Consolidated Citigroup

U.S. Liquidity Coverage Ratio Disclosure

For the quarterly period ended March 31, 2023

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Citigroup Inc.

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For the quarterly period ended 3/31/2023

Overview:

In 2014, federal banking agencies adopted the U.S. Liquidity Coverage Ratio (LCR) rule to help ensure that large banking organizations, such as Citigroup Inc. (Citigroup or 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 standardized stress outflow and inflow rates prescribed in the LCR rule. The outflows are partially offset by contractual 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. The minimum LCR requirement is 100%.

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:

	Consolidated Citigroup Average LCR for the quarter ended March 31, 2023 In millions of U.S. Dollars	3/31/2023 Average Unweighted Amount	 Average Weighted Amount
HIGH-QUALITY LIQUID ASSETS			
1.	**Total eligible high-quality liquid assets (HQLA), of which:**	**593,072**	**584,341**
2.	Eligible level 1 liquid assets	542,557	542,557
3.	Eligible level 2A liquid assets	47,219	40,136
4.	Eligible level 2B liquid assets	3,296	1,648
CASH OUTFLOW AMOUNTS			
5.	**Deposit outflow from retail customers and counterparties, of which:**	**436,164**	**46,976**
6.	Stable retail deposit outflow	80,140	2,404
7.	Other retail funding	299,050	30,497
8.	Brokered deposit outflow	56,974	14,075
9.	**Unsecured wholesale funding outflow, of which:**	**900,339**	**371,934**
10.	Operational deposit outflow	433,317	108,241
11.	Non-operational funding outflow	459,304	255,976
12.	Unsecured debt outflow	7,717	7,717
13.	Secured wholesale funding and asset exchange outflow	431,007	77,705
14.	**Additional outflow requirements, of which:**	**461,847**	**117,547**
15.	Outflow related to derivative exposures and other collateral requirements	46,164	43,739
16.	Outflow related to credit and liquidity facilities including unconsolidated structured transactions and mortgage commitments	415,684	73,808
17.	Other contractual funding obligation outflow	4,435	4,435
18.	Other contingent funding obligations outflow	280,650	10,685
19.	**TOTAL CASH OUTFLOW**	**2,514,441**	**629,282**
CASH INFLOW AMOUNTS			
20.	Secured lending and asset exchange cash inflow	549,411	72,960
21.	Retail cash inflow	9,682	4,841
22.	Unsecured wholesale cash inflow	64,211	50,173
23.	**Other cash inflows, of which:**	**18,563**	**18,563**
24.	Net derivative cash inflow	7,016	7,016
25.	Securities cash inflow	1,758	1,758
26.	Broker-dealer segregated account inflow	9,788	9,788
27.	Other cash inflow	-	-
28.	**TOTAL CASH INFLOW**	**641,866**	**146,537**
			Average Amount[1]
29.	**HQLA AMOUNT**		**584,341**
30.	**TOTAL NET CASH OUTFLOW AMOUNT EXCLUDING MATURITY MISMATCH ADD-ON**		**482,746**
31.	**MATURITY MISMATCH ADD-ON**		**5,407**
32.	**TOTAL UNADJUSTED NET CASH OUTFLOW AMOUNT**		**488,152**
33.	**OUTFLOW ADJUSTMENT PERCENTAGE**		**100%**
34.	**TOTAL ADJUSTED NET CASH OUTFLOW AMOUNT**		**488,152**
35.	**LIQUIDITY COVERAGE RATIO (%)**		**119.7%**

[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, 2023 was 120%. Citi's average LCR increased from 118% for the quarter ended December 31, 2022, primarily driven by the increase in average HQLA, primarily driven by the increase in customer related debt at the non-bank entities.

Citi's average HQLA includes HQLA held by its operating entities that are eligible for inclusion in Citi's consolidated LCR, pursuant to the U.S. LCR rules. These amounts include the HQLA needed to meet the minimum requirements at these entities as well as any amounts in excess of these minimums that are available to be transferred to other entities within Citi.

For additional information about Citi's HQLA, see Citi's First Quarter of 2023 Quarterly Report on Form 10-Q and 2022 Annual Report on Form 10-K.

Composition of High-Quality Liquid Assets:

Eligible Average-High Quality Liquid Assets for the quarter ended March 31, 2023 in millions of U.S. Dollars	Unweighted Amount	Weighted Amount
Central Bank Balances	270,994	270,994
Level 1 Securities	271,563	271,563
Eligible level 1 liquid assets	**542,557**	**542,557**
Eligible level 2A liquid assets	47,219	40,136
Eligible level 2B liquid assets	3,296	1,648
TOTAL ELIGIBLE HIGH-QUALITY LIQUID ASSETS (HQLA)	**593,072**	**584,341**

As set forth in the table above, approximately 93% of Citi's $584 billion of average weighted HQLA 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 mainly included approximately 46% of excess cash deposited at Central Banks, 32% of U.S. Treasuries, and 13% of foreign sovereign debt, principally government bonds from Japan, Mexico, Korea, Singapore, and India. Citi held 66% of its average HQLA in U.S. Dollars (USD). In addition, approximately 7% of the average HQLA consisted of Level 2A assets, which primarily included U.S. agency and agency mortgage-backed securities, while less than 1% consisted of level 2B securities that largely consisted of 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, including Citibank, N.A. (CBNA), (ii) long-term debt (primarily benchmark senior and subordinated debt and what Citi refers to as customer-related debt, consisting of structured notes, such as equity- and credit-linked notes, as well as non-structured notes), and (iii) stockholders’ equity. These sources may be supplemented by short-term borrowings that generally include (i) secured funding transactions and (ii) commercial paper and borrowings from the Federal Home Loan Bank (FHLB) and other market participants.

For CBNA, deposits represent its main funding source. In addition, to diversify its funding sources, CBNA accesses the capital markets through several mechanisms, including a CBNA benchmark debt program, securitizations and FHLB borrowings. Citi’s non-bank entities are largely funded through a Citigroup Inc. benchmark debt program, supplemented by secured funding, customer-related debt, and commercial paper issuances.

Citi’s global liquidity risk management policy addresses concentration of funding sources through a limit and trigger framework, including counterparty, maturity and funding channel concentrations. For secured financing transactions, Citi takes into consideration the quality of the underlying collateral. The concentrations are monitored daily and reported to Citi’s Treasurer and the Finance 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 First Quarter of 2023 Quarterly Report on Form 10-Q and 2022 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, methodology, processes and controls. 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 are approved by the ALCO. Citi also has other ALCOs, which are established at various organizational levels to ensure appropriate oversight for individual entities, countries, franchise 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 focused on 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 Corporate Treasury has overall responsibility for managing Citi's liquidity and HQLA. Citi's liquidity is managed centrally by Corporate Treasury, in conjunction with regional and in-country treasurers, with oversight provided by Citi's independent Risk function and various ALCOs at the individual entity, region, country and business levels.

For additional information on Citi's liquidity risk, liquidity risk management and HQLA, see Citi's First Quarter of 2023 Quarterly Report on Form 10-Q and 2022 Annual Report on Form 10-K.