2016 Annual Stress Test Disclosure

Dodd-Frank Wall Street Reform and Consumer Protection Act

June 23, 2016

Overview – 2016 Annual Stress Test

- **In February 2016, the Federal Reserve Board (FRB) launched the 2016 Comprehensive Capital Analysis and Review (CCAR).**
  - Applies to 33 bank holding companies (BHCs), including Citigroup Inc. (Citi)
    - 6 BHCs with significant trading activities, including Citi, are required to apply a hypothetical Global Market Shock Scenario to trading and counterparty exposures.
    - 8 BHCs, including Citi, are subject to a Counterparty Default Scenario requirement and must include losses from the default of their largest stressed counterparty.
- **Citi's CCAR submission and these disclosures are also required by the Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA):**
  - Mandates annual stress testing under a set of supervisory scenarios provided by the FRB, including the Supervisory Severely Adverse Scenario (see next page).
  - Requires the FRB and BHCs participating in CCAR to publish a summary of stress test results, including a post stress capital analysis under the Supervisory Severely Adverse Scenario.
  - Sets forth a definition of "Dodd-Frank Capital Actions" to be used by the FRB and BHCs under the Supervisory Severely Adverse Scenario (see page 15).

Citi's projections under the Supervisory Severely Adverse Scenario, as disclosed in this document or otherwise, should not be viewed or interpreted as forecasts of expected or likely outcomes for Citi. Rather, these projections are based solely on FRB's hypothetical Supervisory Severely Adverse Scenario and other specific conditions required to be assumed by Citi. These assumptions include, among others, the "Dodd-Frank Capital Actions" (see page 15), as well as modeling assumptions necessary to project and assess the impact of the Supervisory Severely Adverse Scenario on the results of operations and capital position of Citi.

Overview – Required Scenario

- **As required by the DFA stress testing rules, the FRB provided a set of three hypothetical supervisory scenarios, including the Supervisory Severely Adverse Scenario.**

- The Supervisory Severely Adverse Scenario, the most severe of the three supervisory scenarios, is characterized by a severe global recession, accompanied by a period of heightened corporate financial stress and negative yields for short-term U.S. Treasury securities. In this scenario, the level of U.S. real GDP realizes sharp declines, U.S. unemployment reaches 10 percent and asset prices drop sharply.
  - The international component of the scenario features severe recessions in the euro area, the United Kingdom and Japan as well as a mild recession in developing Asia.
  - Reflecting flight-to-safety capital flows associated with the scenario's global recession, the U.S. dollar is assumed to appreciate strongly against the euro, the pound sterling and the currencies of developing Asia.
  - Further description of the scenario can be found in the publication *2016 Supervisory Scenarios for Annual Stress Tests Required under the Dodd-Frank Act Stress Testing Rules and the Capital Plan Rule*.

Pro Forma Projections

The tables below summarize Citi's pro forma estimated results under the Supervisory Severely Adverse Scenario using Dodd-Frank Capital Actions*:

Projected Stressed Capital Ratios through Q1 2018 under the Supervisory Severely Adverse Scenario

	Actual	Stressed Capital Ratios	
	Q4 2015	Q1 2018	Minimum[1]
Common Equity Tier 1 Capital Ratio (%)	15.3	8.5	8.5
Tier 1 Risk-Based Capital Ratio (%)	15.5	9.9	9.9
Total Risk-based Capital Ratio (%)	18.5	12.9	12.9
Tier 1 Leverage Ratio (%)	10.2	7.0	7.0

1. Minimum reflects the lowest value for each ratio over the 9 quarter forecast horizon and the minimum value for all ratios may not occur in the same quarter.

Projected Cumulative Loan Losses, by Type of Loan, through Q1 2018 under the Supervisory Severely Adverse Scenario

	Billions of Dollars	Portfolio Loss Rates (%)
Loan Losses	33.8	5.7%
First Lien Mortgages, Domestic	0.6	0.9%
Junior Liens and HELOCs, Domestic	1.4	7.1%
Commercial & Industrial	4.9	3.3%
Commercial Real Estate, Domestic	0.4	3.6%
Credit Cards	20.5	15.3%
Other Consumer	3.5	13.7%
Other Loans	2.3	1.3%

Actual Q4 2015 and Projected Q1 2018 Risk-weighted Assets under the Supervisory Severely Adverse Scenario

	Actual Q4 2015	Projected Q1 2018 Basel III Standardized Approach
Risk-weighted Assets (billions of dollars)	1,138.7	1,135.8

Projected Cumulative Losses, Revenue, and Net Income Before Taxes through Q1 2018 under the Supervisory Severely Adverse Scenario

	Billions of Dollars	Percent of Average Assets
Pre-Provision Net Revenue	29.9	1.8 %
Other Revenue	-	
Less		
Provisions	43.5	
Loan Losses	33.8	
Net Reserve Builds/(Releases)	9.8	
Realized Losses on Securities (AFS/HTM)	1.2	
Trading and Counterparty Losses	16.9	
Other Losses	3.0	
Equals		
Net Income/(Loss) Before Taxes	(34.8)	(2.1)%
Memo Items		
Other comprehensive income	(4.4)	
Other effects on capital	*Q4 2015*	*Q1 2018*
AOCI included in capital (billions of dollars)	(25.1)	(34.1)

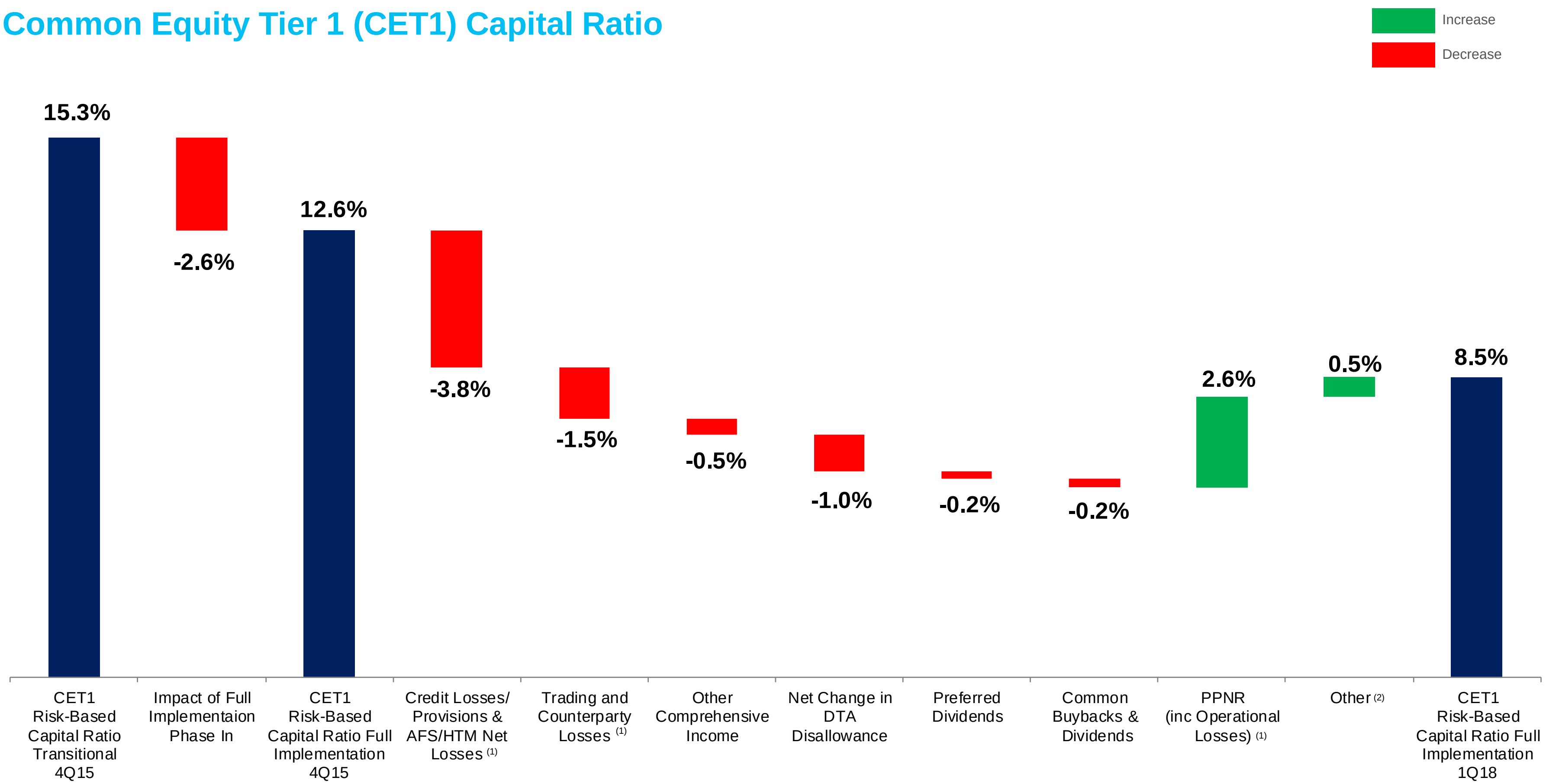
* See page 15

These projections represent hypothetical estimates based on the Supervisory Severely Adverse Scenario with Dodd-Frank Capital Actions. These estimates are not forecasts of Citi's expected pre-provision net revenues, losses, net income before taxes, planned capital actions, risk-weighted assets, or pro forma capital ratios.

Key Drivers of Common Equity Tier 1 Capital Ratio

(4Q15-1Q18; Supervisory Severely Adverse Scenario with Dodd-Frank Capital Actions)

Common Equity Tier 1 (CET1) Capital Ratio



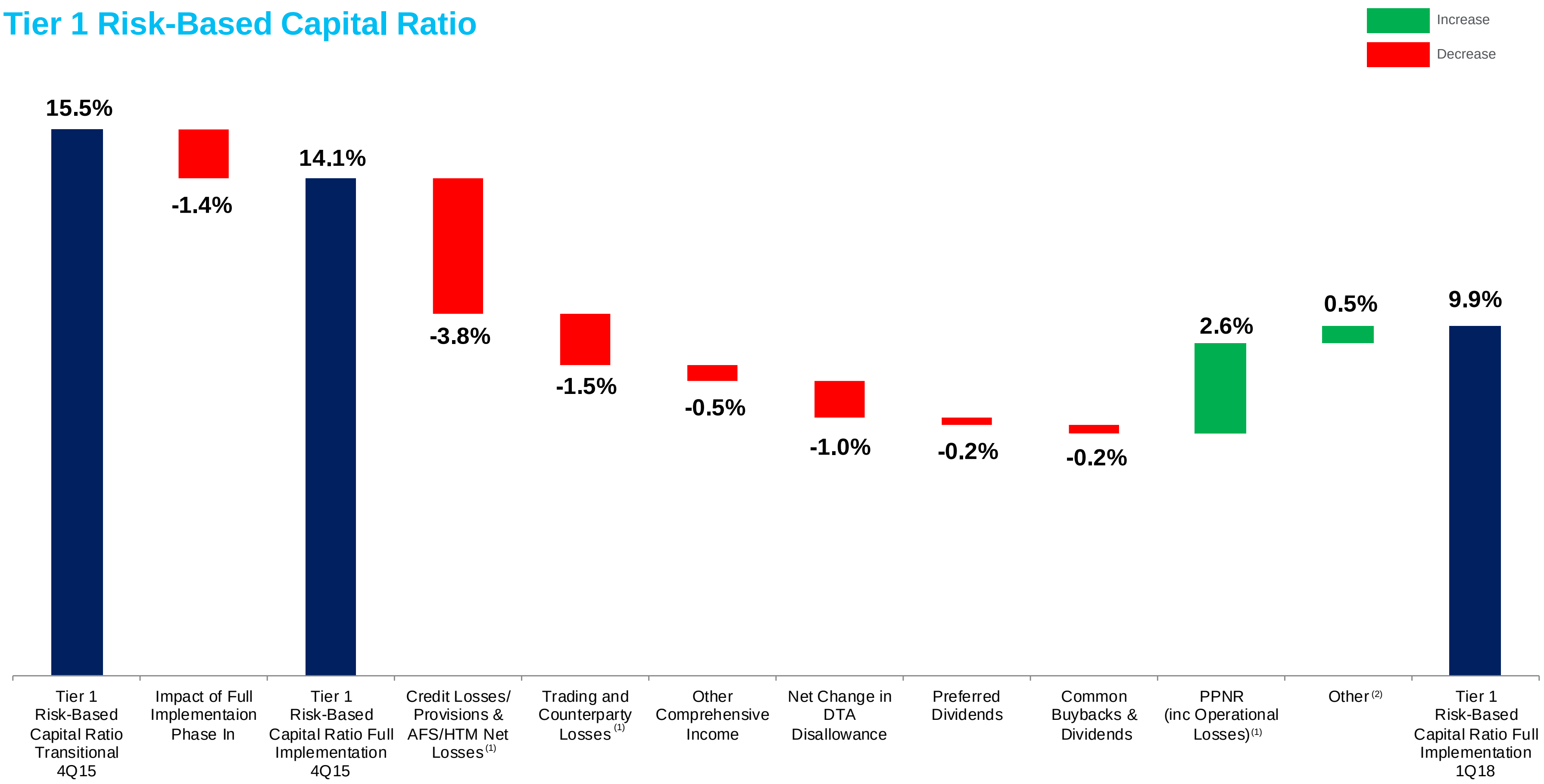
Note: *These projections represent hypothetical estimates based on the Supervisory Severely Adverse Scenario with Dodd-Frank Capital Actions. These estimates are not forecasts of Citi's expected pro forma capital ratios.*

(1) Reflects pre-tax impact.
(2) Other includes impacts due to (i) losses from loans held-for-sale and loans accounted for under the fair value option, (ii) goodwill & intangibles amortization, (iii) issuance of employee stock compensation, (iv) accrued taxes, and (vi) other income statement, capital, and risk-weighted asset items.

Key Drivers of Tier 1 Risk-Based Capital Ratio

(4Q15-1Q18; Supervisory Severely Adverse Scenario with Dodd-Frank Capital Actions)

Tier 1 Risk-Based Capital Ratio



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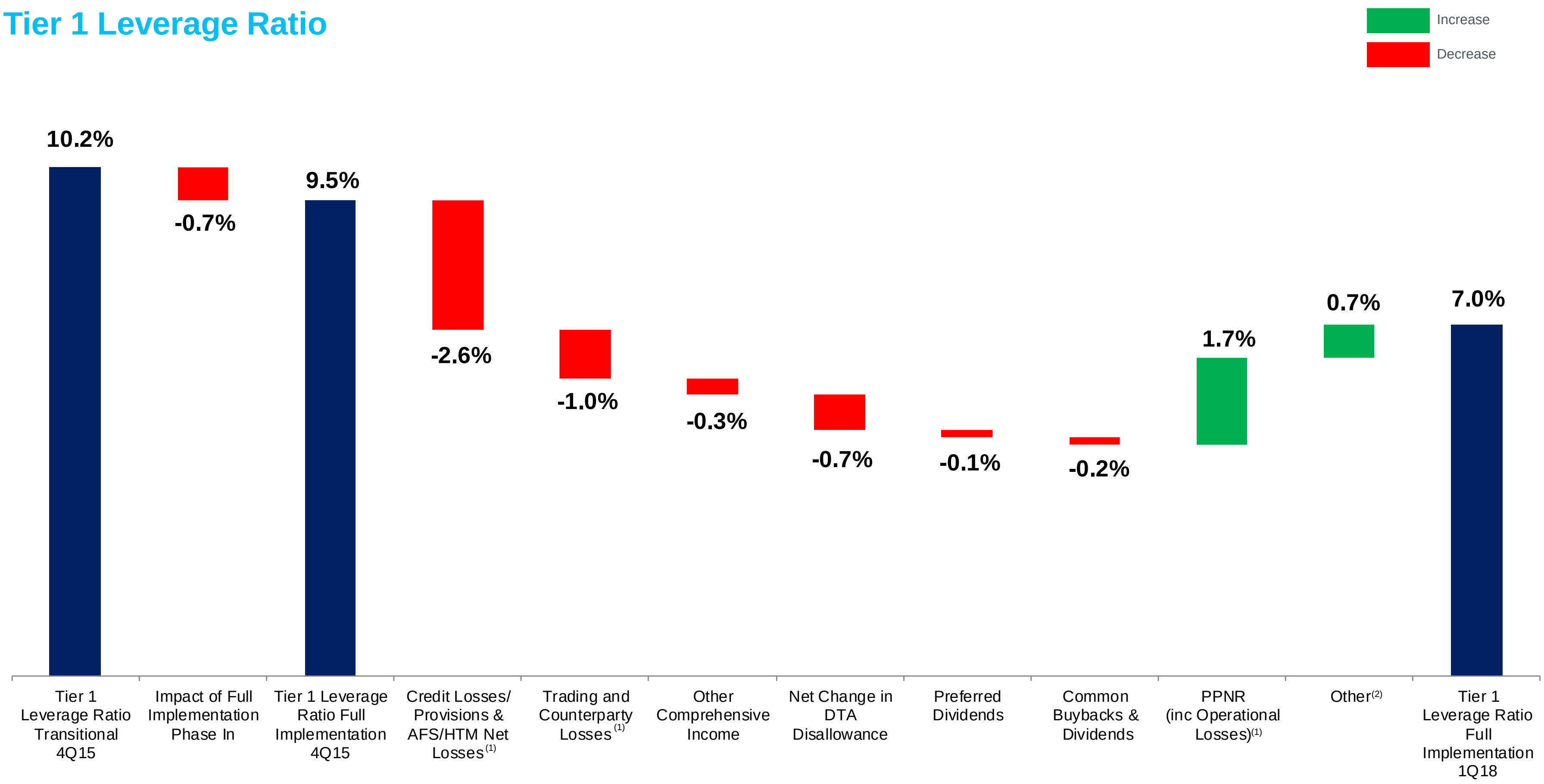
Key Drivers of Tier 1 Leverage Ratio

(4Q15-1Q18; Supervisory Severely Adverse Scenario with Dodd-Frank Capital Actions)

Tier 1 Leverage Ratio



Note: *These projections represent hypothetical estimates based on the Supervisory Severely Adverse Scenario with Dodd-Frank Capital Actions. These estimates are not forecasts of Citi's expected pro forma capital ratios.*

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Risk Types & Methodologies

Risks Included in 2016 Annual Stress Test

Risk Type	Description	Components	Examples
Credit Risk	Credit risk is the potential for financial loss resulting from the failure of a borrower or counterparty to honor its financial or contractual obligations.	• Provision for Loan and Lease Losses • Counterparty Losses and Counterparty Default Scenario • Realized Gains / Losses on Securities • Risk-Weighted Assets	• Loan losses and allowance builds/releases • Credit exposure to counterparties through capital markets transactions • Credit-related other-than-temporary impairment for investment securities • Credit Risk RWA (as described on page 14)
Market Risk	Market risk arises from fluctuations in the market value of positions, resulting from changes in market factors.	• Pre-Provision Net Revenue • Trading and Counterparty Losses • Other Losses • Risk-Weighted Assets	• Impact of market prices and interest rates on components of revenues and expenses across all business segments • Instantaneous revaluation of trading, private equity, and fair value exposures as well as incremental default risk (IDR) and credit valuation adjustment (CVA) losses under a Global Market Shock Scenario • Quarterly revaluation of loans held-for-sale or under a fair value option • Market Risk RWA (as described on page 14)
Operational Risk	Operational risk is the risk of loss resulting from inadequate or failed internal processes, systems, or human factors, or from external events including litigation, reputation, and franchise risks.	• Pre-Provision Net Revenue	• Operational risk expenses including litigation expenses, fraud charges, etc. • Mortgage repurchase forecast

- The following pages provide details for each forecast component, segmented by key modeling units (Business, Product, etc.) where applicable.

Pre-Provision Net Revenue

- Pre-provision net revenue (PPNR) is defined as net interest income plus non-interest income less non-interest expense, which includes policyholder benefits and claims and operational risk expenses.
- PPNR is projected using models for each major business unit as shown below.
- Relies on historical relationships between loan/deposit balances, revenues, expenses, and relevant macroeconomic variables, adjusted by business management as appropriate.
- Operational risk expenses consider both recurring and idiosyncratic events, including legal losses.

Major Business Units	Global Consumer Bank (GCB)	Institutional Clients Group (ICG)	Corporate / Other	Citi Holdings
Component Business Units	• North America Retail and Commercial Bank • North America Cards • North America Mortgage • Asia GCB • Latin America GCB • Europe, Middle East, Africa GCB	• Global Markets • Global Banking • Private Bank • Treasury and Trade Solutions	• Treasury • Operations & Technology • Global Functions • Other	• Non-core businesses and portfolios
Key Modeling Inputs	• GDP • Housing • Inflation • Unemployment rate • Interest rates • Foreign exchange (FX) rates	• GDP • Market indices • Volatility • Interest rates • PMI index • Corporate bond spreads • FX rates	• Non-regression models	• Run-off models
Business Activities	• Retail, small business and commercial loans and deposits • Mortgages • Credit cards	• Corporate loans and deposits • Trading • Investment banking • Private banking • Asset management • Transaction services	• Non-customer facing cost centers	• Non-core assets

Provisions for Loan and Lease Losses

- Loan losses are projected using product-specific models utilizing historical and expected relationships between credit performance and relevant macroeconomic variables.

Major Loan Products	Domestic Mortgages	Commercial & Industrial and Commercial Real Estate	Credit Cards	Other Consumer	Other Loans
Loan Types	• Includes first and junior liens; closed-end and revolving	• Includes Commercial & Industrial (C&I) loans to obligors globally and domestic • Commercial Real Estate (CRE) loans	• Includes bank and charge cards both domestically and internationally	• Includes global personal loans, student loans, auto loans, and other consumer loans	• Includes international real estate loans and a variety of non-retail loans
Key Modeling Inputs	• Home Price Index (HPI) (CBSA level) • Interest rates • Unemployment rate (state level)	• Obligor and facility risk characteristics • Multiple variables used for stress loss models (i.e. local GDP) • C&I is also sensitive to the industry, product, and geography segmentation • CRE variables include unemployment, interest rates, and HPI	• Vintage • Credit score • Geography • Unemployment rate (state level) • GDP	• Product type • Geography • Unemployment rate • GDP	• GDP • HPI • Interest rates • Unemployment rate
Business Activities	• Domestic residential and home equity real estate portfolios in GCB, the Private Bank, and Citi Holdings	• Corporate and commercial loan and commercial real estate exposures in ICG, Private Bank, Commercial Bank, and Citi Holdings	• North America cards (Citi Branded Cards and Retail Services) • Consumer and corporate credit card lending globally	• Includes portions of Citi Holdings as well as personal loans in Latin America, Europe, Middle East and Africa, and Asia GCBs	• International residential real estate in GCB, the Private Bank and Citi Holdings • International commercial real estate and other loans in Commercial Bank, ICG, and Citi Holdings

Trading and Counterparty Losses

- Trading and counterparty losses represent instantaneous losses under a Global Market Shock Scenario on Citi's trading portfolios, CVA, FVA and other mark-to-market assets, inclusive of default losses.
- Consistent with FRB instructions, these instantaneous losses are reported in the first quarter of the projection period (1Q16) with no associated change to risk-weighted assets, GAAP assets, or PPNR.

Trading / Counterparty Activities	Trading Book	Counterparty Credit Risk (CCR)	Incremental Default Risk (IDR)
Risk Types	• Equity, FX, interest rates, commodities, securitized products, traded credit, private equity, CVA hedges, other fair value assets	• Mark-to-market counterparty CVA and FVA for over-the-counter (OTC) derivative counterparties • CVA for all securities financing transaction (SFT) and central clearing parties (CCP) counterparties	• Trading IDR from securitized products and other credit sensitive instruments • Counterparty credit risk, reflected through the Counterparty Default Scenario
Key Modeling Inputs	• Equity spot and volatility • FX spot and volatility • Directional and basis rate risks • Interest rate volatility • Commodity spot and volatility • Agency and municipal spreads • Residential mortgage-backed securities, asset-backed securities, commercial mortgage-backed securities prices • Corporate and sovereign credit spreads for bonds and credit default swaps • Private equity carry values	• Equity spot and volatility • FX spot and volatility • Directional and basis rate risks • Interest rate volatility • Commodity spot and volatility • Agency and municipal spreads • Residential mortgage-backed securities, asset-backed securities, commercial mortgage-backed securities prices • Corporate and sovereign credit spreads for bonds and credit default swaps	• Probability of default and loss given default under stressed scenario • Jump-to-default exposure and risk rating by issuer • Bond, credit default swap, and equity losses under stressed scenario
Business Units	• Global Markets • Corporate Portfolio Management • Citi Holdings	• Global Consumer Banking • Treasury and Trade Services • Citi Holdings • Citi Treasury	• Global Markets • Corporate Portfolio Management • Citi Holdings

Realized Gains/Losses on Securities and Other Losses

Realized Gains/Losses on Investment Securities

- Citi holds available-for-sale (AFS) and held to maturity (HTM) securities in its Corporate Treasury portfolio as well as within other individual businesses
- The inherent credit risk for most AFS and HTM securities is forecasted using product-specific cash flow models and tools which utilize a variety of macroeconomic factors (unemployment, GDP, HPI, etc.) depending on the security characteristics (including but not limited to country, collateral, and seniority)
- Loss estimates for the AFS and HTM portfolios are aligned to Citi's established accounting methodology

Other Comprehensive Income (OCI)

- OCI impacts primarily reflect changes to unhedged foreign currency book capital (ASC 830), OCI from cash flow hedges (ASC 815), OCI from AFS securities (ASC 320), and OCI associated with Citi's pension plans (ASC 715)
- The primary drivers for these categories are interest rates, credit spreads, mortality rates, actual plan returns versus expected returns, and foreign currency exchange rates

Other Losses/Gains

- Primarily reflects losses on loans which are held-for-sale (HFS) or under a fair value option (FVO)
  - Wholesale HFS and FVO loans are stressed using quarterly credit spreads to estimate changes in fair value. In addition, default losses are estimated using a ratings migration approach. Wholesale FVO loan hedges are subjected to similar methodologies to account for changes in value as well as obligor default, in line with regulatory guidance
  - Retail held-for-sale loans are generally assumed to be sold, at a determined price, prior to sufficient deterioration in the macroeconomic environment; however, where appropriate, losses on HFS retail loans are included prior to execution of sale
- Also reflects potential goodwill impairment under the hypothetical scenario along with losses related to investments under equity/cost accounting treatments

Risk-Weighted Assets (RWA)

Citi projected its RWA using Basel III RWA methodologies. Consistent with FRB instructions, Basel III RWA under the Supervisory Severely Adverse Scenario was limited to only the Standardized Approach.

Credit Risk RWA Projections

- Credit Risk RWA projections leverage the firm's point-in-time Basel calculations and infrastructure built for compliance with these rules. These projections are based on corresponding on- and off-balance sheet forecasts.
- Risk-weight projections utilize prescribed regulatory rules and also consider risk parameters conditioned upon relevant scenario variables. These parameters include loss forecasts, obligor ratings, risk profile shifts in future delinquencies, and forecasts of country risk classification.
- Past due balance projections utilized for RWA are consistent across balance sheet and stress loss projections.

Market Risk RWA Projections

- Market Risk RWA forecasts depend upon whether the component is balance-driven or model-driven.
  - Balance-driven components include securitization and other exposures utilizing the standardized measurement method for specific risk.
  - Model-driven components include VaR and stressed VaR, Incremental Risk Capital and charges under Comprehensive Risk Measure.
- While balance-driven components are primarily driven by the corresponding balance projections, the model-driven components utilize quantitative methodologies that are scenario sensitive, capture changes in volatilities and test the sensitiveness to changes in trading exposures.
- Securitization exposures follow similar RWA projection methodologies, irrespective of whether these positions reside in the trading book or banking book.

Capital

In addition to the inclusion of estimated stress losses and PPNR, Citi's hypothetical capital position under the Supervisory Severely Adverse Scenario is impacted by the following items:

Dodd-Frank Capital Actions

- As required by FRB rules, Dodd-Frank Capital Actions were included in Citi's stressed risk-based capital ratios through the 9-quarter forecast horizon in the following aggregate amounts:

Dodd-Frank Capital Actions for Citigroup	
Sources of Capital	**Uses of Capital**
- 1Q16 Preferred Stock Issuance: $1.0B	- Common and Preferred Dividends: $3.7B
- 1Q16 Subordinated Debt Issuance: $1.5B	- 1Q16 Common Stock Buybacks: $1.3B
	- Ordinary payments on TruPS & Subordinated Debt: $2.8B

Transitional Capital Phase-in & Phase-out

- DTA and other certain capital deductions are disallowed at an increasing rate defined under the Basel III Transition Arrangements.
- ASC320/715 Accumulated Other Comprehensive Income (AOCI) neutralization phases out under the Basel III Transition Arrangements.
- Certain TruPS phase-out from Tier 1 Capital and certain subordinated debt bonds phase-out from Tier 2 Capital.

Deferred Tax Asset (DTA) Position

- Due to Citi's current DTA position, future DTA accrual resulting from projected stress losses is limited; therefore, a portion of pre-tax stress losses results in a direct dollar-for-dollar reduction to net income.
- In the transitional capital calculations, to the extent that tax benefits can be realized in the stress scenarios, a portion of the benefits flows through to capital. These benefits, however, will be excluded when DTA and other capital deductions are fully phased-in.

Other Items Impacting Capital Position

- Movements in AOCI impact Citi's capital position, subject to the AOCI neutralization phase-out noted above.
- Annual common stock awards from incentive compensation programs increase common equity, offset by compensation expense over the corresponding vesting period.

Citibank, N.A Pro Forma Projections: Supervisory Severely Adverse Scenario

Citibank, N.A. Stress Test Methodology

- The Office of the Comptroller of the Currency (OCC) requires “covered institutions”, including Citibank, N.A. (CBNA), to conduct the Dodd-Frank Act Stress Test (DFAST).
  – For the 2016 DFAST, the OCC required the use of the same hypothetical Supervisory Severely Adverse Scenario as the FRB used in CCAR, including the same Global Market Shock and Counterparty Default Scenario.
- CBNA represents Citi’s primary subsidiary U.S. depository institution and accounted for approximately 76% of Citi’s overall GAAP assets as of 4Q15.
  – As such, projected stressed PPNR and stress losses for CBNA under the hypothetical Supervisory Severely Adverse Scenario, including the Global Market Shock and Counterparty Default Scenario, are similar to those estimated for Citi.
  – Capital ratio projections take into account the capital structure of CBNA[1] as well as CBNA-specific capital actions.
- CBNA used the same methodologies as used in Citi’s CCAR (PPNR, Stress Losses and Capital Position).
  – *See pages 8-14 for additional details on included risk types and stress testing methodologies.*

(1) CBNA’s capital structure varies in amount and form from Citi. For further details, please refer to CBNA’s quarterly Call Reports on Form FFIEC-031, available on Citi’s investor relations website.

Pro Forma Projections

The tables below summarize CBNA's pro forma estimated results under the Supervisory Severely Adverse Scenario:

Projected Stressed Capital Ratios through Q1 2018 under the Supervisory Severely Adverse Scenario

	Actual	Stressed Capital Ratios	
	Q4 2015	Q1 2018	Minimum[1]
Common Equity Tier 1 Capital Ratio (%)	12.7	10.0	10.0
Tier 1 Risk-Based Capital Ratio (%)	12.7	10.2	10.0
Total Risk-based Capital Ratio (%)	15.0	12.2	12.2
Tier 1 Leverage Ratio (%)	9.8	8.3	7.9

1. Minimum reflects the lowest value for each ratio over the 9 quarter forecast horizon and the minimum value for all ratios may not occur in the same quarter.

Projected Cumulative Loan Losses, by Type of Loan, through Q1 2018 under the Supervisory Severely Adverse Scenario

	Billions of Dollars	Portfolio Loss Rates (%)
Loan Losses	30.0	5.4%
First Lien Mortgages, Domestic	0.6	0.8%
Junior Liens and HELOCs, Domestic	1.4	7.1%
Commercial & Industrial	4.6	3.3%
Commercial Real Estate, Domestic	0.4	3.4%
Credit Cards	19.0	14.6%
Other Consumer	2.1	10.1%
Other Loans	1.8	1.1%

Actual Q4 2015 and Projected Q1 2018 Risk-weighted Assets under the Supervisory Severely Adverse Scenario

	Actual Q4 2015	Projected Q1 2018 Basel III Standardized Approach
Risk-weighted Assets (billions of dollars)	999.0	1,006.9

Projected Cumulative Losses, Revenue, and Net Income Before Taxes through Q1 2018 under the Supervisory Severely Adverse Scenario

	Billions of Dollars	Percent of Average Assets
Pre-Provision Net Revenue	36.1	2.8 %
Other Revenue	-	
Less		
Provisions	39.0	
Loan Losses	30.0	
Net Reserve Builds/(Releases)	9.0	
Realized Losses on Securities (AFS/HTM)	0.9	
Trading and Counterparty Losses	7.8	
Other Losses	2.7	
Equals		
Net Income/(Loss) Before Taxes	(14.3)	(1.1)%
Memo Items		
Other comprehensive income	(2.0)	
Other effects on capital	*Q4 2015*	*Q1 2018*
AOCI included in capital (billions of dollars)	(13.8)	(18.5)

These projections represent hypothetical estimates based on the Supervisory Severely Adverse Scenario. These estimates are not forecasts of CBNA's expected pre-provision net revenues, losses, net income before taxes, risk-weighted assets, or pro forma capital ratios.

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