

Citigroup (C US)

FUNDAMENTAL VIEW ¹

As of 28 May 2025

- Citigroup is a solid global money center bank that has done a decent job cleaning up legacy issues and fortifying the risk profile in the wake of the GFC, though it still lags peers on several fronts including profitability.
- Citi has more geographic diversification than peers owing to its international presences, though the retail side is shrinking considerably as Citi exits most of Asia and Mexico, refocusing around a global wealth management/private bank strategy.
- Citi lags on the domestic deposit front, with less than half of the deposit base of money center peers and a much smaller physical footprint, though it has been focused on driving deposit flows the past couple of years.

RISKS & CATALYSTS

As of 28 May 2025

- Citi still lags peers on profitability (both ROA and ROTCE); CEO Fraser adopted the profitability gap as a key focus point as well, and we see Fraser's strategic moves (e.g. int'l consumer exits, headcount reduction in management layers) as aimed at capital and expense optimization to improve ROE.
- While not as severe as a Wells-type situation, Citi's regulatory mishaps introduce risks should the bank fail to show improvement in internal controls, or if another major risk management failure crops up. Our base case: Citi will be able to satisfy regulators and end up with improved infrastructure, though it will likely be a multi-year process with resultant upward cost pressures.
- Citi's global footprint makes it more exposed to emerging markets and non-domestic economies; in the near-term, that could create earnings and capital volatility to the degree tariff policies drive USD appreciation.

CREDIT QUALITY SCORE (CQS) ²

As of 27 Oct 2025

CURRENT CQS

65

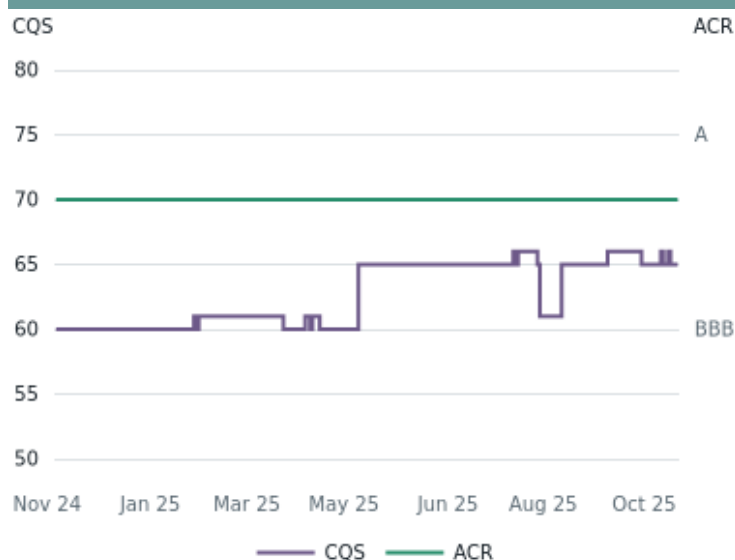
CQS OUTLOOK ³

NEGATIVE

STABLE

POSITIVE

HISTORICAL RATINGS: AVERAGE AGENCY RATING (ACR) ⁴ VS CQS



KEY METRICS

As of 28 May 2025

\$ MN	FY21	FY22	FY23	FY24	LTM 1Q25
ROAE (annual)	10.9%	7.5%	4.5%	6.1%	6.4%
ROAA (annual)	0.92%	0.61%	0.38%	0.51%	0.53%
PPNR / Avg. Assets	1.02%	0.97%	3.93%	3.56%	3.86%
Efficiency Ratio	68%	67%	272%	n/m	n/m
Net Interest Margin (Annual)	1.94%	2.20%	2.37%	2.29%	2.29%
Net charge-offs (LTM) / Loans	0.70%	0.55%	0.95%	1.29%	1.31%
Common Dividend Payout	19%	27%	130%	n/m	n/m
CET1 Ratio	12.3%	13.0%	13.4%	13.6%	13.4%
Supplementary Leverage Ratio (SLR)	5.7%	5.8%	5.8%	5.9%	5.8%
Liquidity Coverage Ratio (LCR)	115%	118%	116%	117%	117%

BUSINESS DESCRIPTION

As of 28 May 2025

- Citigroup ranks as the 3rd largest U.S. bank by total assets (\$2.57 tn) at 1Q25 and 3rd largest by Total Equity (\$213 bn).
- Citi is 4th in terms of U.S. deposits with approximately \$743 bn as of 1Q25 across 661 branches (S&P Capital IQ). Given the significantly smaller branch footprint, Citi does not generally possess leading market shares in most states besides South Dakota (#1).
- Citi's major business lines include U.S. consumer (mortgages and credit cards) and retail banking, global consumer, global corporate & investment banking, and global payments. The company is in the process of exiting 13 international consumer markets, refocusing the non-US footprint around four regional hubs and combining wealth management and the private bank to drive synergies out of the hubs.

GLOSSARY

¹ The **Fundamental View** is our current assessment of credit quality and our expectation of how credit quality will trend over the next year or longer.

² The **Credit Quality Score (CQS)** is a number between 5 and 100. It is a medium-term credit score for corporates and financial institutions that utilizes a combination of sector fundamental scores and equity market signals. Values of CQS above 50 generally indicate investment grade credit quality.

³ The **Credit Quality Score (CQS) Outlook** is the near-term (3 month) outlook for the CQS, based on its trend, volatility and distance from the adjacent CQS risk bucket.

⁴ The **Agency Composite Rating (ACR)** is the average senior unsecured rating from one or more major rating agencies.

Quantitative scores provided by CreditSights Analytics, LLC. Scores are shown are for the lesser of (1) 2 years and (2) date of CreditSights inception of quantitative coverage.

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