

**Consolidated Citigroup**  
**U.S. Liquidity Coverage Ratio Disclosure**  
For the quarterly period ended September 30, 2019



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**Citigroup Inc.**

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

**For the Quarterly Period Ended 09/30/2019**

**Overview:**

In 2014, federal banking agencies adopted the U.S. Liquidity Coverage Ratio (LCR) rule to help ensure that large banking organizations, such as Citi, maintain adequate levels of high-quality liquid assets (HQLA) to meet their liquidity needs under a short-term stress scenario. These banks generally must maintain an amount of HQLA equal to or greater than their projected total net cash outflows over a prospective 30-day period. The LCR rule defines three categories of HQLA—level 1, level 2A, and level 2B liquid assets—and sets forth qualifying criteria for HQLA and limitations for an asset’s inclusion in the HQLA amount.

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 public disclosure requirements for the LCR rule. 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 LCR rule.

**Liquidity Coverage Ratio Template:**

Consolidated Citigroup Average LCR for the quarter ended September 30, 2019 In millions of U.S. Dollars		9/30/2019	
		Average Unweighted Amount	Average Weighted Amount
<b>HIGH-QUALITY LIQUID ASSETS</b>			
1	<b>TOTAL ELIGIBLE HIGH-QUALITY LIQUID ASSETS (HQLA)</b>	436,257	422,688
2	Eligible level 1 liquid assets	362,458	362,458
3	Eligible level 2A liquid assets	66,659	56,660
4	Eligible level 2B liquid assets	7,140	3,570
<b>CASH OUTFLOW AMOUNTS</b>			
5.	<b>Deposit outflow from retail customers and counterparties, of which:</b>	360,160	40,637
6.	Stable retail deposit outflow	58,641	1,759
7.	Other retail funding	243,710	25,721
8.	Brokered deposit outflow	57,810	13,157
9.	<b>Unsecured wholesale funding outflow, of which:</b>	669,538	273,804
10.	Operational deposit outflow	341,442	85,260
11.	Non-operational funding outflow	314,258	174,705
12.	Unsecured debt outflow	13,839	13,839
13.	<b>Secured wholesale funding and asset exchange outflow</b>	387,084	77,818
14.	<b>Additional outflow requirements, of which:</b>	412,726	102,850
15.	Outflow related to derivative exposures and other collateral requirements	40,704	39,448
16.	Outflow related to credit and liquidity facilities including unconsolidated structured transactions and mortgage commitments	372,022	63,402
17.	<b>Other contractual funding obligation outflow</b>	1,358	1,358
18.	<b>Other contingent funding obligations outflow</b>	210,848	7,363
19.	<b>TOTAL CASH OUTFLOW</b>	2,041,715	503,830
<b>CASH INFLOW AMOUNTS</b>			
20.	<b>Secured lending and asset exchange cash inflow</b>	418,203	66,719
21.	<b>Retail cash inflow</b>	17,036	8,518
22.	<b>Unsecured wholesale cash inflow</b>	54,335	38,591
23.	<b>Other cash inflows, of which:</b>	20,142	20,142
24.	Net derivative cash inflow	9,379	9,379
25.	Securities cash inflow	1,387	1,387
26.	Broker-dealer segregated account inflow	9,377	9,377
27.	Other cash inflow	-	-
28.	<b>TOTAL CASH INFLOW</b>	509,717	133,970
			Average Amount <sup>(1)</sup>
29	<b>HQLA AMOUNT</b>		422,688
30	<b>TOTAL NET CASH OUTFLOW AMOUNT EXCLUDING THE MATURITY MISMATCH ADD-ON</b>		369,860
31	<b>MATURITY MISMATCH ADD-ON</b>		3,549
32	<b>TOTAL NET CASH OUTFLOW AMOUNT</b>		373,409
33	<b>LIQUIDITY COVERAGE RATIO (%)</b>		113.2%
(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 September 30, 2019 was 113%, which decreased from 115% for the quarter ended June 30, 2019, as an increase in modeled net outflows more than offset an increase in HQLA. The increase in modeled net outflows was largely driven by deposit growth at Citi's bank entities, which outpaced the increase in HQLA as a result of both limitations on the amount of Citibank HQLA available for inclusion in Citi's consolidated LCR metric, as well as Citi's use of liquidity to fund long-term debt maturities at the parent, rather than re-issue new debt.

### Composition of High-Quality Liquid Assets:

Eligible Average-High Quality Liquid Assets for the quarter ended September 30, 2019 in millions of U.S. Dollars	Unweighted Amount	Weighted Amount
Central Bank Balances	155,549	155,549
Level 1 Securities	206,908	206,908
Eligible level 1 liquid assets	<b>362,458</b>	<b>362,458</b>
Eligible level 2A liquid assets	66,659	56,660
Eligible level 2B liquid assets	7,140	3,570
<b>TOTAL ELIGIBLE HIGH-QUALITY LIQUID ASSETS (HQLA)</b>	<b>436,257</b>	<b>422,688</b>

Citi's average HQLA includes HQLA held by its operating entities that are eligible for inclusion in Citi's consolidated LCR. HQLA held by Citi's operating entities includes amounts needed to meet the minimum requirements at the operating entities and any amounts in excess of these minimums that are assumed to be transferable to other Citigroup entities.

As set forth in the table above, Citi had \$423 billion of average weighted HQLA as of September 30, 2019. Of this amount, 86% consisted of level 1 assets, which included deposits with Central Banks, U.S. Treasuries and foreign sovereign debt. As a percentage of total average HQLA, level 1 assets included 37% of excess cash deposited at Central Banks, 30% of U.S. Treasuries, and 18% of foreign sovereign debt. Citi held 61% of its average HQLA in U.S. dollars (USD). In addition, approximately 13% of the average HQLA consisted of level 2A assets, which primarily included U.S. agency and agency mortgage-backed securities, while 1% consisted of level 2B securities that largely included municipal bonds.

### Concentration of Funding Sources:

Citi's funding strategy is to maintain a funding profile that is diversified by structure, tenor and currency. Citi closely monitors and manages the tenor of its 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 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 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 Third 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 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, serving 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 the funding and liquidity risk profile of, as well as risk management practices for Citi and CBNA and reports its findings and recommendations to each relevant ALCO as appropriate.

Citi's Treasurer has overall responsibility for managing Citi's HQLA. Citi Treasury manages its liquidity via a centralized treasury model through its global franchise treasurers, regional treasurers, country treasurers and local treasurers. Citi delegates authority for country-specific liquidity risk management to each of its 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 Third Quarter of 2019 Quarterly Report on Form 10-Q and 2018 Annual Report on Form 10-K.