

**Consolidated Citigroup**  
**U.S. Liquidity Coverage Ratio Disclosure**  
For the quarterly period ended March 31, 2019



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**Citigroup Inc.**

**U.S. Liquidity Coverage Ratio Disclosure**

**For the Quarterly Period Ended 03/31/2019**

**Overview:**

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 on prescribed factors to various assets categories, such as retail loans as well as 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 Citi'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 March 31, 2019 In millions of U.S. Dollars	3/31/2019	
	Average Unweighted Amount	Average Weighted Amount
<b>HIGH-QUALITY LIQUID ASSETS</b>		
1. TOTAL ELIGIBLE HIGH-QUALITY LIQUID ASSETS (HQLA)	410,692	394,895
2. Eligible level 1 liquid assets	329,162	329,162
3. Eligible level 2A liquid assets	71,337	60,637
4. Eligible level 2B liquid assets	10,192	5,096
<b>CASH OUTFLOW AMOUNTS</b>		
5. Deposit outflow from retail customers and counterparties, of which:	354,185	37,369
6. Stable retail deposit outflow	60,302	1,809
7. Other retail funding	244,798	24,530
8. Brokered deposit outflow	49,084	11,030
9. Unsecured wholesale funding outflow, of which:	605,088	241,478
10. Operational deposit outflow	328,521	82,065
11. Non-operational funding outflow	273,261	156,107
12. Unsecured debt outflow	3,305	3,305
13. Secured wholesale funding and asset exchange outflow	367,943	84,804
14. Additional outflow requirements, of which:	388,405	99,982
15. Outflow related to derivative exposures and other collateral requirements	38,932	37,997
16. Outflow related to credit and liquidity facilities including unconsolidated structured transactions and mortgage commitments	349,473	61,985
17. Other contractual funding obligation outflow	102	102
18. Other contingent funding obligations outflow	199,114	6,844
19. TOTAL CASH OUTFLOW	1,914,837	470,578
<b>CASH INFLOW AMOUNTS</b>		
20. Secured lending and asset exchange cash inflow	394,475	59,958
21. Retail cash inflow	9,303	4,652
22. Unsecured wholesale cash inflow	81,622	58,751
23. Other cash inflows, of which:	23,482	23,482
24. Net derivative cash inflow	11,292	11,292
25. Securities cash inflow	84	84
26. Broker-dealer segregated account inflow	12,107	12,107
27. Other cash inflow	-	-
28. TOTAL CASH INFLOW	508,883	146,843
		Average Amount <sup>(1)</sup>
29. HQLA AMOUNT		394,895
30. TOTAL NET CASH OUTFLOW AMOUNT EXCLUDING THE MATURITY MISMATCH ADD-ON		323,735
31. MATURITY MISMATCH ADD-ON		7,841
32. TOTAL NET CASH OUTFLOW AMOUNT		331,575
33. LIQUIDITY COVERAGE RATIO (%)		119.1%
(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.		

### Main Drivers and Changes in LCR:

As set forth in the table above, Citi continued to maintain a strong average LCR above the 100% regulatory minimum. Citi's average LCR for the quarter ended March 31, 2019 was 119%, which decreased from 121% for the quarter ended December 31, 2018. The change in the average LCR was primarily attributable to a reduction in the amount of HQLA eligible for inclusion in Citi's consolidated LCR, partially offset by a decline in modeled net outflows.

### Composition of High-Quality Liquid Assets:

Eligible Average-High Quality Liquid Assets for the quarter ended March 31, 2019 in millions of U.S. Dollars	Uweighted Amount	Weighted Amount
Central Bank Balances	129,603	129,603
Level 1 Securities	199,559	199,559
Eligible level 1 liquid assets	<b>329,162</b>	<b>329,162</b>
Eligible level 2A liquid assets	71,337	60,637
Eligible level 2B liquid assets	10,192	5,096
<b>Total Eligible High-Quality Liquid Assets</b>	<b>410,692</b>	<b>394,895</b>

As set forth in the table above, Citi's average weighted HQLA was approximately \$395 billion as of 1Q19. Of this amount, 83% consisted of Level 1 assets, which included deposits with Central Banks, US Treasuries and foreign sovereign debt. As a percentage of total HQLA, Level 1 assets included 33% of excess cash deposited at Central Banks, 32% of U.S. Treasuries, and 18% of foreign sovereign debt. Approximately 61% of Citi's average weighted HQLA was held in U.S. dollars (USD). In addition, 15% of the average weighted HQLA as of the quarter ended March 31, 2019 was comprised of Level 2A assets, which primarily consisted of U.S. Agency and Agency MBS securities. Level 2B securities represented approximately 1% of Citi's average weighted HQLA.

### 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 global 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 of limits and triggers are also reported to the Citigroup and CBNA Asset and Liability Committees (ALCOs). For additional information on Citi's liquidity risk management policy and its ALCOs, see "Liquidity Risk Management Function and Interaction with Other Functional Areas" below.

#### **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 three major 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 First Quarter of 2019 Quarterly Report on Form 10-Q and 2018 Annual Report on Form 10-K.

#### **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 standardized global risk governance framework that includes Citi's 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 liquidity risk management policy is a global single policy document applicable to all countries and legal entities that comprise Citi. It is designed to ensure consistency across regions and adherence to the regulatory requirements. This is achieved through oversight of Country, Regional and Legal Entity Treasurers who reinforce governance in their respective regions. The liquidity risk management framework requires establishment of an appropriate risk appetite to ensure that each entity remains within its liquidity risk tolerance levels. Citi's Treasurer and the Treasury Chief Risk Officer (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. As a supplement to ALCO, Citi's Funding and Liquidity Risk Committee (FLRC) is a more focused assembly for funding and liquidity risk matters. The FLRC reviews and discusses funding and liquidity risk profile, risk management practices for Citi and CBNA and reports findings, recommendations to relevant ALCO as appropriate.

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 First Quarter of 2019 Quarterly Report on Form 10-Q and 2018 Annual Report on Form 10-K.