>Total Liab (\$B)</b>	1,565	1,640	1,720	1,757	2,060	2,089	2,214	2,206	2,148	2,449
<b>Accounts Payable</b>	57.152	61.342	64.571	48.601	11,165	61,430	69,218	63,539	66,601	74,836
<b>LT Debt (\$B)</b>	236	281	264	293	301	282	319	324	336	318
<b>Total Equity (\$B)</b>	205	181	177	175	180	183	182	188	191	192
<b>LTD/E Ratio</b>	1.05	1.40	1.35	1.52	1.51	1.40	1.58	1.58	1.61	3.39

## Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Return on Assets</b>	0.8%	-0.4%	1.0%	1.0%	0.5%	0.96%	0.6%	0.4%	0.5%	0.6%
<b>Return on Equity</b>	7.3%	-3.5%	10.0%	11.0%	6.2%	12.1%	8.1%	5.0%	6.1%	6.8%
<b>ROIC</b>	3.3%	-1.4%	3.8%	4.1%	2.2%	4.5%	3.0%	1.8%	2.4%	1.6%
<b>Shares Out.</b>	2,772	2,570	2,369	2,114	2,082	2,049	1,964	1,956	1,940	1,873
<b>Revenue/Share</b>	24.51	26.85	29.20	32.79	35.97	35.08	38.34	40.13	41.80	90.31
<b>FCF/Share</b>	17.65	-4.50	13.30	-8.02	-11.47	20.97	9.90	-40.90	-13.76	11.90

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

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