Consolidated Citigroup

U.S. Liquidity Coverage Ratio Disclosure

For the quarterly period ended September 30, 2017

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Citigroup Inc.

U.S. LCR Disclosure

For the Quarterly Period Ending 9/30/2017

Liquidity Coverage Ratio (LCR) and the Disclosure Template:

The Liquidity Coverage Ratio (LCR) is designed to ensure that adequate levels of high-quality liquid assets (HQLA) are maintained to meet liquidity needs under an acute 30-day stress scenario. The LCR is calculated by dividing HQLA by estimated net outflows assuming a stressed 30-day period, with the net outflows determined by applying prescribed factors to various categories of liabilities, such as deposits, unsecured and secured wholesale borrowings, unused lending commitments and other derivatives-related exposures. The outflows are partially offset by assumed inflows from assets maturing within 30 days. Similar to outflows, the inflows are calculated based prescribed factors to various assets categories, such as loans, unsecured and secured wholesale lending. Banks are also required to calculate an additional outflow assumption to address potential maturity mismatches between contractual cash outflows and inflows within the 30-day period.

The disclosure template below sets forth Citigroup's average HQLA, cash outflows, cash inflows, and the resulting LCR for the period indicated, as required by the Federal Reserve Board's (FRB) final rule implementing public disclosure requirements for the U.S. LCR. The "Unweighted Amount" column represents quarterly average balances for each category of the LCR calculation which have not been adjusted by the respective LCR factors. The "Weighted Amount" column represents the unweighted average amounts multiplied by the respective LCR factor for each category of the LCR calculation, as prescribed by the FRB's final rule.

Liquidity Coverage Ratio Template:

Consolidated Citigroup Average LCR for the quarter ended September 30, 2017 In millions of U.S. Dollars		9/30/2017	
		Average Unweighted Amount	Average Weighted Amount
HIGH-QUALITY LIQUID ASSETS			
1	Total eligible high-quality liquid assets (HQLA), of which:	462,790	448,565
2	Eligible level 1 liquid assets	375,708	375,708
3	Eligible level 2A liquid assets	83,760	71,196
4	Eligible level 2B liquid assets	3,322	1,661
CASH OUTFLOW AMOUNTS			
5	Deposit outflow from retail customers and counterparties, of which:	334,071	33,353
6	Stable retail deposit outflow	80,903	2,427
7	Other retail funding	213,944	21,394
8	Brokered deposit outflow	39,224	9,531
9	Unsecured wholesale funding outflow, of which:	599,900	248,499
10	Operational deposit outflow	304,252	75,524
11	Non-operational funding outflow	285,943	163,485
12*	Unsecured debt outflow	9,705	9,490
13	Secured wholesale funding and asset exchange outflow	339,327	86,640
14	Additional outflow requirements, of which:	367,744	94,395
15	Outflow related to derivative exposures and other collateral requirements	39,676	38,290
16	Outflow related to credit and liquidity facilities including unconsolidated structured transactions and mortgage commitments	328,068	56,105
17	Other contractual funding obligation outflow	-	-
18*	Other contingent funding obligations outflow	208,484	6,851
19	**TOTAL CASH OUTFLOW**	1,849,527	469,738
CASH INFLOW AMOUNTS			
20	Secured lending and asset exchange cash inflow	258,185	44,480
21	Retail cash inflow	12,069	6,034
22	Unsecured wholesale cash inflow	65,565	43,329
23	Other cash inflows, of which:	17,808	17,708
24	Net derivative cash inflow	10,317	10,317
25	Securities cash inflow	-	-
26	Broker-dealer segregated account inflow	6,958	6,958
27	Other cash inflow	533	434
28	**TOTAL CASH INFLOW**	353,626	111,552
			Average Amount (1)
29	**HQLA AMOUNT**		448,565
30	**TOTAL NET CASH OUTFLOW AMOUNT EXCLUDING THE MATURITY MISMATCH ADD-ON**		358,186
31	**MATURITY MISMATCH ADD-ON**		6,766
32	**TOTAL NET CASH OUTFLOW AMOUNT**		364,952
33	**LIQUIDITY COVERAGE RATIO (%)**		123%
	(1) The amounts reported in this column may not equal the calculation of those amounts using component amounts reported in rows 1-28 due to technical factors such as the application of the level 2 liquid asset caps, the total inflow cap, and for depository institution holding companies subject to subpart G, the application of the modification to total net cash outflows.		

* Reflects a reclassification of contingent unsecured debt buyback outflow from unsecured debt outflow, as previously reported, to other contingent funding obligations outflow.

Main Drivers and Changes in LCR:

As set forth in the table above, Citi continued to maintain a strong average LCR Reg position well above the 100% regulatory minimum. Citi's average LCR as of 3Q17 declined modestly to 123% versus 125% as of 2Q17, driven by an increase in modeled net outflows, largely offset by an increase in average HLQA. Both the increase in average net outflows and the increase in average HQLA were predominately driven by changes in assumptions, including changes in methodology to better align Citi's outflow assumptions with those embedded in its resolution planning.

Composition of HQLA:

As set forth in the table above, Citi's average weighted HQLA was approximately $449 billion as of 3Q17. Of this amount, 84% consisted of Level 1 assets, including 28% of excess cash deposited at Central Banks, 30% of U.S. Treasuries and 26% of foreign sovereign debt. Approximately 61% of Citi's average weighted HQLA was held in U.S. dollars (USD). In addition, 16% of the average weighted HQLA as of 3Q17 consisted of Level 2A assets, which primarily consisted of U.S. Agency and Agency MBS securities. Level 2B securities are immaterial component of Citi's HQLA and mainly comprised of investment grade corporate debt issued by non-financial institutions.

Concentration of Funding Sources:

Citi's funding strategy is centered on maintaining a funding profile that is diversified by structure, tenor and currency. Citi closely monitors and manages the tenor of funding sources to ensure it can meet liquidity needs under different stress scenarios and different time horizons.

Citi's primary funding sources include (i) corporate and consumer deposits via Citi's bank subsidiaries, (ii) long-term debt (primarily senior and subordinated debt) mainly issued by the parent and Citibank, N.A. (CBNA), and (iii) stockholders' equity. These sources may be supplemented by short-term borrowings, primarily in the form of secured funding transactions.

For CBNA, deposits represent the main funding source. In addition, to diversify its funding sources, CBNA accesses the capital markets through several mechanisms, including a CBNA benchmark note program, securitizations and Federal Home Loan Bank borrowings. Citi's non-bank entities are largely funded through a benchmark issuance program; long-term debt funding is supplemented with secured funding and structured note issuances.

Citi's Liquidity Risk Management Policy addresses concentration of funding sources through a limit and trigger framework, including counterparty and tenor concentrations. For secured financing transactions, Citi takes into consideration the financing tenor and the quality of the underlying collateral. The concentrations are monitored daily and reported to Citi's Treasurer and the Treasury Chief Risk Officer (CRO). Breaches on limits and triggers are also reported to the Citigroup and CBNA Asset and Liability Committees (ALCOs).

Derivatives Exposures and Potential Collateral Calls:

In the ordinary course of business, Citi enters into various types of derivative transactions, including bilateral transactions that are over-the-counter (OTC) and transactions settled via exchanges with central counterparties. Citi enters into derivatives contracts covering interest rate, foreign currency, commodity and other market/credit risks for the purpose of trading and acting as a market maker or to hedge Citi's own risk profile.

During the life span of a derivatives transaction, Citi may be required to post initial margin or variation margin. The requirement to post margin can negatively impact Citi's funding and liquidity. In addition, ratings downgrades by the Rating Agencies may also have a negative impact on Citi's funding and liquidity due to reduced funding capacity and/or the need to post additional cash or securities collateral to counterparties.

Citi believes it maintains sufficient liquidity reserves to counter potential liquidity outflows from derivatives activities under various stress scenarios.

For additional information on potential collateral calls from derivatives, see Citi's 2016 Annual Report on Form 10-K and Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2017.

Currency Mismatch in LCR:

The U.S. LCR is calculated and reported on a consolidated basis and in a common currency, USD. As noted above, a majority of Citi's liquidity is held in USD, which can be readily converted to other currencies in the event of stress. To minimize liquidity mismatches, including currency mismatches in the LCR, Citi seeks to fund assets in the same currency and, at the same time, monitors the potential risk from foreign currency mismatches.

To the extent mismatches arise, Citi employs a comprehensive currency limits framework to assess foreign currency capacity to meet funding needs and the ability to convert currencies to provide liquidity buffer under stress conditions. The framework incorporates currency matching of projected cash flows through applying discounts and size and tenor restrictions to determine the foreign currency capacity required to cover USD shortfalls as well as shortfalls in other currencies under various volatility and stress scenarios. If the offset capacity is not sufficient to cover currency shortfalls, appropriate actions are taken to reduce the mismatch. The capacity and assumptions are reviewed and approved by Citi's independent Risk function.

Liquidity Risk Management Function and Interaction with Other Functional Areas:

Citi manages liquidity risk through a global standardized risk governance framework that includes Citi's global liquidity risk management policy. The policy establishes standards for defining, measuring, limiting and reporting liquidity risk to ensure the transparency and comparability of liquidity risk-taking activities. The policy also requires establishment of an appropriate risk appetite. Citi's Treasurer and the Treasury CRO oversee the policy. Citi's independent Risk function is responsible for governance of liquidity risk management and provides analytical challenge to the firm's liquidity risk management framework. The Citigroup and CBNA Boards of Directors review and approve liquidity management strategies and policies.

Citi's CRO and Chief Financial Officer co-chair Citigroup's ALCO, which includes Citi's Treasurer and other senior executives. The ALCO sets the strategy of the liquidity portfolio and monitors portfolio performance. Significant changes to portfolio asset allocations need to be approved by the ALCO. Citi also has other ALCOs, which are established at various organizational levels to ensure appropriate oversight for countries, significant businesses and regions, serve as the primary governance committees for managing Citi's balance sheet and liquidity. Pursuant to this approach, Citi's HQLA is managed with emphasis on asset-liability management and entity-level liquidity adequacy throughout Citi.

Citi's Treasurer has overall responsibility for managing Citi's HQLA. Citi's liquidity is managed via a centralized treasury model by Citi Treasury through its global franchise treasurers, regional treasurers, country treasurers and local treasurers. The authority for country-specific liquidity risk management is delegated to each of Citi's country treasurers with oversight provided by global liquidity management and the Treasury CRO. Citi's CRO is responsible for the overall risk profile of Citi's HQLA.

For additional information on Citi's liquidity risk, liquidity risk management and HQLA, see Citi's 2016 Annual Report on Form 10-K and Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2017.