

Investing in a large bank can be worthwhile

I like to invest in banks. I have invested in a number of banks in cities where I have lived and have done quite well with them.

I was talking about investments with a friend recently and, when I showed him the list of banks I owned stock in, he took me to task because I didn't own stock in any of the very large banks. He said that I should own stock in what he called the money-center banks.

He particularly said that I ought to own some stock in Citicorp. I have looked at Citicorp, but it is so big it confuses me. Do you think I should change my ways and pick the biggest banks, especially Citicorp?

You have certainly done well and have made good money on your in-

vestments in smaller banks, but I wouldn't make it an either-or situation. You seem to have good talent in the small bank area, but you might be able to make money on the large banks, too.

As regards to Citicorp, it has been an excellently managed bank, and I would not hesitate to buy stock in it.

In the last five years, the bank's net income has more than doubled from \$500 million to \$1 billion. That's a compound annual growth rate of nearly 15 percent.

Earnings per share have not grown quite as fast but still have increased 75 percent in the last five years. The bank has averaged a return of more than 15 percent on equity and compares favorably with other banks for return on assets.



today's investor
Thomas E. O'Hara
of the National Association of Investors Corp.

CITICORP HAS been bemoaned by some because of its foreign loans and the negative effect of lower oil prices. However, it sells at a very favorable price in relation to earnings when compared to the stocks in the Dow Jones Industrials.

At a recent price of 62, it was selling at a price earnings ratio of 9 compared with 18.6 for the Dow. Its yield

at 4 percent is above the 3.64 percent provided by the Dow.

The size of Citicorp is awesome. Its net income last year of \$1 billion is more than the equity capital of most corporations traded on stock exchanges. The company provides a comprehensive range of financial services.

It operates over 3,000 offices in 42 states and 90 foreign countries. On the retail side, it does business with

one out of every five households in the United States.

THE TREMENDOUS size of Citicorp is shown by the \$1 billion of loans charged off in 1987. As big as that total is, it represents only about 1 percent of the total loans outstanding.

The bank has sizeable competitive advantages: Its global financial network helps diversify risk. Its leadership in bank electronics is an economic advantage. The ability of management to plan for growth 10 years ahead is a tremendous strategic advantage.

It would seem like Citicorp is a good investment opportunity.

Thomas E. O'Hara of Bloom-

field Hills is chairman of the board of trustees of the National Association of Investors Corp. and editor of Better Investing magazine. O'Hara welcomes questions and comments but will answer them only through this column. Readers who send in questions on a general investment subject or on a corporation with broad investor interest and whose questions are used will receive a free one-year subscription to Better Investing. O'Hara will send a free copy of Better Investing magazine or information about investment clubs to any reader requesting it. Send 50 cents for postage and write to: Today's Investor, P.O. Box 220, Royal Oak 48068.

datebook

PERSONNEL CONSULTANTS

Friday, May 30 — Michigan Association of Personnel Consultants meets at noon in Southfield. Information: Don Oshrock, 643-0011.

WOMEN & CAREERS

Fridays, May 30 — "Career Planning Strategies for Working Women" offered from 8:30 a.m. to 4 p.m. in Southfield. Fee: \$35. Information: 875-5593. Sponsor: Callan/Jones.

LAW OFFICE SYSTEMS

Saturday, May 31 — Law office systems workshop offered from 9 a.m. to 4 p.m. in Rochester. Information: 370-3120. Sponsor: Oakland University division of continuing education.

START A BUSINESS

Saturday, May 31 — "Keys to Business Success" all-day workshop will be held in Detroit. Fee: \$35. Information: Rita Jones, 226-2218. Sponsors: Service Corps of Retired Executives, Small Business Administration.

SPECIALTY ADVERTISING

Monday, June 2 — Specialty Advertising Association of Michigan to hear Dan S. Gagley III 1-5 p.m. in Detroit. Non-member fee: \$50. Information: 427-5325.

MACHINE VISION

Tuesday-Thursday, June 3-5 — Applied machine vision conference and exposition scheduled for Detroit. Admission: \$10. Information: 371-1500. Sponsor: Machine Vision Association of the Society of Mechanical Engineers.

CPA AND GOVERNMENT

Wednesday, June 4 — Industry, Government and Education Conference held from 9 a.m. to 5 p.m. in Troy. Fee: \$85. 8 hours continuing professional education credit. Information: 879-2100. Sponsor: Michigan Association of Certified Public Accountants.

REAL ESTATE CHANGES

Wednesday, June 4 — "Solutions

for Real Estate" conference offered from 8:30 a.m. to 12:30 p.m. in Southfield. Fee: \$25, which includes lunch. Information: Kim Wilbert, 446-7283. Sponsors: Coopers & Lybrand.

RUN A BUSINESS

Wednesday, June 4-July 9 — "How to Run a Successful Small Business" workshop offered 7-10 p.m. in Detroit. Information: 577-4554. Sponsor: Wayne State University school of business administration.

CPA WEEKEND

Friday-Sunday, June 6-8 — CPA weekend offering up to 40 continuing professional education credits in Rochester. Registration: \$15. Course: \$15. Information: 370-3120. Sponsor: Oakland University.

FINANCIAL PLANNING

Saturday, June 7 — "Tax Savings and Money Strategies for the '80s" offered from 9 a.m. to 1 p.m. at the

Orchard Ridge Campus of Oakland Community College. Fee: \$10 to Make-a-Wish Foundation of Michigan. Information: Maurice A. Belman, 645-6770. Sponsor: Comprehensive Financial Planning Corp.

LOTUS 1-2-3

Saturday, June 7-21 — Lotus 1-2-3 on the IBM personal computer offered from 9 a.m. to noon in Rochester. Fee: \$98. Information: 370-3120. Sponsor: Oakland University division of continuing education.

MANAGEMENT

Tuesday, June 10 — "Introduction to Participative Management" seminar in Detroit. Fee: \$125. Information: 577-4665. Sponsor: Wayne State University College of Lifelong Learning.

AD AGENCIES

Tuesday, June 10 — American Association of Advertising Agencies to hear Hal Riney 8:30-11:30 a.m. in

Detroit. Tickets: \$25. Information: Karen Walker, AAAA, 686 Third Ave. New York, NY 10017.

VENTURE GROUP

Tuesday, June 10 — Southeastern Michigan Venture Group meets at 6 a.m. in Southfield. Information: Pat Jepsen, 446-7166.

ACCOUNTING ASSISTANT

Tuesday, June 10 — Free job opportunity seminar about accounting assistant career begins at 7:30 p.m. in Rochester. Information: 370-3120. Sponsor: Oakland University division of continuing education.

REAL ESTATE INVESTING

Tuesday, June 10-July 1 — "Real Estate Investing" offered 9 p.m. in Southfield. Fee: \$40. Information: 577-4665, division of non-credit programs. Sponsor: Wayne State University college of lifelong learning.

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