## 2018-20 PROJECTIONS

<table>
<thead>
<tr>
<th>Year</th>
<th>Price</th>
<th>Gain (loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>110</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>120</td>
<td></td>
</tr>
</tbody>
</table>

### Insider Decisions

<table>
<thead>
<tr>
<th>Name</th>
<th>Options</th>
<th>To Buy</th>
<th>To Sell</th>
<th>Hedging</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. J. Assante</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>J. B. Jones</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>S. M. O'Neill</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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</table>

### Institutional Decisions

<table>
<thead>
<tr>
<th>Year</th>
<th>In Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>500</td>
</tr>
<tr>
<td>2018</td>
<td>600</td>
</tr>
<tr>
<td>2019</td>
<td>700</td>
</tr>
</tbody>
</table>

### Earnings Predictability

- **2019**: 3rd quarter, 2019, 4th quarter, 2019
- **2020**: 1st quarter, 2020, 2nd quarter, 2020, 3rd quarter, 2020

## Recent Price

- **Recent Price**: $40.42
- **PE Ratio**: 7.8
- **Trailing 12-Month PE Ratio**: 7.4
- **Relative PE Ratio**: 0.46
- **Dividend Yield**: 0.5%

## Company's Financial Strength

- **Stock Price Stability**: 40
- **Price Growth Potential**: 5
- **Earnings Predictability**: 10

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**CITIGROUP NYSE-C**

- **High**: 528.9
- **Low**: 420.8
- **52-Week Range**: 485.1
- **Average:** 528.9
- **Close:** 499.5
- **High:** 570.0
- **Low:** 422.8

### LEGENDS

- **12-Month Earnings**
- **Options**: Yes
- **Shaded area indicates recession**

### Business

- **Citigroup** is a diversified financial services company with operations in consumer and corporate banking, insurance, investment banking, and asset management. Businesses include Citibank, Citifinancial, Premierica Financial Services, and Banamex.

### Citigroup stock, along with many of its big bank peers, has taken some lumps over the past year. The issue is down about 20% since our November full-page review, and off some 30% from its mid-July 12-month peak. Citigroup's closest rivals, Bank of America (25%), JPMorgan Chase (15%), and Wells Fargo (15%), have also come under pressure, along with the broader market and the banking sector in general. The persistent slump in oil pricing, slowing growth in China and India, and the U.S. economy's somewhat tepid expansion have all been factors.

### Meanwhile, the company's financial metrics have been generally positive. For the fourth quarter of 2015, the common equity Tier-1 capital ratio, the supplementary leverage ratio, and the effective leverage ratio improved to 12.00%, 7.80%, and 60%, respectively. (Those respective measures were 10.57%, 5.94%, and 80% in the likewise 2015 period.) For shareholders, credit quality and tangible book value increased from $210.2 billion and $56.71 per share, respectively, in the year earlier, to $219 billion and $60.61. Credit quality has also been heading in the right direction, with the allowance for loan losses declining from $16.0 billion in the prior year, to $12.6 billion in the most recent period.

### In all likelihood, earnings will be essentially flat in the current year. Citi logged $76.4 billion in net revenues for all of 2015, basically matching the year before. (We had looked for $78.0 billion in net revenues.) At the same time, the lender earned $5.40 a share in the year just ended, a substantial improvement from 2014's depressed tally, and net income of $17.2 billion was Citigroup's largest haul since 2000, when its footprint and composition were considerably different.

### Neutrally ranked Citigroup shares have wide-price-recovery potential, but may require some patience. The company has gradually reduced its reliance on the consumer side of the business, and management has done an admirable job of eliminating its problematic assets. In addition, the company's operating results are likely to remain volatile for the foreseeable future, Citi's credit metrics and financial position are among their strongest readings in recent memory.

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Sharif Abdou February 12, 2016

Barney, 6/09. Has about 200 million customer accounts in about 160 countries and jurisdictions. Has around 241,000 employees.

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