

October 20, 2009

Price (as of close on
October 19, 2009)

\$4.54

Rating
DROP

12- Month Target Price
NA

Jonathan Hegranes, CFA
research@singularresearch.com

Company Description

Citigroup Inc. is a global franchise that provides a full range financial products and services. Citigroup operates two primary divisions: Citicorp, which includes the global institutional bank and regional consumer banks, and Citi Holdings, which includes brokerage, asset management, consumer finance, as well as the special asset pool.

Citigroup Inc. (C)

Dropping coverage. Initially covered as part of a paired trade with a short on UBS. We are dropping coverage of UBS. We choose to allocate our research efforts to more profitable opportunities.

52-Week Range	\$0.97 – 23.50	Long-Term Debt (billion)	\$348.0
Shares Outstanding	5.4 billion	Debt/Equity	225.7%
Insider/Institutional	1.3% / 44.5%	ROE (TTM)	NEG
Public Float	5.3 billion	Book Value/Share	\$14.44
Market Capitalization	\$16.3 billion	Daily Volume	306 million

FYE DEC	2008A	2009E		2010E	
EPS (\$)	ACTUAL	CURRENT	PREVIOUS	CURRENT	PREVIOUS
Q1 Mar	(1.06)A	(0.18)A	(0.18)E	0.01E	0.13E
Q2 Jun	(0.51)A	0.51E	0.07E	0.04E	0.16E
Q3 Sep	(0.74)A	(0.05)E	0.07E	0.06E	0.21E
Q4 Dec	(4.18)A	(0.04)E	0.10E	0.08E	0.26E
Year*	\$(6.42)A	\$0.24E	\$0.06E	\$0.19E	\$0.76E
P/E Ratio	NEG	12.4x		15.8x	
Change	NA	NA		-21%	

FYE SEP	2008A	2009E		2010E	
Revenue (\$ mil.)	ACTUAL	CURRENT	PREVIOUS	CURRENT	PREVIOUS
Q1 Mar	12,441A	24,789A	24,789E	24,859E	26,140E
Q2 Jun	18,077A	29,969A	24,030E	25,373E	26,995E
Q3 Sep	16,680A	22,942E	24,730E	25,907E	27,885E
Q4 Dec	5,595A	23,767E	25,830E	26,462E	28,811E
Year*	\$52,793A	\$101,467E	\$99,380E	\$102,602E	\$109,832E
Change	-49%	92%		1%	

* Numbers may not add up due to rounding.

DROPPING COVERAGE

- Citigroup reported Q3:09 revenues of \$20.4 billion below our expectations of \$22.9 billion.
- Pretax loss of \$529 million was above our estimate of a loss of \$1.9 billion. Better than expected results were driven by lower credit costs. Excluding the gain on the Smith Barney sale in Q2:09, net income improved \$2.5 billion sequentially.
- We had initiated coverage of Citigroup as paired trade, combined with a short of UBS. We have dropped coverage of UBS.
- With choose to reallocate our research efforts to other more profitable opportunities.
- We choose to place our emphasis on names where we can add value to undercovered stocks.
- The financials have not been updated for Q3:09. They are here for reference purposes only,

IMPORTANT DISCLOSURES

The following disclosures relate to relationships between Singular Research and Millennium Asset Management, LLC (“Millennium”) and companies covered by Singular Research and referred to in research reports.

This report has been prepared by Singular Research, a wholly owned subsidiary of Millennium which is an investment advisor registered in the State of California. Singular Research receives fees from Millennium for the right to use and distribute research reports prepared by Singular Research.

Millennium does and seeks to do business with companies covered in Singular Research’s research reports. Millennium may receive fees from issuers that are the subject of research reports prepared by Singular Research for investor and public relations and other marketing-related services provided to such issuers by Millennium. As a result, investors should be aware that Singular Research and Millennium may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

There are no company-specific disclosures.

General Disclosures

This research report is for our clients’ informational purposes only. This research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. Any opinion expressed in this report is subject to change without notice and may differ or be contrary to opinions expressed by other professionals or business areas of Singular Research or Millennium. We are under no responsibility to update our research.

The views expressed in this research report accurately reflect the responsible analyst’s personal views about the subject securities or issuers. No part of the analyst’s compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that analyst in the research report.

Millennium and its affiliates, officers, directors, and employees, excluding analysts, will from time to time have long or short positions in, and buy or sell, the securities or derivatives thereof of covered companies referred to in our research reports. Our affiliates, officers, and directors won’t execute on any new recommendation or recommendation change until 48 hours after the dissemination of the report.

This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of the investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors.

Rating Definitions

BUY, 30% or greater increase in the next 12 months.

HOLD, perform in line with the market.

SELL, 30% or more declines in the next 12 months.

© Copyright 2009 Singular Research

No part of this material may be copied, photocopied or duplicated in any form by any means or redistributed without the prior written consent of Singular Research.

Citigroup Inc.											
Income Statement											
<i>In Millions of USD, except per share items.</i>											
		2009 Estimated					2010 Estimated				
	2008A	Q1A Mar-09	Q2E Jun-09	Q3E Sep-09	Q4E Dec-09	2009E	Q1E Mar-10	Q2E Jun-10	Q3E Sep-10	Q4E Dec-10	2010E
Interest revenue	106,655	20,609	19,671	19,573	19,964	79,817	20,563	20,871	21,185	21,502	84,121
Interest expense	52,963	7,711	6,842	6,926	7,065	28,544	7,206	7,350	7,497	7,647	29,700
Net Interest Revenue	53,692	12,898	12,829	12,646	12,899	51,273	13,357	13,521	13,687	13,855	54,421
Commissions and fees	11,227	4,326	5,437	5,926	6,341	22,031	6,468	6,597	6,729	6,864	26,659
Principal transactions	(22,188)	3,794	433	463	473	5,163	475	484	494	504	1,958
Administration and other fiduciary fees	8,560	1,662	1,472	1,560	1,654	6,348	2,010	2,131	2,258	2,394	8,793
Realized gains (losses) from sale of investments, net	(2,061)	9	(160)	210	221	280	305	351	403	464	1,523
Insurance premiums	3,221	755	745	760	775	3,035	809	825	842	859	3,334
Other revenue	342	1,345	9,213	1,376	1,404	13,338	1,435	1,464	1,493	1,523	5,915
Total Non-Interest Revenues	(899)	11,891	17,140	10,296	10,867	50,194	11,502	11,852	12,220	12,607	48,181
Total Revenues, Net of Interest Expense	52,793	24,789	29,969	22,942	23,767	101,467	24,859	25,373	25,907	26,462	102,602
Provision for loan losses	33,674	9,915	12,233	12,172	12,111	46,431	11,505	10,930	10,384	9,864	42,684
Policyholder benefits and claims	1,403	332	308	300	300	1,240	400	400	400	400	1,600
Provision for unfunded lending commitments	(363)	60	135	135	135	465	50	50	50	50	200
Total Provisions for Credit Losses and Claims	34,714	10,307	12,676	12,607	12,546	48,136	11,955	11,380	10,834	10,314	44,484
Compensation and benefits	32,440	6,419	6,359	6,423	6,487	25,687	6,626	6,759	6,894	7,032	27,310
Net occupancy	7,125	1,144	1,091	1,102	1,113	4,450	1,124	1,135	1,147	1,158	4,564
Technology / communication	4,897	1,179	1,154	1,166	1,177	4,676	1,189	1,201	1,213	1,225	4,828
Advertising and marketing	2,292	343	351	355	358	1,407	362	365	369	373	1,468
Restructuring	1,766	(13)	(32)	-	-	(45)	-	-	-	-	-
Other operating expenses	22,614	3,015	3,076	3,230	3,391	12,712	3,190	3,222	3,254	3,287	12,953
Total Operating Expenses	71,134	12,087	11,999	12,274	12,526	48,887	12,491	12,682	12,876	13,074	51,123
Pre-tax Income From Continuing Operations	(53,055)	2,395	5,294	(1,939)	(1,306)	4,445	413	1,311	2,197	3,074	6,996
Provision (benefits) for income taxes	(20,612)	785	907	(679)	(457)	556	145	459	769	1,076	2,448
Income From Continuing Operations	(32,443)	1,610	4,387	(1,260)	(849)	3,888	268	852	1,428	1,998	4,547
Income From Discontinued Operations	4,410	(33)	(142)	(1)	(1)	(177)	12	12	12	12	48
Net Income Before Minority Interest	(28,033)	1,577	4,245	(1,261)	(850)	3,711	280	864	1,440	2,010	4,595
Net income (loss) attributable non-controlling minority interest	(349)	(16)	(34)	13	8	(29)	(3)	(9)	(14)	(20)	(46)
Citigroup's Net Income (Loss)	(27,684)	1,593	4,279	(1,274)	(858)	3,740	283	873	1,455	2,030	4,641
Per Share Items											
Basic EPS	(\$6.42)	(\$0.18)	\$0.53	(\$0.06)	(\$0.04)	\$0.26	\$0.01	\$0.04	\$0.06	\$0.09	\$0.20
Weighted Avg. Basic Shares Out.	5,265.4	5,385.0	5,402.2	22,545.0	22,770.5	14,025.7	22,841.0	22,911.8	22,982.9	23,054.1	22,947.5
Diluted EPS	(\$6.42)	(\$0.18)	\$0.51	(\$0.05)	(\$0.04)	\$0.24	\$0.01	\$0.04	\$0.06	\$0.08	\$0.19
Weighted Avg. Diluted Shares Out.	5,795.1	5,969.1	5,989.3	23,132.1	23,357.6	14,612.0	23,428.1	23,498.9	23,570.0	23,641.2	23,534.6

Citigroup Inc.

Balance Sheet

In Millions of USD.

		2009 Estimated					2010 Estimated				
	2008A	Q1A Mar-09	Q2E Jun-09	Q3E Sep-09	Q4E Dec-09	2009E	Q1E Mar-10	Q2E Jun-10	Q3E Sep-10	Q4E Dec-10	2010E
ASSETS											
Cash And Equivalents	29,253	31,063	26,915	39,549	48,622	48,622	69,719	96,298	123,814	154,473	154,473
Deposits With Banks	170,331	159,503	182,577	186,229	189,953	189,953	193,752	197,627	201,580	205,611	205,611
Federal Funds Sold And Securities Borrowed	184,133	179,603	179,503	183,093	186,755	186,755	190,490	194,300	198,186	202,150	202,150
Brokerage Receivables	44,278	43,329	34,598	29,408	26,909	26,909	26,640	27,439	28,262	29,110	29,110
Trading Asset Securities	377,635	335,222	323,128	274,659	251,313	251,313	243,773	251,087	258,619	266,378	266,378
Investment Securities	256,020	238,806	266,757	226,743	207,470	207,470	203,321	209,420	215,703	222,174	222,174
Total Investments	1,061,650	987,526	1,013,478	939,681	911,022	911,022	927,695	976,171	1,026,164	1,079,895	1,079,895
Gross Loans	694,216	657,292	641,690	638,482	635,289	635,289	638,466	644,850	651,299	657,812	657,812
Allowance For Loan Losses	(29,616)	(31,703)	(35,940)	(40,253)	(41,058)	(41,058)	(44,342)	(46,560)	(48,888)	(51,332)	(51,332)
Net Loans	664,600	625,589	605,750	598,229	594,231	594,231	594,123	598,291	602,411	606,480	606,480
Goodwill And Intangibles	41,291	40,022	35,676	33,179	30,856	30,856	30,856	31,782	32,735	33,717	33,717
Other	170,929	169,441	191,720	273,582	312,952	312,952	307,993	262,825	217,604	170,192	170,192
Total Assets	1,938,470	1,822,578	1,846,624	1,844,670	1,849,061	1,849,061	1,860,667	1,869,068	1,878,914	1,890,285	1,890,285
LIABILITIES											
Non-Interest Bearing Deposits	97,482	119,847	123,243	122,636	122,405	122,405	124,005	125,925	128,228	130,993	130,993
Interest Bearing Deposits	676,703	642,849	681,493	681,291	681,214	681,214	681,747	682,387	683,155	684,076	684,076
Total Deposits	774,185	762,696	804,736	803,927	803,619	803,619	805,752	808,312	811,383	815,069	815,069
Federal Funds Purchased And Securities Loaned	205,293	184,803	172,016	171,156	170,300	170,300	173,706	172,838	171,973	171,114	171,114
Brokerage Payables	70,916	58,950	52,696	53,750	54,825	54,825	55,921	57,040	58,181	59,344	59,344
Trading Liabilities	167,478	130,826	117,403	119,751	122,146	122,146	124,589	127,081	129,622	132,215	132,215
Short-term Borrowings	126,691	116,389	101,894	103,932	106,011	106,011	108,131	110,293	112,499	114,749	114,749
Long-Term Debt	359,593	337,252	348,046	355,007	362,107	362,107	369,349	376,736	384,271	391,956	391,956
Other Liabilities	92,684	85,735	95,665	89,201	82,671	82,671	76,122	69,553	62,963	56,352	56,352
Total Liabilities	1,796,840	1,676,651	1,692,456	1,696,723	1,701,679	1,701,679	1,713,571	1,721,852	1,730,892	1,740,799	1,740,799
Total Pref. Equity	70,664	74,246	74,301	0	0	0	0	0	0	0	0
Common Stock	57	57	57	240	240	240	241	241	241	241	241
Additional Paid In Capital	19,165	16,525	16,663	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000
Retained Earnings	86,521	86,115	88,874	77,891	77,033	77,033	77,316	78,189	79,644	81,674	81,674
Treasury Stock	(9,582)	(5,996)	(5,950)	(5,998)	(6,046)	(6,046)	(6,046)	(6,094)	(6,143)	(6,192)	(6,192)
Comprehensive Inc. and Other	(25,195)	(27,013)	(21,643)	(21,816)	(21,991)	(21,991)	(22,057)	(22,233)	(22,411)	(22,590)	(22,590)
Total Common Equity	70,966	69,688	78,001	145,317	144,237	144,237	144,455	145,103	146,331	148,133	148,133
Noncontrolling interest	2,392	1,993	1,866	2,630	3,145	3,145	2,642	2,114	1,691	1,353	1,353
Total Equity	144,022	145,927	154,168	147,948	147,382	147,382	147,097	147,216	148,022	149,485	149,485
Total Liabilities And Equity	1,938,470	1,822,578	1,846,624	1,844,670	1,849,061	1,849,061	1,860,667	1,869,068	1,878,914	1,890,285	1,890,285

Citigroup Inc.											
Statement of Cash Flows											
<i>In Millions of USD.</i>											
		2009 Estimated					2010 Estimated				
		Q1A	Q2E	Q3E	Q4E		Q1E	Q2E	Q3E	Q4E	
	2008A	Mar-09	Jun-09	Sep-09	Dec-09	2009E	Mar-10	Jun-10	Sep-10	Dec-10	2010E
Net Income	(27,684)	1,593	4,279	(1,274)	(858)	3,740	283	873	1,455	2,030	4,641
Adjustments											
Provision for Credit Losses	33,311	9,975	12,368	12,307	12,246	46,896	11,555	10,980	10,434	9,914	42,884
Change in Trading Accounts (net)	109,241	5,761	6,014	6,279	6,555	24,610	5,819	6,075	6,342	6,621	24,856
Depreciation & Amort.	2,466	114	120	126	132	491	143	150	157	165	614
Change in Federal Funds (net)	(9,017)	(15,960)	(16,662)	(17,395)	(18,161)	(68,178)	(45,000)	(40,000)	(52,000)	(55,000)	(192,000)
Change in Loans (Held For Sale)	29,009	(11,017)	(10,576)	(10,153)	(10,600)	(42,347)	45,000	40,000	52,000	55,000	192,000
Other Net Operating Assets	(40,786)	1,208	(12,341)	8,986	12,810	10,663	(1,213)	(207)	(1,419)	(1,120)	(3,959)
Cash from Operations	96,540	(8,326)	(16,798)	(1,125)	2,124	(24,125)	16,587	17,870	16,968	17,611	69,036
Change in Deposits with Banks	(100,965)	10,828	6,497	7,017	7,578	31,919	8,411	9,337	10,364	11,504	39,616
Change in Loans	(270,521)	(31,999)	(33,599)	(35,279)	(37,043)	(137,920)	(39,265)	(41,621)	(44,119)	(46,766)	(171,771)
Proceeds from Sales & Securitizations of Loans	313,808	60,329	66,965	74,331	82,508	284,133	107,260	116,914	127,436	138,905	490,515
Purchase of Investments (net)	(250,670)	(30,362)	(42,507)	(59,510)	(83,313)	(215,692)	(108,307)	(118,055)	(128,680)	(140,261)	(495,303)
Total Other Investing Activities	230,737	33,678	35,362	37,130	38,986	145,156	38,597	40,526	42,553	44,680	166,356
Cash from Investing	(77,611)	42,474	32,718	23,689	8,716	107,598	6,695	7,100	7,554	8,062	29,412
Issuance of Common Stock	6,864	-	138	183	-	321	-	-	-	-	-
Issuance of Preferred Stock	70,626	-	55	(74,301)	-	(74,246)	-	-	-	-	-
Treasury Stock Acquired	(7)	(1)	-	-	-	-	-	-	-	-	-
Long-Term Debt Issued (net)	(42,487)	(8,657)	(7,352)	6,961	7,100	(1,948)	7,242	7,387	7,535	7,685	29,849
Dividends Paid	(7,526)	(1,074)	(1,549)	(6,464)	(6,529)	(15,617)	(6,549)	(6,570)	(6,590)	(6,610)	(26,319)
Net Incr. (Decr.) in Deposit Accounts	(37,811)	(11,489)	(2,130)	(809)	(308)	(14,736)	2,133	2,560	3,072	3,686	11,450
Other Financing Activities	(14,196)	(10,390)	(8,430)	65,300	(1,230)	-	(4,211)	(969)	(223)	1,025	-
Cash from Financing	(24,537)	(31,611)	(19,268)	(9,131)	(967)	(60,977)	(1,385)	2,408	3,793	5,786	10,603
Exchange Rate Affect & Other (net)	(3,345)	(756)	(800)	(800)	(800)	(3,156)	(800)	(800)	(800)	(800)	(3,200)
Net Change in Cash	(8,953)	1,781	(4,148)	12,633	9,073	19,340	21,097	26,579	27,516	30,659	105,851
Net Beginning Cash Position	\$38,206	\$29,253	\$31,063	\$26,915	\$39,549	\$29,253	\$48,622	\$69,719	\$96,298	\$123,814	\$48,622
Net Ending Cash Position	\$29,253	\$31,063	\$26,915	\$39,549	\$48,622	\$48,622	\$69,719	\$96,298	\$123,814	\$154,473	\$154,473