CITIGROUP INC
Form 10-Q
October 30, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2018
Commission file number 1-9924
Citigroup Inc.
(Exact name of registrant as specified in its charter)

Delaware	52-1568099
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
388 Greenwich Street, New York, NY	10013
(Address of principal executive offices)	(Zip code)

(212) 559-1000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o
Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. Yes o
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x
Number of shares of Citigroup Inc. common stock outstanding on September 30, 2018: 2,442,136,813

Available on the web at www.citigroup.com

CITIGROUP'S THIRD QUARTER 2018—FORM 10-Q

OVERVIEW

This Quarterly Report on Form 10-Q should be read in conjunction with Citigroup's Annual Report on Form 10-K for the year ended December 31, 2017 (2017 Annual Report on Form 10-K) and Citigroup's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2018 (First Quarter of 2018 Form 10-Q) and June 30, 2018 (Second Quarter of 2018 Form 10-Q).

Additional information about Citigroup is available on Citi's website at www.citigroup.com. Citigroup's annual reports on Form 10-K, quarterly reports on Form 10-Q and proxy statements, as well as other filings with the U.S. Securities and Exchange Commission (SEC), are available free of charge through Citi's website by clicking on the "Investors" page and selecting "All SEC Filings." The SEC's website also contains current reports on Form 8-K, and other information regarding Citi at www.sec.gov.

Certain reclassifications, including a realignment of certain businesses, have been made to the prior periods' financial statements and disclosures to conform to the current period's presentation. For additional information on certain recent reclassifications, see Notes 1 and 3 to the Consolidated Financial Statements below and Notes 1 and 3 to the Consolidated Financial Statements in Citi's 2017 Annual Report on Form 10-K.

Throughout this report, "Citigroup," "Citi" and "the Company" refer to Citigroup Inc. and its consolidated subsidiaries.

Citigroup is managed pursuant to two business segments: Global Consumer Banking and Institutional Clients Group, with the remaining operations in Corporate/Other.
The following are the four regions in which Citigroup operates. The regional results are fully reflected in the segment results above.

(1) Latin America GCB consists of Citi's consumer banking business in Mexico.
(2) Asia GCB includes the results of operations of GCB activities in certain EMEA countries for all periods presented.
(3) North America includes the U.S., Canada and Puerto Rico, Latin America includes Mexico and Asia includes Japan.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

EXECUTIVE SUMMARY

Third Quarter of 2018—Solid Operating Results and Continued Momentum
As described further throughout this Executive Summary, Citi reported solid operating results in the third quarter of 2018, reflecting continued momentum across businesses and geographies, including in many of the areas where Citi has been making ongoing investments.
During the third quarter of 2018, Citi had solid revenue growth across treasury and trade solutions, fixed income markets, securities services and the private bank in the Institutional Clients Group (ICG) and in international Global Consumer Banking (GCB), with particular strength in Latin America GCB. Results in the current quarter and prior-year period also reflected the impact of gains on sale of businesses in ICG and Latin America GCB (see "Citigroup" below). During the quarter, Citi continued to demonstrate expense and credit discipline, resulting in positive operating leverage and an improvement in pretax earnings. Citi also had broad-based loan growth in GCB and ICG, as well as deposit growth.
In addition, Citi continued to return capital to its shareholders. In the quarter, Citi returned $6.4 billion in the form of common stock repurchases and dividends. Citi repurchased approximately 75 million common shares during the quarter and over 200 million over the last 12 months, resulting in an 8% reduction in outstanding common shares from the prior-year period. Despite the continued progress in returning capital to shareholders during the quarter, each of Citi's key regulatory capital metrics remained strong (see "Capital" below).
While global economic growth has continued and the macroeconomic environment remains largely positive, there continue to be various economic, political and other risks and uncertainties that could impact Citi's businesses and future results. For a discussion of the risks and uncertainties that could impact Citi's businesses, results of operations and financial condition during the remainder of 2018, see each respective business's results of operations and "Forward-Looking Statements" below, as well as each respective business's results of operations and the "Managing Global Risk" and "Risk Factors" sections in Citi's 2017 Annual Report on Form 10-K.

Third Quarter of 2018 Summary Results

Citigroup
Citigroup reported net income of $4.6 billion, or $1.73 per share, compared to net income of $4.1 billion, or $1.42 per share, in the prior-year period. The 12% increase in net income was primarily driven by a lower effective tax rate due to the impact of the Tax Cuts and Jobs Act (Tax Reform), and also reflected lower expenses and lower cost of credit. Earnings per share increased 22% due to the growth in net income and the 8% reduction in average shares outstanding driven by the common stock repurchases.

Citigroup revenues of $18.4 billion in the third quarter of 2018 were largely unchanged from the prior-year period, primarily reflecting the net impact of a gain on sale (approximately $580 million) of a fixed income analytics business in ICG in the prior-year period and a gain on sale (approximately $250 million) of an asset management business in Latin America GCB in the current quarter as well as the impact of foreign currency translation (which increased reported revenues in the prior-year period by $335 million). Excluding the gains on sale as well as the impact of foreign currency translation in U.S. dollars for reporting purposes (FX translation), revenues increased 4%, driven by growth in ICG (Citi's results of operations excluding the gains on sale as well as the impact of FX translation are non-GAAP financial measures).
Citigroup's end-of-period loans increased 3% to $675 billion versus the prior-year period. Excluding the impact of FX translation, Citigroup's end-of-period loans grew 4%, as 6% aggregate growth in GCB and ICG was partially offset by the continued wind-down of legacy assets in Corporate/Other. Citigroup's end-of-period deposits increased 4% to $1.0 trillion versus the prior-year period. Excluding the impact of FX translation, Citigroup's deposits increased 5%,

primarily driven by 8% growth in ICG deposits.

Expenses

Citigroup operating expenses of $10.3 billion decreased 1% versus the prior-year period, as the impact of higher volume-related expenses and ongoing investments was more than offset by efficiency savings and the wind-down of legacy assets. Year-over-year, GCB operating expenses were up 5% and ICG operating expenses increased 1%, while Corporate/Other operating expenses declined 44%, all versus the prior-year period.

Cost of Credit

Citi's total provisions for credit losses and for benefits and claims of $2.0 billion decreased 1% from the prior-year period. The decrease was primarily driven by lower net loan loss reserve builds in both Citi retail services and Citi-branded cards in North America GCB, partially offset by a net loan loss reserve build in ICG, driven by volume growth.

Net credit losses of $1.8 billion declined 1% versus the prior-year period. Consumer net credit losses of $1.7 billion were largely unchanged from the prior-year period. Corporate net credit losses decreased from $43 million in the prior-year period to $30 million.

For additional information on Citi's consumer and corporate credit costs and allowance for loan losses, see each respective business's results of operations and "Credit Risk" below.

Capital

Citigroup's Common Equity Tier 1 (CET1) Capital and Tier 1 Capital ratios, on a fully implemented basis, were 11.7% and 13.4% as of September 30, 2018, respectively, compared to

13.0% and 14.6% as of September 30, 2017, both based on the Basel III Standardized Approach for determining risk-weighted assets. The decline in regulatory capital ratios reflected the return of capital to common shareholders, the previously disclosed approximate $6 billion reduction in CET1 Capital in the fourth quarter of 2017 due to the impact of Tax Reform as well as an increase in risk-weighted assets, partially offset by net income. Citigroup's Supplementary Leverage ratio as of September 30, 2018, on a fully implemented basis, was 6.5%, compared to 7.1% as of September 30, 2017. For additional information on Citi's capital ratios and related components, including the impact of Tax Reform on its capital ratios, see "Capital Resources" below.

Global Consumer Banking

GCB net income of $1.6 billion increased 34%, driven primarily by lower cost of credit and a lower effective tax rate, as well as the gain on sale in Latin America GCB, partially offset by higher expenses. Operating expenses were $4.7 billion, up 5%, or 6% excluding the impact of FX translation, driven by the timing of investment spending versus the prior-year period.

GCB revenues of $8.7 billion increased 2% versus the prior-year period, and 3% excluding the impact of FX translation, driven primarily by strength in Latin America GCB as well as the gain on sale. North America GCB revenues decreased 1% to $5.1 billion, as higher revenues in Citi retail services were more than offset by lower revenues in Citi-branded cards and retail banking. Citi-branded cards revenues of $2.1 billion were down 3% versus the prior-year period, as growth in interest-earning balances was more than offset by the impact of the previously disclosed Hilton portfolio sale as well as previously disclosed partnership terms. Citi retail services revenues of $1.7 billion increased 2% versus the prior-year period, primarily reflecting organic loan growth and the benefit of the L.L.Bean portfolio acquisition, partially offset by higher partner payments. Retail banking revenues decreased 3% from the prior-year period to $1.3 billion. Excluding mortgage revenues, retail banking revenues of $1.2 billion were up 1% from the prior-year period, driven by continued growth in deposit margins and investments, largely offset by lower episodic transaction activity in commercial banking.

North America GCB average deposits of $180 billion decreased 2% year-over-year, primarily driven by a reduction in money market balances, as clients transferred money to investments. North America GCB average retail loans of $56 billion grew 1% year-over-year and assets under management of $64 billion grew 9%. Average Citi-branded card loans of $88 billion increased 3%, while Citi-branded card purchase sales of $87 billion increased 9% versus the prior-year period. Average Citi retail services loans of $49 billion increased 7% versus the prior-year period, while Citi retail services purchase sales of $22 billion were up 11%. For additional information on the results of operations of North America GCB for the third quarter of 2018, see "Global Consumer Banking—North America GCB" below.

International GCB revenues (consisting of Latin America GCB and Asia GCB (which includes the results of operations in certain EMEA countries)) increased 8%, versus the prior-year period to $3.5 billion. Excluding the impact of FX translation, international GCB revenues increased 11% versus the prior-year period. On this basis, Latin America GCB revenues increased 26% versus the prior-year period, including the gain on sale. Excluding the gain on sale, Latin America GCB revenues increased 8%, driven by continued volume growth across commercial, mortgage and card loans as well as deposits. Asia GCB revenues increased 1%, as continued growth in deposit, cards and insurance revenues was largely offset by lower investment revenues due to weaker market sentiment. For additional information on the results of operations of Latin America GCB and Asia GCB for the third quarter of 2018, including the impact of FX translation, see "Global Consumer Banking—Latin America GCB" and "Global Consumer Banking—Asia GCB" below.

Year-over-year, international GCB average deposits of $127 billion increased 5%, average retail loans of $90 billion increased 4%, assets under management of $105 billion increased 8%, average card loans of $24 billion increased 2% and card purchase sales of $26 billion increased 7%, all excluding the impact of FX translation.

Institutional Clients Group

ICG net income of $3.1 billion increased 2%, driven primarily by the lower effective tax rate, which more than offset the lower revenues as well as the higher cost of credit and operating expenses. ICG operating expenses increased 1%

to $5.2 billion, driven by an increase in compensation costs, volume-related expenses and investments, partially offset by efficiency savings.

ICG revenues were $9.2 billion in the third quarter of 2018, down 2% from the prior-year period, as a 1% increase in Banking revenues was more than offset by a 5% decrease in Markets and securities services, reflecting the impact of the gain on sale in the prior-year period. Excluding the gain on sale in the prior-year period, revenues increased 4%, driven by growth in both Markets and securities services (up 8%) and Banking (up 1%). The increase in Banking revenues included the impact of $106 million of losses on loan hedges within corporate lending, compared to losses of $48 million in the prior-year period.

Banking revenues of $4.9 billion (excluding the impact of losses on loan hedges within corporate lending) increased 2%, driven by solid growth in treasury and trade solutions, private bank and corporate lending, partially offset by lower revenues in investment banking. Investment banking revenues of $1.2 billion decreased 8% versus the prior-year period, as growth in advisory was more than offset by a decline in both debt and equity underwriting, reflecting lower market activity. Advisory revenues increased 9% to $262 million, equity underwriting revenues decreased 17% to $259 million and debt underwriting revenues decreased 9% to $660 million, all versus the prior-year period.

Treasury and trade solutions revenues of $2.3 billion increased 4% versus the prior-year period, and 8% excluding the impact of FX translation, reflecting continued growth in

transaction volumes, loans and deposits. Private bank revenues increased 7% to $849 million versus the prior-year period, driven by growth in loans and investments, as well as improved deposit spreads. Corporate lending revenues were largely unchanged at $457 million. Excluding the impact of losses on loan hedges, corporate lending revenues increased 11% versus the prior-year period, primarily driven by loan growth and lower hedging costs.
Markets and securities services revenues of $4.5 billion decreased 5% from the prior-year period. Excluding the gain on sale, Markets and securities services increased 8%, driven by revenue growth in both fixed income and equity markets as well as securities services. Fixed income markets revenues of $3.2 billion increased 9% from the prior-year period, with contributions from both rates and currencies as well as spread products. Equity markets revenues of $792 million increased 1% from the prior-year period, as strength in prime finance and derivatives was largely offset by lower revenues in cash equities, reflecting a more challenging trading environment and lower commissions. Securities services revenues of $672 million increased 11%, and 15% excluding the impact of FX translation, driven by continued growth in client volumes and higher net interest revenue. For additional information on the results of operations of ICG for the third quarter of 2018, see “Institutional Clients Group” below.

Corporate/Other
Corporate/Other net loss was $67 million in the third quarter of 2018, compared to a net loss of $83 million in the prior-year period. Operating expenses of $459 million declined 44% from the prior-year period, largely reflecting the wind-down of legacy assets as well as lower infrastructure costs.
Corporate/Other revenues were $494 million, down 5% from the prior-year period, primarily reflecting the continued wind-down of legacy assets.
For additional information on the results of operations of Corporate/Other for the third quarter of 2018, see “Corporate/Other” below.

RESULTS OF OPERATIONS
SUMMARY OF SELECTED FINANCIAL DATA—PAGE 1
Citigroup Inc. and Consolidated Subsidiaries

	Third Quarter			Nine Months		
In millions of dollars, except per-share amounts and ratios	2018	2017	% Change	2018	2017	% Change
Net interest revenue	$11,802	$11,535	2 %	$34,639	$33,748	3 %
Non-interest revenue	6,587	6,884	(4)	21,091	21,192	—
Revenues, net of interest expense	$18,389	$18,419	— %	$55,730	$54,940	1 %
Operating expenses	10,311	10,417	(1)	31,948	31,900	—
Provisions for credit losses and for benefits and claims	1,974	1,999	(1)	5,643	5,378	5
Income from continuing operations before income taxes	$6,104	$6,003	2 %	$18,139	$17,662	3 %
Income taxes[(1)]	1,471	1,866	(21)	4,356	5,524	(21)
Income from continuing operations	$4,633	$4,137	12 %	$13,783	$12,138	14 %
Income (loss) from discontinued operations, net of taxes[(2)]	(8)	(5)	(60)	—	(2)	100
Net income before attribution of noncontrolling interests	$4,625	$4,132	12 %	$13,783	$12,136	14 %
Net income attributable to noncontrolling interests	3	(1)	NM	51	41	24
Citigroup's net income	$4,622	$4,133	12 %	$13,732	$12,095	14 %
Less:						
Preferred dividends—Basic	$270	$272	(1)%	$860	$893	(4)%
Dividends and undistributed earnings allocated to employee restricted and deferred shares that contain nonforfeitable rights to dividends, applicable to basic EPS	51	53	(4)	151	156	(3)
Income allocated to unrestricted common shareholders for basic and diluted EPS	$4,301	$3,808	13 %	$12,721	$11,046	15 %
Earnings per share						
Basic						
Income from continuing operations	$1.74	$1.42	23 %	$5.04	$4.05	24 %
Net income	1.73	1.42	22	5.04	4.05	24
Diluted						
Income from continuing operations	$1.74	$1.42	23 %	$5.04	$4.05	24 %
Net income	1.73	1.42	22	5.04	4.05	24
Dividends declared per common share	0.45	0.32	41	1.09	0.64	70

Table continues on the next page, including footnotes.

SUMMARY OF SELECTED FINANCIAL DATA—PAGE 2
Citigroup Inc. and Consolidated Subsidiaries

In millions of dollars, except per-share amounts, ratios and direct staff	Third Quarter 2018	Third Quarter 2017	% Change	Nine Months 2018	Nine Months 2017	% Change
At September 30:						
Total assets	$1,925,165	$1,889,133	2 %			
Total deposits	1,005,176	964,038	4			
Long-term debt	235,270	232,673	1			
Citigroup common stockholders' equity[1]	177,969	208,381	(15)			
Total Citigroup stockholders' equity[1]	197,004	227,634	(13)			
Direct staff (in thousands)	206	213	(3)			
Performance metrics						
Return on average assets	0.95 %	0.87 %		0.96 %	0.87 %	
Return on average common stockholders' equity[1][3]	9.6	7.3		9.5	7.2	
Return on average total stockholders' equity[1][3]	9.2	7.2		9.2	7.1	
Efficiency ratio (total operating expenses/total revenues)	56.1	56.6		57.3	58.1	
Basel III ratios—full implementation[1][4]						
Common Equity Tier 1 Capital[5]	11.73 %	12.98 %				
Tier 1 Capital[5]	13.36	14.61				
Total Capital[5]	15.98	16.95				
Supplementary Leverage ratio	6.50	7.11				
Citigroup common stockholders' equity to assets[1]	9.24 %	11.03 %				
Total Citigroup stockholders' equity to assets[1]	10.23	12.05				
Dividend payout ratio[6]	26.0	22.5		21.6 %	15.8 %	
Total payout ratio[7]	147.0	164.6		98.1	96.5	
Book value per common share[1]	$72.88	$78.81	(8)%			
Tangible book value (TBV) per share[1][8]	61.91	68.55	(10)			

(1) The third quarter and nine months of 2018 reflect the impact of Tax Reform. For additional information on Tax Reform, including the impact on Citi's fourth quarter and full-year 2017 results, see Citi's 2017 Annual Report on Form 10-K.

(2) See Note 2 to the Consolidated Financial Statements for additional information on Citi's discontinued operations.

(3) The return on average common stockholders' equity is calculated using net income less preferred stock dividends divided by average common stockholders' equity. The return on average total Citigroup stockholders' equity is calculated using net income divided by average Citigroup stockholders' equity.

(4) Citi's risk-based capital and leverage ratios as of September 30, 2017 are non-GAAP financial measures, which reflect full implementation of regulatory capital adjustments and deductions prior to the effective date of January 1, 2018.

(5) Citi's reportable Common Equity Tier 1 (CET1) Capital and Tier 1 Capital ratios were the lower derived under the U.S. Basel III Standardized Approach and Citi's reportable Total Capital ratios were derived under the U.S. Basel III Advanced Approaches for both periods presented. This reflects the U.S. Basel III requirement to report the lower of risk-based capital ratios under both the Standardized Approach and Advanced Approaches in accordance with the Collins Amendment of the Dodd-Frank Act.

(6) Dividends declared per common share as a percentage of net income per diluted share.

(7) Total common dividends declared plus common stock repurchases as a percentage of net income available to common shareholders. See "Consolidated Statement of Changes in Stockholders' Equity," Note 9 to the Consolidated Financial Statements and "Equity Security Repurchases" below for the component details.

(8)

For information on TBV, see "Capital Resources—Tangible Common Equity, Book Value Per Share, Tangible Book Value Per Share and Returns on Equity" below.

NM Not meaningful

SEGMENT AND BUSINESS—INCOME (LOSS) AND REVENUES

CITIGROUP INCOME

In millions of dollars	Third Quarter 2018	Third Quarter 2017	% Change	Nine Months 2018	Nine Months 2017	% Change
Income from continuing operations						
Global Consumer Banking						
North America	$850	$642	32 %	$2,407	$1,913	26 %
Latin America	334	169	98	717	445	61
Asia[(1)]	383	359	7	1,116	938	19
Total	$1,567	$1,170	34 %	$4,240	$3,296	29 %
Institutional Clients Group						
North America	$870	$1,298	(33)%	$2,755	$3,463	(20)%
EMEA	972	753	29	3,072	2,401	28
Latin America	541	388	39	1,546	1,211	28
Asia	734	623	18	2,310	1,778	30
Total	$3,117	$3,062	2 %	$9,683	$8,853	9 %
Corporate/Other	(51)	(95)	46	(140)	(11)	NM
Income from continuing operations	$4,633	$4,137	12 %	$13,783	$12,138	14 %
Discontinued operations	$(8)	$(5)	(60)%	$—	$(2)	100 %
Net income attributable to noncontrolling interests	3	(1)	NM	51	41	24
Citigroup’s net income	$4,622	$4,133	12 %	$13,732	$12,095	14 %

(1) Asia GCB includes the results of operations of GCB activities in certain EMEA countries for all periods presented.
NM Not meaningful

CITIGROUP REVENUES

In millions of dollars	Third Quarter 2018	Third Quarter 2017	% Change	Nine Months 2018	Nine Months 2017	% Change
Global Consumer Banking						
North America	$5,129	$5,197	(1)%	$15,290	$15,088	1 %
Latin America	1,670	1,388	20	4,398	3,863	14
Asia[(1)]	1,855	1,885	(2)	5,649	5,438	4
Total	$8,654	$8,470	2 %	$25,337	$24,389	4 %
Institutional Clients Group						
North America	$3,329	$3,709	(10)%	$10,105	$10,877	(7)%
EMEA	2,927	2,703	8	9,137	8,438	8
Latin America	1,055	1,099	(4)	3,427	3,354	2
Asia	1,930	1,919	1	6,111	5,501	11
Total	$9,241	$9,430	(2)%	$28,780	$28,170	2 %
Corporate/Other	494	519	(5)	1,613	2,381	(32)
Total Citigroup net revenues	$18,389	$18,419	— %	$55,730	$54,940	1 %

(1) Asia GCB includes the results of operations of GCB activities in certain EMEA countries for all periods presented.

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SEGMENT BALANCE SHEET[1]

In millions of dollars	Global Consumer Banking	Institutional Clients Group	Corporate/Other and consolidating eliminations[2]	Citigroup parent company-issued long-term debt and stockholders' equity[3]	Total Citigroup consolidated
Assets					
Cash and deposits with banks	$ 10,034	$ 66,084	$ 123,168	$ —	$ 199,286
Federal funds sold and securities borrowed and purchased under agreements to resell	157	280,556	228	—	280,941
Trading account assets	754	249,904	6,844	—	257,502
Investments	1,271	108,942	235,300	—	345,513
Loans, net of unearned income and allowance for loan losses	299,493	347,050	16,030	—	662,573
Other assets	37,605	105,200	36,545	—	179,350
Net inter-segment liquid assets[4]	77,370	246,754	(324,124)	—	—
Total assets	$ 426,684	$ 1,404,490	$ 93,991	$ —	$ 1,925,165
Liabilities and equity					
Total deposits	$ 310,689	$ 684,623	$ 9,864	$ —	$ 1,005,176
Federal funds purchased and securities loaned and sold under agreements to repurchase	3,054	172,851	10	—	175,915
Trading account liabilities	141	147,115	396	—	147,652
Short-term borrowings	473	22,798	10,499	—	33,770
Long-term debt[3]	1,831	41,351	43,905	148,183	235,270
Other liabilities	19,613	94,913	14,993	—	129,519
Net inter-segment funding (lending)[3]	90,883	240,839	13,465	(345,187)	—
Total liabilities	$ 426,684	$ 1,404,490	$ 93,132	$ (197,004)	$ 1,727,302
Total stockholders' equity[5]	—	—	859	197,004	197,863
Total liabilities and equity	$ 426,684	$ 1,404,490	$ 93,991	$ —	$ 1,925,165

(1) The supplemental information presented in the table above reflects Citigroup's consolidated GAAP balance sheet by reporting segment as of September 30, 2018. The respective segment information depicts the assets and liabilities managed by each segment as of such date.

(2) Consolidating eliminations for total Citigroup and Citigroup parent company assets and liabilities are recorded within Corporate/Other.

(3) The total stockholders' equity and the majority of long-term debt of Citigroup reside in the Citigroup parent company Consolidated Balance Sheet. Citigroup allocates stockholders' equity and long-term debt to its businesses through inter-segment allocations as shown above.

(4) Represents the attribution of Citigroup's liquid assets (primarily consisting of cash, marketable equity securities, and available-for-sale debt securities) to the various businesses based on Liquidity Coverage Ratio (LCR) assumptions.

(5) Corporate/Other equity represents noncontrolling interests.

GLOBAL CONSUMER BANKING

Global Consumer Banking (GCB) consists of consumer banking businesses in North America, Latin America (consisting of Citi's consumer banking business in Mexico) and Asia. GCB provides traditional banking services to retail customers through retail banking, including commercial banking, and Citi-branded cards and Citi retail services (for additional information on these businesses, see "Citigroup Segments" above and "Managing Global Risk—Consumer Credit" below). GCB is focused on its priority markets in the U.S., Mexico and Asia with 2,417 branches in 19 countries and jurisdictions as of September 30, 2018. At September 30, 2018, GCB had approximately $427 billion in assets and $311 billion in deposits.

GCB's overall strategy is to leverage Citi's global footprint and be the pre-eminent bank for the emerging affluent and affluent consumers in large urban centers. In credit cards and in certain retail markets (including commercial banking), Citi serves customers in a somewhat broader set of segments and geographies.

	Third Quarter			Nine Months		
In millions of dollars except as otherwise noted	2018	2017	% Change	2018	2017	% Change
Net interest revenue	$7,236	$7,071	2 %	$21,235	$20,410	4 %
Non-interest revenue	1,418	1,399	1	4,102	3,979	3
Total revenues, net of interest expense	$8,654	$8,470	2 %	$25,337	$24,389	4 %
Total operating expenses	$4,661	$4,452	5 %	$13,997	$13,440	4 %
Net credit losses	$1,714	$1,704	1 %	$5,176	$4,922	5 %
Credit reserve build (release)	186	486	(62)	484	788	(39)
Provision (release) for unfunded lending commitments	6	(5)	NM	8	—	NM
Provision for benefits and claims	27	28	(4)	75	80	(6)
Provisions for credit losses and for benefits and claims (LLR & PBC)	$1,933	$2,213	(13)%	$5,743	$5,790	(1)%
Income from continuing operations before taxes	$2,060	$1,805	14 %	$5,597	$5,159	8 %
Income taxes	493	635	(22)	1,357	1,863	(27)
Income from continuing operations	$1,567	$1,170	34 %	$4,240	$3,296	29 %
Noncontrolling interests	1	2	(50)	4	7	(43)
Net income	$1,566	$1,168	34 %	$4,236	$3,289	29 %
Balance Sheet data (in billions of dollars)						
Total EOP assets	$427	$419	2 %			
Average assets	424	421	1	$421	$415	1 %
Return on average assets	1.47 %	1.10 %		1.35 %	1.06 %	
Efficiency ratio	54	53		55	55	
Average deposits	$307	$308	—	$307	$306	—
Net credit losses as a percentage of average loans	2.22 %	2.26 %		2.27 %	2.24 %	
Revenue by business						
Retail banking	$3,717	$3,521	6 %	$10,677	$10,024	7 %
Cards[1]	4,937	4,949	—	14,660	14,365	2
Total	$8,654	$8,470	2 %	$25,337	$24,389	4 %
Income from continuing operations by business						
Retail banking	$666	$546	22 %	$1,770	$1,298	36 %
Cards[1]	901	624	44	2,470	1,998	24
Total	$1,567	$1,170	34 %	$4,240	$3,296	29 %

Table continues on the next page, including footnotes.

Foreign currency (FX) translation impact						
Total revenue—as reported	$8,654	$8,470	2 %	$25,337	$24,389	4 %
Impact of FX translation(2)	—	(106)		—	(11)	
Total revenues—ex-FX(3)	$8,654	$8,364	3 %	$25,337	$24,378	4 %
Total operating expenses—as reported	$4,661	$4,452	5 %	$13,997	$13,440	4 %
Impact of FX translation(2)	—	(53)		—	15	
Total operating expenses—ex-FX(3)	$4,661	$4,399	6 %	$13,997	$13,455	4 %
Total provisions for LLR & PBC—as reported	$1,933	$2,213	(13)%	$5,743	$5,790	(1)%
Impact of FX translation(2)	—	(23)		—	(12)	
Total provisions for LLR & PBC—ex-FX(3)	$1,933	$2,190	(12)%	$5,743	$5,778	(1)%
Net income—as reported	$1,566	$1,168	34 %	$4,236	$3,289	29 %
Impact of FX translation(2)	—	(18)		—	(9)	
Net income—ex-FX(3)	$1,566	$1,150	36 %	$4,236	$3,280	29 %

(1) Includes both Citi-branded cards and Citi retail services.

(2) Reflects the impact of FX translation into U.S. dollars at the third quarter of 2018 and year-to-date 2018 average exchange rates for all periods presented.

(3) Presentation of this metric excluding FX translation is a non-GAAP financial measure.

NM Not meaningful

NORTH AMERICA GCB

North America GCB provides traditional retail banking, including commercial banking, and its Citi-branded cards and Citi retail services card products to retail customers and small to mid-size businesses, as applicable, in the U.S. North America GCB's U.S. cards product portfolio includes its proprietary portfolio (including the Citi Double Cash, Thank You and Value cards) and co-branded cards (including, among others, American Airlines and Costco) within Citi-branded cards as well as its co-brand and private label relationships (including, among others, Sears, The Home Depot, Best Buy and Macy's) within Citi retail services.

As of September 30, 2018, North America GCB's 692 retail bank branches are concentrated in the six key metropolitan areas of New York, Chicago, Miami, Washington, D.C., Los Angeles and San Francisco. Also as of September 30, 2018, North America GCB had approximately 9.0 million retail banking customer accounts, $56.3 billion in retail banking loans and $181.9 billion in deposits. In addition, North America GCB had approximately 120.2 million Citi-branded and Citi retail services credit card accounts with $137.8 billion in outstanding card loan balances, including the newly acquired $1.5 billion L.L.Bean portfolio.

	Third Quarter			Nine Months		
In millions of dollars, except as otherwise noted	2018	2017	% Change	2018	2017	% Change
Net interest revenue	$4,984	$4,825	3 %	$14,514	$14,074	3 %
Non-interest revenue	145	372	(61)	776	1,014	(23)
Total revenues, net of interest expense	$5,129	$5,197	(1)%	$15,290	$15,088	1 %
Total operating expenses	$2,668	$2,482	7 %	$7,979	$7,677	4 %
Net credit losses	$1,242	$1,239	— %	$3,816	$3,610	6 %
Credit reserve build (release)	116	463	(75)	354	716	(51)
Provision (release) for unfunded lending commitments	5	(3)	NM	3	6	(50)
Provision for benefits and claims	5	9	(44)	16	23	(30)
Provisions for credit losses and for benefits and claims	$1,368	$1,708	(20)%	$4,189	$4,355	(4)%
Income from continuing operations before taxes	$1,093	$1,007	9 %	$3,122	$3,056	2 %
Income taxes	243	365	(33)	715	1,143	(37)
Income from continuing operations	$850	$642	32 %	$2,407	$1,913	26 %
Noncontrolling interests	—	—	—	—	—	—
Net income	$850	$642	32 %	$2,407	$1,913	26 %
Balance Sheet data (in billions of dollars)						
Average assets	$249	$250	— %	$247	$246	— %
Return on average assets	1.35 %	1.02 %		1.30 %	1.04 %	
Efficiency ratio	52	48		52	51	
Average deposits	$180.2	$184.1	(2)	$180.3	$184.6	(2)
Net credit losses as a percentage of average loans	2.56 %	2.63 %		2.68 %	2.62 %	
Revenue by business						
Retail banking	$1,329	$1,366	(3)%	$3,984	$3,916	2 %
Citi-branded cards	2,108	2,178	(3)	6,402	6,353	1
Citi retail services	1,692	1,653	2	4,904	4,819	2
Total	$5,129	$5,197	(1)%	$15,290	$15,088	1 %
Income from continuing operations by business						
Retail banking	$131	$169	(22)%	$432	$371	16 %
Citi-branded cards	375	342	10	1,109	890	25
Citi retail services	344	131	NM	866	652	33
Total	$850	$642	32 %	$2,407	$1,913	26 %

NM Not meaningful

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3Q18 vs. 3Q17
Net income increased 32%, due to lower cost of credit and a lower effective tax rate due to the impact of Tax Reform, partially offset by lower revenues and higher expenses.
Revenues decreased 1%, as higher revenues in Citi retail services were more than offset by lower revenues in Citi-branded cards and retail banking.
Retail banking revenues decreased 3%. Excluding mortgage revenues (decline of 28%), retail banking revenues were up 1%, driven by continued growth in deposit margins and investments, largely offset by lower episodic transaction activity in commercial banking as well as increasing
rate sensitivity. Average deposits decreased 2% year-over-year, primarily driven by a reduction in money market balances, as clients transferred money to investments. Assets under management were up 9%. The decline in mortgage revenues was driven by lower origination activity and higher cost of funds, reflecting the higher interest rate environment.
Cards revenues decreased 1%. In Citi-branded cards, revenues decreased 3%, as growth in interest-earning balances was more than offset by the impact of the Hilton portfolio sale as well as previously disclosed partnership terms that went into effect earlier in 2018. Average loans increased 3% and purchase sales increased 9%.
Citi retail services revenues increased 2%, primarily reflecting organic loan growth and the benefit of the L.L.Bean portfolio acquisition, partially offset by higher partner payments. Average loans increased 7% and purchase sales increased 11%.
Expenses increased 7%, driven by volume growth and
the timing of investment spending versus the prior-year period.
Provisions decreased 20% from the prior-year period, driven by a lower net loan loss reserve build. The net loan loss reserve build in the current quarter was $121 million, primarily due to volume growth in both cards portfolios. This compares to a build of $460 million in the prior-year period, which included $300 million related to an increase in net flow rates in the later delinquency buckets in Citi retail services and a slight increase in delinquencies for the Citi-branded cards portfolio.
Net credit losses were largely unchanged at $1.2 billion, driven by higher net credit losses in Citi-branded cards (up 5% to $644 million) and Citi retail services (up 5% to $566 million), offset by a $56 million decrease in retail banking, driven by episodic charge-offs in the commercial portfolio in the prior-year period. The increase in the cards net credit losses primarily reflected volume growth and seasoning in both portfolios.
For additional information on North America GCB’s retail banking, including commercial banking, and its Citi-branded cards and Citi retail services portfolios, see “Credit Risk—Consumer Credit” below.
As part of its Citi retail services business, Citi issues co-brand and private label credit card products with Sears. As has been widely reported, on October 15, 2018, Sears filed for Chapter 11 bankruptcy protection that includes, among other things, plans to close additional stores. The impact to Citi retail services, including on revenues due to reduced new

account acquisitions or lower purchase sales, will depend, among other things, on the magnitude and timing of the Sears store closures. Citi retail services could also incur additional costs related to customer communications, including to support spending activity on the predominantly general-purpose MasterCard portfolio. Citi does not currently expect the Chapter 11 filing to have an immediate or ongoing material impact on its consolidated results. For additional information, see “Forward-Looking Statements” below and “Risk-Factors—Strategic Risks” in Citi’s 2017 Annual Report on Form 10-K.
2018 YTD vs. 2017 YTD
Net income increased 26%, driven by higher revenues, a lower effective tax rate due to the impact of Tax Reform and lower cost of credit, partially offset by higher expenses.
Revenues increased 1%, reflecting higher revenues across retail banking, Citi retail services and Citi-branded cards. Retail banking revenues increased 2%. Excluding mortgage revenues (decline of 24%), retail banking revenues increased 6%, driven by growth in deposit margins and investments. Cards revenues increased 1%. In Citi-branded cards, revenues increased 1% driven by the same factors described above, as well as the sale of the Hilton portfolio,

which resulted in a gain of approximately $150 million in the first quarter of 2018. This gain was largely offset by the loss of operating revenues from the portfolio. Citi retail services revenues increased 2%, driven by the same factors described above.

Expenses increased 4%, driven by the same factors described above, partially offset by efficiency savings.

Provisions decreased 4%. Net credit losses increased 6%, driven by volume growth and seasoning in both cards portfolios. This increase was more than offset by a 51% decline in the net loan loss reserve build, driven by the same factors described above.

LATIN AMERICA GCB

Latin America GCB provides traditional retail banking, including commercial banking, and its Citi-branded card products to retail customers and small to mid-size businesses in Mexico through Citibanamex, one of Mexico's largest banks.

At September 30, 2018, Latin America GCB had 1,463 retail branches in Mexico, with approximately 29.1 million retail banking customer accounts, $21.0 billion in retail banking loans and $30.1 billion in deposits. In addition, the business had approximately 5.7 million Citi-branded card accounts with $5.8 billion in outstanding loan balances.

In millions of dollars, except as otherwise noted	Third Quarter 2018	Third Quarter 2017	% Change	Nine Months 2018	Nine Months 2017	% Change
Net interest revenue	$1,042	$1,038	— %	$3,052	$2,853	7 %
Non-interest revenue[1]	628	350	79	1,346	1,010	33
Total revenues, net of interest expense	$1,670	$1,388	20 %	$4,398	$3,863	14 %
Total operating expenses	$828	$779	6 %	$2,369	$2,191	8 %
Net credit losses	$307	$295	4 %	$863	$825	5 %
Credit reserve build	31	44	(30)	106	106	—
Provision (release) for unfunded lending commitments	—	(1)	100	1	(2)	NM
Provision for benefits and claims	22	19	16	59	57	4
Provisions for credit losses and for benefits and claims (LLR & PBC)	$360	$357	1 %	$1,029	$986	4 %
Income from continuing operations before taxes	$482	$252	91 %	$1,000	$686	46 %
Income taxes	148	83	78	283	241	17
Income from continuing operations	$334	$169	98 %	$717	$445	61 %
Noncontrolling interests	—	1	(100)	—	4	(100)
Net income	$334	$168	99 %	$717	$441	63 %
Balance Sheet data (in billions of dollars)						
Average assets	$45	$47	(4)%	$44	$45	(2)%
Return on average assets	2.94 %	1.42 %		2.18 %	1.31 %	
Efficiency ratio	50	56		54	57	
Average deposits	$29.4	$28.8	2	$28.9	$27.3	6
Net credit losses as a percentage of average loans	4.63 %	4.37 %		4.44 %	4.39 %	
Revenue by business						
Retail banking	$1,265	$992	28 %	$3,230	$2,781	16 %
Citi-branded cards	405	396	2	1,168	1,082	8
Total	$1,670	$1,388	20 %	$4,398	$3,863	14 %
Income from continuing operations by business						
Retail banking	$279	$129	NM	$572	$310	85 %
Citi-branded cards	55	40	38 %	145	135	7
Total	$334	$169	98 %	$717	$445	61 %

FX translation impact

Total revenues—as reported	$1,670	$1,388	20 %	$4,398	$3,863	14 %
Impact of FX translation(2)	—	(66)		—	(45)	
Total revenues—ex-FX(3)	$1,670	$1,322	26 %	$4,398	$3,818	15 %
Total operating expenses—as reported	$828	$779	6 %	$2,369	$2,191	8 %
Impact of FX translation(2)	—	(31)		—	(21)	
Total operating expenses—ex-FX(3)	$828	$748	11 %	$2,369	$2,170	9 %
Provisions for LLR & PBC—as reported	$360	$357	1 %	$1,029	$986	4 %
Impact of FX translation(2)	—	(17)		—	(12)	
Provisions for LLR & PBC—ex-FX(3)	$360	$340	6 %	$1,029	$974	6 %
Net income—as reported	$334	$168	99 %	$717	$441	63 %
Impact of FX translation(2)	—	(11)		—	(9)	
Net income—ex-FX(3)	$334	$157	NM	$717	$432	66 %

(1) Third quarter of 2018 includes an approximate $250 million gain on the sale of an asset management business. See Note 2 to the Consolidated Financial Statements.

(2) Reflects the impact of FX translation into U.S. dollars at the third quarter of 2018 and year-to-date 2018 average exchange rates for all periods presented.

(3) Presentation of this metric excluding FX translation is a non-GAAP financial measure.

NM Not meaningful

The discussion of the results of operations for Latin America GCB below excludes the impact of FX translation for all periods presented. Presentations of the results of operations, excluding the impact of FX translation, are non-GAAP financial measures. For a reconciliation of certain of these metrics to the reported results, see the table above.

3Q18 vs. 3Q17

Net income increased $177 million to $334 million, reflecting higher revenues and a lower effective tax rate as a result of Tax Reform, partially offset by higher expenses and cost of credit.

Revenues increased 26%, including the gain on sale of an asset management business (approximately $250 million). For additional information, see Note 2 to the Consolidated Financial Statements. Excluding the gain on sale, revenues were up 8%, driven by increases in both retail banking and cards.

Retail banking revenues increased 34%. Excluding the gain on sale, retail banking revenues increased 8%, driven by continued growth across commercial and mortgage loans and deposits, as well as improved deposit spreads due to higher interest rates. Average loans grew 4%, average deposits grew 8% and assets under management grew 5%.

Cards revenues increased 7%, due to continued volume growth, reflecting higher purchase sales (up 14%) and full-rate revolving loans. Average cards loans grew 6%.

Expenses increased 11%, driven by volume growth, ongoing investment spending and higher repositioning charges, partially offset by efficiency savings.

Provisions increased 6%, as higher net credit losses were partially offset by a lower net loan loss reserve build. The net credit loss increase primarily reflected an episodic commercial charge-off that was fully offset by a related loan loss reserve release.

For additional information on Latin America GCB's retail banking, including commercial banking, and its Citi-branded cards portfolios, see "Credit Risk—Consumer Credit" below.

2018 YTD vs. 2017 YTD

Year-to-date, Latin America GCB has experienced similar trends to those described above. Net income increased 66%, driven by the same factors described above.

Revenues increased 15%, including the gain on sale in the third quarter of 2018. Excluding the gain on sale, revenues increased 9%, reflecting higher revenues in both retail banking and cards. Retail banking revenues increased 8%, driven by the same factors described above. Cards revenues increased 9%, driven by the same factors described above.
Expenses increased 9%, driven by the same factors described above.
Provisions increased 6%, driven by higher net credit losses and a higher net loan loss reserve build, primarily due to volume growth and seasoning in cards. The increase in net credit losses also reflected the episodic commercial charge-off that was fully offset by a related loan loss reserve release.

ASIA GCB

Asia GCB provides traditional retail banking, including commercial banking, and its Citi-branded card products to retail customers and small to mid-size businesses, as applicable. During the third quarter of 2018, Asia GCB's most significant revenues in Asia were from Singapore, Hong Kong, Korea, India, Australia, Taiwan, Thailand, Philippines, Indonesia and Malaysia. Included within Asia GCB, traditional retail banking and Citi-branded card products are also provided to retail customers in certain EMEA countries, primarily Poland, Russia and the United Arab Emirates.

At September 30, 2018, on a combined basis, the businesses had 262 retail branches, approximately 15.9 million retail banking customer accounts, $69.5 billion in retail banking loans and $98.7 billion in deposits. In addition, the businesses had approximately 15.4 million Citi-branded card accounts with $18.6 billion in outstanding loan balances.

In millions of dollars, except as otherwise noted [1]	Third Quarter 2018	Third Quarter 2017	% Change	Nine Months 2018	Nine Months 2017	% Change
Net interest revenue	$1,210	$1,208	— %	$3,669	$3,483	5 %
Non-interest revenue	645	677	(5)	1,980	1,955	1
Total revenues, net of interest expense	$1,855	$1,885	(2)%	$5,649	$5,438	4 %
Total operating expenses	$1,165	$1,191	(2)%	$3,649	$3,572	2 %
Net credit losses	$165	$170	(3)%	$497	$487	2 %
Credit reserve build (release)	39	(21)	NM	24	(34)	NM
Provision (release) for unfunded lending commitments	1	(1)	NM	4	(4)	NM
Provisions for credit losses	$205	$148	39 %	$525	$449	17 %
Income from continuing operations before taxes	$485	$546	(11)%	$1,475	$1,417	4 %
Income taxes	102	187	(45)	359	479	(25)
Income from continuing operations	$383	$359	7 %	$1,116	$938	19 %
Noncontrolling interests	1	1	—	4	3	33
Net income	$382	$358	7 %	$1,112	$935	19 %
Balance Sheet data (in billions of dollars)						
Average assets	$130	$124	5 %	$130	$124	5 %
Return on average assets	1.17 %	1.15 %		1.14 %	1.01 %	
Efficiency ratio	63	63		65	66	
Average deposits	$97.6	$95.2	3	$98.1	$94.1	4
Net credit losses as a percentage of average loans	0.75 %	0.78 %		0.75 %	0.77 %	
Revenue by business						
Retail banking	$1,123	$1,163	(3)%	$3,463	$3,327	4 %
Citi-branded cards	732	722	1	2,186	2,111	4
Total	$1,855	$1,885	(2)%	$5,649	$5,438	4 %
Income from continuing operations by business						
Retail banking	$256	$248	3 %	$766	$617	24 %
Citi-branded cards	127	111	14	350	321	9
Total	$383	$359	7 %	$1,116	$938	19 %

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FX translation impact

Total revenues—as reported	$1,855	$1,885	(2)%	$5,649	$5,438	4 %
Impact of FX translation[2]	—	(40)		—	34	
Total revenues—ex-FX[3]	$1,855	$1,845	1 %	$5,649	$5,472	3 %
Total operating expenses—as reported	$1,165	$1,191	(2)%	$3,649	$3,572	2 %
Impact of FX translation[2]	—	(22)		—	36	
Total operating expenses—ex-FX[3]	$1,165	$1,169	— %	$3,649	$3,608	1 %
Provisions for loan losses—as reported	$205	$148	39 %	$525	$449	17 %
Impact of FX translation[2]	—	(6)		—	—	
Provisions for loan losses—ex-FX[3]	$205	$142	44 %	$525	$449	17 %
Net income—as reported	$382	$358	7 %	$1,112	$935	19 %
Impact of FX translation[2]	—	(7)		—	—	
Net income—ex-FX[3]	$382	$351	9 %	$1,112	$935	19 %

(1) Asia GCB includes the results of operations of GCB activities in certain EMEA countries for all periods presented.

(2) Reflects the impact of FX translation into U.S. dollars at the third quarter of 2018 and year-to-date 2018 average exchange rates for all periods presented.

(3) Presentation of this metric excluding FX translation is a non-GAAP financial measure.

NM Not meaningful

The discussion of the results of operations for Asia GCB below excludes the impact of FX translation for all periods presented. Presentations of the results of operations, excluding the impact of FX translation, are non-GAAP financial measures. For a reconciliation of certain of these metrics to the reported results, see the table above.

3Q18 vs. 3Q17

Net income increased 9%, reflecting higher revenues and a lower effective tax rate as a result of Tax Reform, partially offset by higher cost of credit.

Revenues increased 1%, driven by higher cards revenues, partially offset by lower retail banking revenues.

Retail banking revenues decreased 2%, as continued growth in deposit and insurance revenues was more than offset by lower investment revenues due to weaker market sentiment. Investment sales decreased 22%, while assets under management grew 9% and average deposits increased 4%. Retail lending revenues declined 1%, as volume growth in personal and commercial loans was more than offset by lower mortgage revenues due to spread compression. Average loans grew 4%.

Cards revenues increased 4%, driven by continued growth in average loans (up 2%) and purchase sales (up 6%).

Expenses were largely unchanged, as volume-driven growth and ongoing investment spending were offset by efficiency savings.

Provisions increased 44%, primarily driven by a net loan loss reserve build compared to a net loan loss reserve release in the prior-year period. Overall credit quality continued to remain stable in the region.

For additional information on Asia GCB's retail banking, including commercial banking, and its Citi-branded cards portfolios, see "Credit Risk—Consumer Credit" below.

2018 YTD vs. 2017 YTD

Year-to-date, Asia GCB has experienced similar trends to
those described above. Net income increased 19%, due to higher revenues and the lower effective tax rate, partially offset by higher expenses and a higher cost of credit.

Revenues increased 3%, driven by continued momentum in retail banking and cards. Retail banking revenues increased 3%, driven by growth in deposits, partially offset by lower investment and mortgage revenues. Cards revenues were up 3%, driven by the same factors described above.

Expenses increased 1%, as volume-driven growth and ongoing investment spending were partially offset by efficiency savings.

Provisions were up 17%, primarily driven by a net loan loss reserve build compared to a release in the prior-year period and modestly higher net credit losses related to volume growth and seasoning.

INSTITUTIONAL CLIENTS GROUP

Institutional Clients Group (ICG) includes Banking and Markets and securities services (for additional information on these businesses, see “Citigroup Segments” above). ICG provides corporate, institutional, public sector and high-net-worth clients around the world with a full range of wholesale banking products and services, including fixed income and equity sales and trading, foreign exchange, prime brokerage, derivative services, equity and fixed income research, corporate lending, investment banking and advisory services, private banking, cash management, trade finance and securities services. ICG transacts with clients in both cash instruments and derivatives, including fixed income, foreign currency, equity and commodity products.

ICG revenue is generated primarily from fees and spreads associated with these activities. ICG earns fee income for assisting clients with transactional services and clearing, providing brokerage and investment banking services and other such activities. Such fees are recognized at the point in time when Citigroup’s performance under the terms of a contractual arrangement is completed, which is typically at the trade/execution date or closing of a transaction. Revenue generated from these activities is recorded in Commissions and fees and Investment banking. Revenue is also generated from assets under custody and administration, which is recognized as/when the associated promised service is satisfied, which normally occurs at the point in time the service is requested by the customer and provided by Citi. Revenue generated from these activities is primarily recorded in Administration and other fiduciary fees. For additional information on these various types of revenues, see Note 5 to the Consolidated Financial Statements.

In addition, as a market maker, ICG facilitates transactions, including holding product inventory to meet client demand, and earns the differential between the price at which it buys and sells the products. These price differentials and the unrealized gains and losses on the inventory are recorded in Principal transactions (for additional information on Principal transactions revenue, see Note 6 to the Consolidated Financial Statements). Other primarily includes mark-to-market gains and losses on certain credit derivatives, gains and losses on available-for-sale (AFS) debt securities, gains and losses on equity securities not held in trading accounts, and other non-recurring gains and losses. Interest income earned on assets held, less interest paid to customers on deposits and long- and short-term debt, is recorded as Net interest revenue.

The amount and types of Markets revenues are impacted by a variety of interrelated factors, including market liquidity; changes in market variables such as interest rates, foreign exchange rates, equity prices, commodity prices and credit spreads, as well as their implied volatilities; investor confidence; and other macroeconomic conditions. Assuming all other market conditions do not change, increases in client activity levels or bid/offer spreads generally result in increases in revenues. However, changes in market conditions can significantly impact client activity levels, bid/offer spreads and the fair value of product inventory. For example, a decrease in market liquidity may increase bid/offer spreads, decrease client activity levels and widen credit spreads on product inventory positions.

ICG’s management of the Markets businesses involves daily monitoring and evaluating of the above factors at the trading desk as well as the country level. ICG does not separately track the impact on total Markets revenues of the volume of transactions, bid/offer spreads, fair value changes of product inventory positions and economic hedges because, as noted above, these components are interrelated and are not deemed useful or necessary individually to manage the Markets businesses at an aggregate level.

In the Markets businesses, client revenues are those revenues directly attributable to client transactions at the time of inception, including commissions, interest or fees earned. Client revenues do not include the results of client facilitation activities (for example, holding product inventory in anticipation of client demand) or the results of certain economic hedging activities.

ICG’s international presence is supported by trading floors in approximately 80 countries and a proprietary network in 98 countries and jurisdictions. At September 30, 2018, ICG had approximately $1.4 trillion of assets and $685 billion of deposits, while two of its businesses—securities services and issuer services—managed approximately $18.0 trillion of assets under custody compared to $17.1 trillion at the end of the prior-year period.

In millions of dollars, except as otherwise noted	Third Quarter 2018	Third Quarter 2017	% Change	Nine Months 2018	Nine Months 2017	% Change
Commissions and fees	$1,085	$1,100	(1)%	$3,425	$3,230	6 %
Administration and other fiduciary fees	686	688	—	2,093	1,997	5
Investment banking	1,029	1,163	(12)	3,260	3,516	(7)
Principal transactions	2,447	1,827	34	7,689	6,709	15
Other[(1)]	(18)	704	NM	554	951	(42)
Total non-interest revenue	$5,229	$5,482	(5)%	$17,021	$16,403	4 %
Net interest revenue (including dividends)	4,012	3,948	2	11,759	11,767	—
Total revenues, net of interest expense	$9,241	$9,430	(2)%	$28,780	$28,170	2 %
Total operating expenses	$5,191	$5,138	1 %	$16,152	$15,503	4 %
Net credit losses	$23	$44	(48)%	$127	$140	(9)%
Credit reserve build (release)	7	(38)	NM	(136)	(229)	41
Provision (release) for unfunded lending commitments	41	(170)	NM	64	(193)	NM
Provisions for credit losses	$71	$(164)	NM	$55	$(282)	NM
Income from continuing operations before taxes	$3,979	$4,456	(11)%	$12,573	$12,949	(3)%
Income taxes	862	1,394	(38)	2,890	4,096	(29)
Income from continuing operations	$3,117	$3,062	2 %	$9,683	$8,853	9 %
Noncontrolling interests	(6)	14	NM	21	47	(55)
Net income	$3,123	$3,048	2 %	$9,662	$8,806	10 %
EOP assets (in billions of dollars)	$1,404	$1,370	2 %			
Average assets (in billions of dollars)	1,402	1,369	2	$1,399	$1,349	4 %
Return on average assets	0.88 %	0.88 %		0.92 %	0.87 %	
Efficiency ratio	56	54		56	55	
Revenues by region						
North America	$3,329	$3,709	(10)%	$10,105	$10,877	(7)%
EMEA	2,927	2,703	8	9,137	8,438	8
Latin America	1,055	1,099	(4)	3,427	3,354	2
Asia	1,930	1,919	1	6,111	5,501	11
Total	$9,241	$9,430	(2)%	$28,780	$28,170	2 %
Income from continuing operations by region						
North America	$870	$1,298	(33)%	$2,755	$3,463	(20)%
EMEA	972	753	29	3,072	2,401	28
Latin America	541	388	39	1,546	1,211	28
Asia	734	623	18	2,310	1,778	30
Total	$3,117	$3,062	2 %	$9,683	$8,853	9 %
Average loans by region (in billions of dollars)						
North America	$166	$152	9 %	$164	$149	10 %
EMEA	82	71	15	80	68	18
Latin America	33	34	(3)	33	34	(3)
Asia	65	64	2	67	61	10
Total	$346	$321	8 %	$344	$312	10 %
EOP deposits by business (in billions of dollars)						
Treasury and trade solutions	$470	$428	10 %			
All other ICG businesses	215	212	1			
Total	$685	$640	7 %			

(1) Third quarter of 2017 includes an approximate $580 million gain on the sale of a fixed income analytics business.
NM Not meaningful

ICG Revenue Details—Excluding Gains (Losses) on Loan Hedges

In millions of dollars	Third Quarter 2018	Third Quarter 2017	% Change	Nine Months 2018	Nine Months 2017	% Change
Investment banking revenue details						
Advisory	$262	$240	9 %	$838	$807	4 %
Equity underwriting	259	311	(17)	810	870	(7)
Debt underwriting	660	729	(9)	2,085	2,400	(13)
Total investment banking	$1,181	$1,280	(8)%	$3,733	$4,077	(8)%
Treasury and trade solutions	2,283	2,185	4	6,887	6,399	8
Corporate lending—excluding gains (losses) on loan hedges[1]	563	506	11	1,673	1,425	17
Private bank	849	790	7	2,601	2,332	12
Total banking revenues (ex-gains (losses) on loan hedges)	$4,876	$4,761	2 %	$14,894	$14,233	5 %
Corporate lending—gains (losses) on loan hedges[1]	$(106)	$(48)	NM	$(60)	$(154)	61 %
Total banking revenues (including gains (losses) on loan hedges), net of interest expense	$4,770	$4,713	1 %	$14,834	$14,079	5 %
Fixed income markets	$3,199	$2,936	9 %	$9,693	$9,888	(2)%
Equity markets	792	785	1	2,759	2,312	19
Securities services	672	608	11	1,978	1,754	13
Other[2]	(192)	388	NM	(484)	137	NM
Total markets and securities services revenues, net of interest expense	$4,471	$4,717	(5)%	$13,946	$14,091	(1)%
Total revenues, net of interest expense	$9,241	$9,430	(2)%	$28,780	$28,170	2 %
Commissions and fees	$165	$171	(4)%	$523	$471	11 %
Principal transactions[3]	2,020	1,592	27	6,312	5,887	7
Other	84	130	(35)	388	464	(16)
Total non-interest revenue	$2,269	$1,893	20 %	$7,223	$6,822	6 %
Net interest revenue	930	1,043	(11)	2,470	3,066	(19)
Total fixed income markets	$3,199	$2,936	9 %	$9,693	$9,888	(2)%
Rates and currencies	$2,347	$2,189	7 %	$7,052	$6,973	1 %
Spread products/other fixed income	852	747	14	2,641	2,915	(9)
Total fixed income markets	$3,199	$2,936	9 %	$9,693	$9,888	(2)%
Commissions and fees	$284	$309	(8)%	$953	$958	(1)%
Principal transactions[3]	284	211	35	922	399	NM
Other	(3)	(5)	40	97	(2)	NM
Total non-interest revenue	$565	$515	10 %	$1,972	$1,355	46 %
Net interest revenue	227	270	(16)	787	957	(18)
Total equity markets	$792	$785	1 %	$2,759	$2,312	19 %

(1) Credit derivatives are used to economically hedge a portion of the corporate loan portfolio that includes both accrual loans and loans at fair value. Gains (losses) on loan hedges include the mark-to-market on the credit derivatives and the mark-to-market on the loans in the portfolio that are at fair value. The fixed premium costs of these hedges are netted against the corporate lending revenues to reflect the cost of credit protection. Citigroup's results of operations excluding the impact of gains (losses) on loan hedges are non-GAAP financial measures.

(2) Third quarter of 2017 includes an approximate $580 million gain on the sale of a fixed income analytics business.

(3) Excludes principal transactions revenues of ICG businesses other than Markets, primarily treasury and trade solutions and the private bank.

NM Not meaningful

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3Q18 vs. 3Q17
Net income increased 2%, driven primarily by a lower effective tax rate due to Tax Reform, which more than offset lower revenues, higher cost of credit and expenses.

- Revenues decreased 2%, as a 1% increase in Banking revenues was more than offset by a 5% decrease in Markets and securities services, reflecting the impact of

the approximate $580 million gain on sale of a fixed income analytics business in the prior-year period. Excluding the gain on sale in the prior-year period, revenues were up 4%, driven by higher revenues in both Banking and Markets and securities services. The increase in Banking revenues was driven by improved performance in treasury and trade solutions and the private bank, partially offset by a decline in investment banking. Excluding the gain on sale, Markets and securities services revenues increased 8%, driven by higher revenues in fixed income markets and securities services.

Within Banking:

- Investment banking revenues declined 8%, driven by a drop in market wallet across all major products. Advisory revenues increased 9%, reflecting strong performance in North America. Equity underwriting revenues decreased 17%, driven by lower market wallet as well as a decline in market share. Debt underwriting revenues decreased 9%, due to the decline in market wallet despite gaining market share.
- Treasury and trade solutions revenues increased 4%. Excluding the impact of FX translation, revenues increased 8%, reflecting strength in all regions. Revenue growth in the cash business was primarily driven by continued growth in deposit balances and improved deposit spreads, as well as higher transaction volumes from both new and existing clients. Trade revenues were largely unchanged, as loan growth was offset by the tightening of loan spreads and lower episodic fees. Average deposit balances increased 7% (8% excluding the impact of FX translation), with strong growth in deposits across all regions. Average loans increased 3% (4% excluding the impact of FX translation), driven by EMEA and Latin America.
- Corporate lending revenues of $457 million were largely unchanged. Excluding the losses on loan hedges, revenues increased 11%, driven by lower hedging cost and higher loan volumes. Average loans increased 8% versus the prior-year period.
- Private bank revenues increased 7%, driven by North America and EMEA, reflecting higher deposit spreads, an increase in loans and higher managed investments revenues due to strong client activity.

Within Markets and securities services:

- Fixed income markets revenues increased 9%, driven by higher revenues in EMEA and North America. The increase in revenues was largely due to higher non-interest revenue (an increase of 20%) in rates and

currencies as well as spread products and other fixed income, partially offset by lower net interest revenue, mainly reflecting a change in the mix of trading positions in support of client activity as well as higher funding costs, given the higher interest rate environment. The increase in non-interest revenues was driven by higher principal transaction revenues (increase of 27%), primarily in rates and currencies, reflecting higher client activity and facilitation gains.
Rates and currencies revenues increased 7%, driven by higher G10 rates and G10 FX revenues in all regions, reflecting strength in corporate client activity, as well as benefiting from a continuation of volatility in the FX markets.
Spread products and other fixed income revenues increased 14%, primarily due to a comparison to a weak prior-year period, particularly in North America and EMEA.
- Equity markets revenues increased 1%, as growth in equity derivatives and prime finance was partially offset by lower cash equities revenues. Equity derivatives and prime finance revenues increased in EMEA, North America and Asia, driven by higher investor client activity and higher client balances. Cash equities revenues decreased across regions, reflecting a more challenging trading environment and lower commissions, as well as comparison to a strong

prior-year period. Principal transactions revenues increased 35%, partially offset by a decrease in net interest revenue, mainly reflecting a change in the mix of trading positions in support of client activity.

- Securities services revenues increased 11%. Excluding the impact of FX translation, revenues increased 15%, reflecting growth in all regions. The increase in revenues was driven by higher fee revenues, reflecting growth in both client volumes and assets under custody, as well as higher net interest revenue driven by higher deposit volume and higher interest rates.

Expenses increased 1%, driven by an increase in compensation costs, volume-related expenses and investments, partially offset by efficiency savings and a benefit from FX translation.

Provisions increased $235 million to $71 million, driven by higher provisions for unfunded lending commitments (up $211 million) and a higher net loan loss reserve build (up $45 million), partially offset by lower net credit losses (down $21 million). The increase in provisions was largely driven by volume-related reserve builds and an absence of a large release in the prior-year period.

2018 YTD vs. 2017 YTD

Net income increased 10%, primarily driven by higher revenues and a lower effective tax rate due to the impact of Tax Reform, partially offset by higher expenses and higher credit costs.

- Revenues increased 2%, driven by a 5% increase in Banking revenues, partially offset by a 1% decrease in Markets and securities services revenues. Excluding the gain on sale in the prior-year period, revenues increased 4%, reflecting higher revenues in both Banking (increase of 5%) and Markets and securities services (increase of 3%).

Within Banking:

- Investment banking revenues declined 8%, due to a decline in market wallet across all major products as well as a particularly strong performance in the prior-year period. Advisory revenues increased 4%, reflecting gains in wallet share despite a decline in the overall market wallet. Equity underwriting revenues declined 7%, driven by the decline in market wallet. Debt underwriting revenues declined 13%, driven by the decline in market wallet as well as a decline in wallet share.
- Treasury and trade solutions revenues increased 8%, reflecting growth across both net interest and fee income, driven by continued growth in deposit and loan volumes, improved deposit spreads and strong fee growth across most cash products.
- Corporate lending revenues increased 27%. Excluding the impact of losses on loan hedges, revenues increased 17%, driven by the same factors described above. Average loans increased 10% versus the prior-year period.
- Private bank revenues increased 12%, driven by strong client activity across all regions. The increase in revenues reflected higher deposit spreads, an increase in loans, higher managed investments revenues and increased capital markets activity.

Within Markets and securities services:

- Fixed income markets revenues decreased 2%, primarily due to lower revenues in North America, Asia and Latin America. Rates and currencies revenues increased 1%, driven by higher G10 FX revenues that benefited from the return of volatility in the FX markets, as well as strong corporate and investor client activity. This increase was partially offset by lower G10 rates revenues due to lower client activity, as well as a comparison to a strong prior-year period, primarily in EMEA. Spread products and other fixed income revenues decreased 9%, primarily in North America, largely due to lower investor client activity, reflecting the more challenging market environment and a comparison to a strong prior-year period.
- Equity markets revenues increased 19%, reflecting strength in Asia, North America and EMEA, due to growth in equity derivatives and prime finance, driven by a more favorable operating environment with higher market volatility and increased investor and corporate client activity, as well as higher client balances.
- Securities services revenues increased 13%, driven by the same factors described above.

Expenses increased 4%, driven by the same factors described above.

Provisions increased $337 million to $55 million, primarily due to volume-related reserve builds for both funded loans and unfunded lending commitments, and a lower loan loss reserve release as compared to the prior-year period.

CORPORATE/OTHER

Corporate/Other includes certain unallocated costs of global staff functions (including finance, risk, human resources, legal and compliance), other corporate expenses and unallocated global operations and technology expenses and income taxes, as well as Corporate Treasury, certain North America legacy consumer loan portfolios, other legacy assets and discontinued operations (for additional information on Corporate/Other, see "Citigroup Segments" above). At September 30, 2018, Corporate/Other had $94 billion in assets, down $6 billion year-over-year.

	Third Quarter			Nine Months		
In millions of dollars	2018	2017	% Change	2018	2017	% Change
Net interest revenue	$554	$516	7 %	$1,645	$1,571	5 %
Non-interest revenue	(60)	3	NM	(32)	810	NM
Total revenues, net of interest expense	$494	$519	(5)%	$1,613	$2,381	(32)%
Total operating expenses	$459	$827	(44)%	$1,799	$2,957	(39)%
Net credit losses	$19	$29	(34)%	$24	$134	(82)%
Credit reserve build (release)	(43)	(79)	46	(171)	(268)	36
Provision (release) for unfunded lending commitments	(5)	—	—	(6)	3	NM
Provision for benefits and claims	(1)	—	NM	(2)	1	NM
Provisions for credit losses and for benefits and claims	$(30)	$(50)	40 %	$(155)	$(130)	(19)%
Income (loss) from continuing operations before taxes	$65	$(258)	NM	$(31)	$(446)	93 %
Income taxes (benefits)	116	(163)	NM	109	(435)	NM
Income (loss) from continuing operations	$(51)	$(95)	46 %	$(140)	$(11)	NM
Income (loss) from discontinued operations, net of taxes	(8)	(5)	(60)	—	(2)	100 %
Net income (loss) before attribution of noncontrolling interests	$(59)	$(100)	41 %	$(140)	$(13)	NM
Noncontrolling interests	8	(17)	NM	26	(13)	NM
Net income (loss)	$(67)	$(83)	19 %	$(166)	$—	— %

NM Not meaningful

3Q18 vs. 3Q17

The net loss was $67 million, compared to a net loss of $83 million in the prior-year period. The lower net loss was largely driven by lower expenses, partially offset by higher taxes and a lower net loan loss reserve release.

Revenues decreased 5%, driven by the continued wind-down of legacy assets.

Expenses decreased 44%, primarily driven by the wind-down of legacy assets as well as lower infrastructure costs.

Provisions increased $20 million to a net benefit of $30 million, as lower net credit losses were more than offset by a lower net loan loss reserve release. The decline in net credit losses reflected the impact of ongoing divestiture activity, including the impact of the continued wind-down in the legacy North America mortgage portfolio.

2018 YTD vs. 2017 YTD

The net loss was $166 million, compared to $0 net income in the prior-year period, reflecting lower revenues and higher taxes, partially offset by lower expenses and a higher net benefit from credit.

Revenues decreased 32%, primarily driven by the same factors described above.

Expenses decreased 39%, driven by the same factors described above, as well as lower legal costs.

Provisions decreased $25 million to a net benefit of $155 million, driven by lower net credit losses, partially offset by a lower net loan loss reserve release. Net credit losses declined 82% to $24 million, driven by the same factors described above.

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OFF-BALANCE SHEET ARRANGEMENTS

The table below shows where a discussion of Citi's various off-balance sheet arrangements in this Form 10-Q may be found. For additional information, see "Off-Balance Sheet Arrangements" and Notes 1, 21 and 26 to the Consolidated Financial Statements in Citigroup's 2017 Annual Report on Form 10-K.

Types of Off-Balance Sheet Arrangements	Disclosures in this Form 10-Q
Variable interests and other obligations, including contingent obligations, arising from variable interests in nonconsolidated VIEs	See Note 18 to the Consolidated Financial Statements.
Letters of credit, and lending and other commitments	See Note 22 to the Consolidated Financial Statements.
Guarantees	See Note 22 to the Consolidated Financial Statements.

CAPITAL RESOURCES

Overview

Capital is used principally to support assets in Citi's businesses and to absorb credit, market and operational losses. Citi primarily generates capital through earnings from its operating businesses. Citi may augment its capital through issuances of common stock, noncumulative perpetual preferred stock and equity issued through awards under employee benefit plans, among other issuances.

Further, Citi's capital levels may also be affected by changes in accounting and regulatory standards, as well as U.S. corporate tax laws and the impact of future events on Citi's business results, such as changes in interest and foreign exchange rates, as well as business and asset dispositions.

During the third quarter of 2018, Citi returned a total of $6.4 billion of capital to common shareholders in the form of share repurchases (approximately 75 million common shares) and dividends.

Capital Management

Citi's capital management framework is designed to ensure that Citigroup and its principal subsidiaries maintain sufficient capital consistent with each entity's respective risk profile, management targets and all applicable regulatory standards and guidelines. Based on Citigroup's current regulatory capital requirements, as well as consideration of potential future changes to the U.S. Basel III rules, management currently believes that a targeted Common Equity Tier 1 Capital ratio of approximately 11.5% represents the amount necessary to prudently operate and invest in Citi's franchise, including when considering future growth plans, capital return projections and other factors that may impact Citi's businesses. However, management may revise Citigroup's targeted Common Equity Tier 1 Capital ratio in response to changing regulatory capital requirements as well as other relevant factors. For additional information regarding Citi's capital management, see "Capital Resources—Capital Management" in Citigroup's 2017 Annual Report on Form 10-K.

Stress Testing Component of Capital Planning

Citi is subject to an annual assessment by the Federal Reserve Board as to whether Citigroup has effective capital planning processes as well as sufficient regulatory capital to absorb losses during stressful economic and financial conditions, while also meeting obligations to creditors and counterparties and continuing to serve as a credit intermediary. This annual assessment includes two related programs: the Comprehensive Capital Analysis and Review (CCAR) and Dodd-Frank Act Stress Testing (DFAST). For additional information regarding the stress testing component of capital planning, see "Forward-Looking Statements" below and "Capital Resources—Current Regulatory Capital Standards—Stress Testing Component of Capital Planning" and "Risk Factors—Strategic Risks"

in Citigroup's 2017 Annual Report on Form 10-K. For additional information regarding a recent proposed rulemaking and other potential changes in Citi's regulatory capital requirements and future CCAR processes, see "Regulatory Capital Standards Developments" in the First Quarter of 2018 Form 10-Q.

Current Regulatory Capital Standards

Citi is subject to regulatory capital standards issued by the Federal Reserve Board, which constitute the U.S. Basel III rules. These rules establish an integrated capital adequacy framework, encompassing both risk-based capital ratios and leverage ratios. For additional information regarding the risk-based capital ratios, Tier 1 Leverage ratio and Supplementary Leverage ratio, see "Capital Resources—Current Regulatory Capital Standards" in Citigroup's 2017 Annual Report on Form 10-K.

GSIB Surcharge

The Federal Reserve Board also adopted a rule that imposes a risk-based capital surcharge upon U.S. GSIBs, including Citi. Citi's GSIB surcharge effective for 2018 remains unchanged from 2017 at 3.0%. For additional information regarding the identification of a GSIB and the methodology for annually determining the GSIB surcharge, see "Capital Resources—Current Regulatory Capital Standards—GSIB Surcharge" in Citigroup's 2017 Annual Report on

Form 10-K.

Transition Provisions

The U.S. Basel III rules contain several differing, largely multi-year transition provisions (i.e., “phase-ins” and “phase-outs”). Moreover, the GSIB surcharge, Capital Conservation Buffer, and any Countercyclical Capital Buffer (currently 0%), commenced phase-in on January 1, 2016, becoming fully effective on January 1, 2019. With the exception of the non-grandfathered trust preferred securities, which do not fully phase-out until January 1, 2022, and the capital buffers and GSIB surcharge, which do not fully phase-in until January 1, 2019, all other transition provisions are entirely reflected in Citi’s regulatory capital ratios beginning January 1, 2018. Accordingly, commencing with the first quarter of 2018, Citi is presenting a single set of regulatory capital components and ratios, reflecting current regulatory capital standards in effect throughout 2018. Citi previously disclosed its Basel III risk-based capital and leverage ratios and related components reflecting Basel III Transition Arrangements with respect to regulatory capital adjustments and deductions, as well as Full Implementation, in Citi’s 2017 Annual Report on Form 10-K and Quarterly Reports on Form 10-Q; however, beginning January 1, 2018, that distinction is no longer relevant.

For additional information regarding the transition provisions under the U.S. Basel III rules, including with respect to the GSIB surcharge, see “Capital Resources—

Current Regulatory Capital Standards—Transition Provisions" in Citigroup's 2017 Annual Report on Form 10-K. For information regarding Citigroup's capital resources reflecting Basel III Transition Arrangements as of December 31, 2017, see "Capital Resources—Current Regulatory Capital Standards—Citigroup's Capital Resources Under Current Regulatory Standards" in Citigroup's 2017 Annual Report on Form 10-K.

Citigroup's Capital Resources

Citi is required to maintain stated minimum Common Equity Tier 1 Capital, Tier 1 Capital and Total Capital ratios of 4.5%, 6.0% and 8.0%, respectively.

Citi's effective minimum Common Equity Tier 1 Capital, Tier 1 Capital and Total Capital ratios during 2018, inclusive of the 75% phase-in of both the 2.5% Capital Conservation Buffer and the 3.0% GSIB surcharge (all of which is to be composed of Common Equity Tier 1 Capital), are 8.625%, 10.125% and 12.125%, respectively. Citi's effective minimum Common Equity Tier 1 Capital, Tier 1 Capital and Total Capital ratios during 2017, inclusive of the 50% phase-in of both the 2.5% Capital Conservation Buffer and the 3.0% GSIB surcharge (all of which is to be composed of Common Equity Tier 1 Capital), were 7.25%, 8.75% and 10.75%, respectively.

Citi currently estimates that its effective minimum Common Equity Tier 1 Capital, Tier 1 Capital and Total Capital ratio requirements during 2019, inclusive of the 2.5% Capital Conservation Buffer and the Countercyclical Capital Buffer at its current level of 0%, as well as a 3.0% GSIB surcharge, may be 10.0%, 11.5% and 13.5%, respectively. Furthermore, to be "well capitalized" under current federal bank regulatory agency definitions, a bank holding company must have a Tier 1 Capital ratio of at least 6.0%, a Total Capital ratio of at least 10.0%, and not be subject to a Federal Reserve Board directive to maintain higher capital levels.

Under the U.S. Basel III rules, Citi must comply with a 4.0% minimum Tier 1 Leverage ratio requirement. Effective January 1, 2018, Citi must also comply with an effective 5.0% minimum Supplementary Leverage ratio requirement.

The following tables set forth the capital tiers, total risk-weighted assets and underlying risk components, risk-based capital ratios, quarterly adjusted average total assets, Total Leverage Exposure and leverage ratios for Citi as of September 30, 2018 and December 31, 2017.

Citigroup Capital Components and Ratios

	September 30, 2018		December 31, 2017	
In millions of dollars, except ratios	Advanced Approaches	Standardized Approach	Advanced Approaches	Standardized Approach
Common Equity Tier 1 Capital	$140,428	$140,428	$142,822	$142,822
Tier 1 Capital	159,877	159,877	162,377	162,377
Total Capital (Tier 1 Capital + Tier 2 Capital)	184,623	196,808	187,877	199,989
Total Risk-Weighted Assets	1,155,188	1,196,923	1,152,644	1,155,099
Credit Risk	$769,942	$1,126,869	$767,102	$1,089,372
Market Risk	68,647	70,054	65,003	65,727
Operational Risk	316,599	—	320,539	—
Common Equity Tier 1 Capital ratio(1)(2)	12.16 %	11.73 %	12.39 %	12.36 %
Tier 1 Capital ratio(1)(2)	13.84	13.36	14.09	14.06
Total Capital ratio(1)(2)	15.98	16.44	16.30	17.31

In millions of dollars, except ratios	September 30, 2018	December 31, 2017
Quarterly Adjusted Average Total Assets(3)	$1,882,493	$1,868,326
Total Leverage Exposure(4)	2,459,993	2,432,491
Tier 1 Leverage ratio(2)	8.49 %	8.69 %
Supplementary Leverage ratio(2)	6.50	6.68

(1)

As of September 30, 2018 and December 31, 2017, Citi's reportable Common Equity Tier 1 Capital and Tier 1 Capital ratios were the lower derived under the Basel III Standardized Approach, whereas the reportable Total Capital ratio was the lower derived under the Basel III Advanced Approaches framework.

(2) Citi's risk-based capital and leverage ratios and related components as of December 31, 2017 are non-GAAP financial measures, which reflect full implementation of regulatory capital adjustments and deductions prior to the effective date of January 1, 2018.

(3) Tier 1 Leverage ratio denominator.

(4) Supplementary Leverage ratio denominator.

As indicated in the table above, Citigroup's risk-based capital ratios at September 30, 2018 were in excess of the stated and effective minimum requirements under the U.S. Basel III rules. In addition, Citi was also "well capitalized" under current federal bank regulatory agency definitions as of September 30, 2018.

Common Equity Tier 1 Capital Ratio

Citi's Common Equity Tier 1 Capital ratio was 11.7% at September 30, 2018, compared to 12.1% at June 30, 2018 and 12.4% at December 31, 2017. The ratio decreased from the second quarter of 2018 primarily due to the return of $6.4 billion of capital to common shareholders, increases in credit and market risk-weighted assets, and adverse net movements in Accumulated other comprehensive income (AOCI), partially offset by quarterly net income of $4.6 billion. Citi's Common Equity Tier 1 Capital ratio declined from year-end 2017 primarily due to the return of $12.6 billion of capital to common shareholders, increases in credit and market risk-weighted assets, and adverse net movements in AOCI, partially offset by year-to-date net income of $13.7 billion.

Components of Citigroup Capital

In millions of dollars	September 30, 2018	December 31, 2017
Common Equity Tier 1 Capital		
Citigroup common stockholders' equity[1]	$ 178,153	$181,671
Add: Qualifying noncontrolling interests	148	153
Regulatory Capital Adjustments and Deductions:		
Less: Accumulated net unrealized losses on cash flow hedges, net of tax[2]	(1,095)	(698)
Less: Cumulative unrealized net loss related to changes in fair value of financial liabilities attributable to own creditworthiness, net of tax[3]	(503)	(721)
Less: Intangible assets:		
Goodwill, net of related DTLs[4]	21,891	22,052
Identifiable intangible assets other than MSRs, net of related DTLs	4,304	4,401
Less: Defined benefit pension plan net assets	931	896
Less: DTAs arising from net operating loss, foreign tax credit and general business credit carry-forwards[5]	12,345	13,072
Total Common Equity Tier 1 Capital (Standardized Approach and Advanced Approaches)	$ 140,428	$142,822
Additional Tier 1 Capital		
Qualifying noncumulative perpetual preferred stock[1]	$ 18,851	$19,069
Qualifying trust preferred securities[6]	1,382	1,377
Qualifying noncontrolling interests	56	61
Regulatory Capital Deductions:		
Less: Permitted ownership interests in covered funds[7]	795	900
Less: Minimum regulatory capital requirements of insurance underwriting subsidiaries[8]	45	52
Total Additional Tier 1 Capital (Standardized Approach and Advanced Approaches)	$ 19,449	$19,555
Total Tier 1 Capital (Common Equity Tier 1 Capital + Additional Tier 1 Capital) (Standardized Approach and Advanced Approaches)	$ 159,877	$162,377
Tier 2 Capital		
Qualifying subordinated debt	$ 22,948	$23,673
Qualifying trust preferred securities[9]	324	329
Qualifying noncontrolling interests	48	50
Eligible allowance for credit losses[10]	13,656	13,612
Regulatory Capital Deduction:		
Less: Minimum regulatory capital requirements of insurance underwriting subsidiaries[8]	45	52
Total Tier 2 Capital (Standardized Approach)	$ 36,931	$37,612
Total Capital (Tier 1 Capital + Tier 2 Capital) (Standardized Approach)	$ 196,808	$199,989
Adjustment for excess of eligible credit reserves over expected credit losses[10]	$ (12,185)	$(12,112)
Total Tier 2 Capital (Advanced Approaches)	$ 24,746	$25,500
Total Capital (Tier 1 Capital + Tier 2 Capital) (Advanced Approaches)	$ 184,623	$187,877

(1) Issuance costs of $184 million related to noncumulative perpetual preferred stock outstanding at September 30, 2018 and December 31, 2017 are excluded from common stockholders' equity and netted against such preferred stock in accordance with Federal Reserve Board regulatory reporting requirements, which differ from those under U.S. GAAP.

(2) Common Equity Tier 1 Capital is adjusted for accumulated net unrealized gains (losses) on cash flow hedges included in AOCI that relate to the hedging of items not recognized at fair value on the balance sheet.

(3) The cumulative impact of changes in Citigroup's own creditworthiness in valuing liabilities for which the fair value option has been elected, and own-credit valuation adjustments on derivatives, are excluded from Common Equity

Tier 1 Capital, in accordance with the U.S. Basel III rules.

(4) Includes goodwill “embedded” in the valuation of significant common stock investments in unconsolidated financial institutions.

Footnotes continue on the following page.

(5) Of Citi's $23.0 billion of net DTAs at September 30, 2018, $11.4 billion were includable in Common Equity Tier 1 Capital pursuant to the U.S. Basel III rules, while $11.6 billion were excluded. Excluded from Citi's Common Equity Tier 1 Capital as of September 30, 2018 was $12.3 billion of net DTAs arising from net operating loss, foreign tax credit and general business credit carry-forwards, which was reduced by $0.7 billion of net DTLs primarily associated with goodwill and certain other intangible assets. Separately, under the U.S. Basel III rules, goodwill and these other intangible assets are deducted net of associated DTLs in arriving at Common Equity Tier 1 Capital. DTAs arising from net operating loss, foreign tax credit and general business credit carry-forwards are required to be entirely deducted from Common Equity Tier 1 Capital under the U.S. Basel III rules. Commencing on December 31, 2017, Citi's DTAs arising from temporary differences were less than the 10% limitation under the U.S. Basel III rules and therefore not subject to deduction from Common Equity Tier 1 Capital, but are subject to risk-weighting at 250%.

(6) Represents Citigroup Capital XIII trust preferred securities, which are permanently grandfathered as Tier 1 Capital under the U.S. Basel III rules.

(7) Banking entities are required to be in compliance with the Volcker Rule of the Dodd-Frank Act, which prohibits conducting certain proprietary investment activities and limits their ownership of, and relationships with, covered funds. Accordingly, Citi is required by the Volcker Rule to deduct from Tier 1 Capital all permitted ownership interests in covered funds that were acquired after December 31, 2013.

(8) 50% of the minimum regulatory capital requirements of insurance underwriting subsidiaries must be deducted from each of Tier 1 Capital and Tier 2 Capital.

(9) Represents the amount of non-grandfathered trust preferred securities eligible for inclusion in Tier 2 Capital under the U.S. Basel III rules, which will be fully phased-out of Tier 2 Capital by January 1, 2022.

(10) Under the Standardized Approach, the allowance for credit losses is eligible for inclusion in Tier 2 Capital up to 1.25% of credit risk-weighted assets, with any excess allowance for credit losses being deducted in arriving at credit risk-weighted assets, which differs from the Advanced Approaches framework, in which eligible credit reserves that exceed expected credit losses are eligible for inclusion in Tier 2 Capital to the extent the excess reserves do not exceed 0.6% of credit risk-weighted assets. The total amount of eligible credit reserves in excess of expected credit losses that were eligible for inclusion in Tier 2 Capital, subject to limitation, under the Advanced Approaches framework was $1.5 billion at both September 30, 2018 and December 31, 2017.

Citigroup Capital Rollforward

In millions of dollars	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
Common Equity Tier 1 Capital, beginning of period	$ 142,868	$ 142,822
Net income	4,622	13,732
Common and preferred stock dividends declared	(1,397)	(3,637)
Net increase in treasury stock	(5,265)	(9,369)
Net change in common stock and additional paid-in capital	98	(184)
Net increase in foreign currency translation losses net of hedges, net of tax	(221)	(1,968)
Net increase in unrealized losses on debt securities AFS, net of tax	(605)	(2,164)
Net decrease in defined benefit plans liability adjustment, net of tax	26	415
Net change in adjustment related to changes in fair value of financial liabilities attributable to own creditworthiness, net of tax	54	(59)
Net change in ASC 815—excluded component of fair value hedges	10	(22)
Net change in goodwill, net of related DTLs	(82)	161
Net decrease in identifiable intangible assets other than MSRs, net of related DTLs	157	97
Net increase in defined benefit pension plan net assets	(49)	(35)
Net decrease in DTAs arising from net operating loss, foreign tax credit and general business credit carry-forwards	206	727
Other	6	(88)
Net decrease in Common Equity Tier 1 Capital	$ (2,440)	$ (2,394)
Common Equity Tier 1 Capital, end of period (Standardized Approach and Advanced Approaches)	$ 140,428	$ 140,428
Additional Tier 1 Capital, beginning of period	$ 19,134	$ 19,555
Net decrease in qualifying perpetual preferred stock	—	(218)
Net increase in qualifying trust preferred securities	2	5
Net decrease in permitted ownership interests in covered funds	314	105
Other	(1)	2
Net change in Additional Tier 1 Capital	$ 315	$ (106)
Tier 1 Capital, end of period (Standardized Approach and Advanced Approaches)	$ 159,877	$ 159,877
Tier 2 Capital, beginning of period (Standardized Approach)	$ 36,962	$ 37,612
Net decrease in qualifying subordinated debt	(286)	(725)
Net increase in eligible allowance for credit losses	253	44
Other	2	—
Net decrease in Tier 2 Capital (Standardized Approach)	$ (31)	$ (681)
Tier 2 Capital, end of period (Standardized Approach)	$ 36,931	$ 36,931
Total Capital, end of period (Standardized Approach)	$ 196,808	$ 196,808
Tier 2 Capital, beginning of period (Advanced Approaches)	$ 25,238	$ 25,500
Net decrease in qualifying subordinated debt	(286)	(725)
Net decrease in excess of eligible credit reserves over expected credit losses	(208)	(29)
Other	2	—
Net decrease in Tier 2 Capital (Advanced Approaches)	$ (492)	$ (754)
Tier 2 Capital, end of period (Advanced Approaches)	$ 24,746	$ 24,746
Total Capital, end of period (Advanced Approaches)	$ 184,623	$ 184,623

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Citigroup Risk-Weighted Assets Rollforward (Basel III Standardized Approach)

In millions of dollars	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
Total Risk-Weighted Assets, beginning of period	$1,176,863	$1,155,099
Changes in Credit Risk-Weighted Assets		
Net increase in general credit risk exposures[1]	2,730	2,715
Net increase in repo-style transactions[2]	3,761	5,621
Net decrease in securitization exposures	(1,078)	(232)
Net increase in equity exposures	1,139	2,679
Net increase in over-the-counter (OTC) derivatives[3]	7,489	18,213
Net change in other exposures[4]	(321)	1,999
Net increase in off-balance sheet exposures[5]	266	6,502
Net increase in Credit Risk-Weighted Assets	$13,986	$37,497
Changes in Market Risk-Weighted Assets		
Net increase in risk levels[6]	$5,673	$11,603
Net change due to model and methodology updates[7]	401	(7,276)
Net increase in Market Risk-Weighted Assets	$6,074	$4,327
Total Risk-Weighted Assets, end of period	$1,196,923	$1,196,923

(1) General credit risk exposures include cash and balances due from depository institutions, securities, and loans and leases. General credit risk exposures increased during the three and nine months ended September 30, 2018, driven by growth in corporate loans.

(2) Repo-style transactions include repurchase and reverse repurchase transactions as well as securities borrowing and securities lending transactions.

(3) OTC derivatives increased during the three and nine months ended September 30, 2018, primarily due to increased notional amounts for bilateral trades.

(4) Other exposures include cleared transactions, unsettled transactions and other assets. Other exposures increased during the nine months ended September 30, 2018, primarily due to additional DTAs arising from temporary differences, which are subject to risk-weighting at 250%.

(5) Off-balance sheet exposures increased during the nine months ended September 30, 2018, primarily due to an increase in commitments to extend credit that will drive future corporate loan growth.

(6) Risk levels increased during the three months ended September 30, 2018 primarily due to an increase in positions subject to specific risk charges, partially offset by decreases in exposure levels subject to Stressed Value at Risk. Risk levels increased during the nine months ended September 30, 2018 primarily due to an increase in positions subject to specific risk charges.

(7) Risk-weighted assets decreased during the nine months ended September 30, 2018 due to changes in model inputs regarding volatility and the correlation between market risk factors, as well as methodology changes for standard specific risk charges.

Citigroup Risk-Weighted Assets Rollforward (Basel III Advanced Approaches)

In millions of dollars	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
Total Risk-Weighted Assets, beginning of period	$1,147,865	$1,152,644
Changes in Credit Risk-Weighted Assets		
Net change in retail exposures[1]	2,293	(14,218)
Net change in wholesale exposures[2]	(2,519)	5,756
Net increase in repo-style transactions[3]	98	1,394
Net change in securitization exposures	(637)	387
Net increase in equity exposures	1,320	2,878
Net change in over-the-counter (OTC) derivatives[4]	(189)	1,754
Net change in derivatives CVA[5]	(1,415)	1,783
Net increase in other exposures[6]	1,594	3,046
Net increase in supervisory 6% multiplier[7]	118	60
Net increase in Credit Risk-Weighted Assets	$663	$2,840
Changes in Market Risk-Weighted Assets		
Net increase in risk levels[8]	$5,159	$10,920
Net change due to model and methodology updates[9]	401	(7,276)
Net increase in Market Risk-Weighted Assets	$5,560	$3,644
Net change in Operational Risk-Weighted Assets[10]	$1,100	$(3,940)
Total Risk-Weighted Assets, end of period	$1,155,188	$1,155,188

(1) Retail exposures increased during the three months ended September 30, 2018, primarily due to new accounts and spending for qualifying revolving (cards) exposures. Retail exposures decreased during the nine months ended September 30, 2018, primarily due to net reductions in qualifying revolving (cards) exposures attributable to seasonal holiday spending repayments, as well as residential mortgage loan sales and repayments.

(2) Wholesale exposures decreased during the three months ended September 30, 2018 primarily due to decreases in commercial loans. Wholesale exposures increased during the nine months ended September 30, 2018, primarily due to increases in commercial loans and loan commitments.

(3) Repo-style transactions include repurchase and reverse repurchase transactions as well as securities borrowing and securities lending transactions.

(4) OTC derivatives increased during the nine months ended September 30, 2018, primarily due to increases in potential future exposure and fair value.

(5) Derivatives CVA decreased during the three months ended September 30, 2018, primarily due to decreases in exposures. Derivatives CVA increased during the nine months ended September 30, 2018, primarily due to increased exposures and changes in credit spreads.

(6) Other exposures include cleared transactions, unsettled transactions, assets other than those reportable in specific exposure categories and non-material portfolios. Other exposures increased during the three months ended September 30, 2018, primarily due to an increase in other assets. Other exposures increased during the nine months ended September 30, 2018, primarily due to an increase in other assets and additional DTAs arising from temporary differences, which are subject to risk-weighting at 250%.

(7) Supervisory 6% multiplier does not apply to derivatives CVA.

(8) Risk levels increased during the three months ended September 30, 2018 primarily due to an increase in positions subject to specific risk charges, partially offset by decreases in exposure levels subject to Stressed Value at Risk. Risk levels increased during the nine months ended September 30, 2018 primarily due to an increase in positions subject to specific risk charges.

(9) Risk-weighted assets decreased during the nine months ended September 30, 2018 due to changes in model inputs regarding volatility and the correlation between market risk factors, as well as methodology changes for standard specific risk charges.

(10) Operational risk-weighted assets increased during the three months ended September 30, 2018, and decreased during the nine months ended September 30, 2018, primarily due to changes in operational loss severity and frequency.

As set forth in the table above, total risk-weighted assets under the Basel III Standardized Approach increased from year-end 2017 due to higher credit and market risk-weighted assets. The increase in credit risk-weighted assets was primarily due to increased OTC derivatives, corporate loan commitments and an increase in repo-style transactions. Total risk-weighted assets under the Basel III Advanced Approaches increased from year-end 2017, as higher credit and market risk-weighted assets were partially offset by a decrease in operational risk-weighted assets. The increase in credit risk-weighted assets was primarily due to increases in commercial loans and loan commitments, increases in equity exposures, and additional temporary difference DTAs subject to risk weighting, partially offset

by a decline in retail exposures due to reductions in qualifying revolving (cards) exposures attributable to seasonal holiday spending repayments as well as residential mortgage loan sales and repayments. The decline in operational risk-weighted assets was primarily due to changes in operational loss severity and frequency.
Market risk-weighted assets increased under both the Basel III Standardized Approach and Basel III Advanced Approaches primarily due to increases in positions subject to specific risk charges, partially offset by changes in model inputs regarding volatility and the correlation between market risk factors, as well as methodology changes for standard specific risk charges.

Supplementary Leverage Ratio

As set forth in the table below, Citigroup's Supplementary Leverage ratio was 6.5% for the third quarter of 2018, compared to 6.6% for the second quarter of 2018 and 6.7% for the fourth quarter of 2017. The decline in the ratio quarter-over-quarter was principally driven by the return of $6.4 billion of capital to common shareholders as well as adverse net movements in AOCI, partially offset by quarterly net income of $4.6 billion. The ratio decreased from the fourth quarter of 2017, principally driven by the return of capital to common shareholders, adverse net

movements in AOCI and an increase in Total Leverage Exposure (TLE) primarily due to growth in average on-balance sheet assets and off-balance sheet commitments, partially offset by year-to-date net income.

The following table sets forth Citi's Supplementary Leverage ratio and related components for the three months ended September 30, 2018 and December 31, 2017.

Citigroup Basel III Supplementary Leverage Ratio and Related Components

In millions of dollars, except ratios	September 30, 2018	December 31, 2017
Tier 1 Capital	$159,877	$162,377
Total Leverage Exposure (TLE)		
On-balance sheet assets(1)	$1,922,804	$1,909,699
Certain off-balance sheet exposures:(2)		
Potential future exposure on derivative contracts	191,557	191,555
Effective notional of sold credit derivatives, net(3)	48,047	59,207
Counterparty credit risk for repo-style transactions(4)	22,732	27,005
Unconditionally cancellable commitments	69,794	67,644
Other off-balance sheet exposures	245,370	218,754
Total of certain off-balance sheet exposures	$577,500	$564,165
Less: Tier 1 Capital deductions	40,311	41,373
Total Leverage Exposure	$2,459,993	$2,432,491
Supplementary Leverage ratio	6.50 %	6.68 %

(1) Represents the daily average of on-balance sheet assets for the quarter.

(2) Represents the average of certain off-balance sheet exposures calculated as of the last day of each month in the quarter.

(3) Under the U.S. Basel III rules, banking organizations are required to include in TLE the effective notional amount of sold credit derivatives, with netting of exposures permitted if certain conditions are met.

(4) Repo-style transactions include repurchase and reverse repurchase transactions as well as securities borrowing and securities lending transactions.

Capital Resources of Citigroup's Subsidiary U.S. Depository Institutions

Citigroup's subsidiary U.S. depository institutions are also subject to regulatory capital standards issued by their respective primary federal bank regulatory agencies, which are similar to the standards of the Federal Reserve Board. During 2018, Citi's primary subsidiary U.S. depository institution, Citibank, N.A. (Citibank), is subject to effective minimum Common Equity Tier 1 Capital, Tier 1 Capital and Total Capital ratios, inclusive of the 75% phase-in of the 2.5% Capital Conservation Buffer, of 6.375%, 7.875% and 9.875%, respectively. Citibank's effective minimum Common Equity Tier 1 Capital, Tier 1 Capital and Total Capital ratios during 2017, inclusive of the 50% phase-in of

the 2.5% Capital Conservation Buffer, were 5.75%, 7.25% and 9.25%, respectively. Citibank is required to maintain stated minimum Common Equity Tier 1 Capital, Tier 1 Capital and Total Capital ratios of 4.5%, 6.0% and 8.0%, respectively.

The following tables set forth the capital tiers, total risk-weighted assets and underlying risk components, risk-based capital ratios, quarterly adjusted average total assets, Total Leverage Exposure and leverage ratios for Citibank, Citi's primary subsidiary U.S. depository institution, as of September 30, 2018 and December 31, 2017.

Citibank Capital Components and Ratios

In millions of dollars, except ratios	September 30, 2018 Advanced Approaches	September 30, 2018 Standardized Approach	December 31, 2017 Advanced Approaches	December 31, 2017 Standardized Approach
Common Equity Tier 1 Capital	$128,097	$128,097	$122,848	$122,848
Tier 1 Capital	130,222	130,222	124,952	124,952
Total Capital (Tier 1 Capital + Tier 2 Capital)(1)	143,471	154,081	138,008	148,946
Total Risk-Weighted Assets	946,235	1,043,721	965,435	1,024,502
Credit Risk	$667,549	$1,007,205	$674,659	$980,324
Market Risk	36,141	36,516	43,300	44,178
Operational Risk	242,545	—	247,476	—
Common Equity Tier 1 Capital ratio(2)(3)(4)	13.54 %	12.27 %	12.72 %	11.99 %
Tier 1 Capital ratio(2)(3)(4)	13.76	12.48	12.94	12.20
Total Capital ratio(2)(3)(4)	15.16	14.76	14.29	14.54

In millions of dollars, except ratios	September 30, 2018	December 31, 2017
Quarterly Adjusted Average Total Assets(5)	$1,396,471	$1,401,187
Total Leverage Exposure(6)	1,920,675	1,900,641
Tier 1 Leverage ratio(2)(4)	9.33 %	8.92 %
Supplementary Leverage ratio(2)(4)	6.78	6.57

(1) Under the Advanced Approaches framework, eligible credit reserves that exceed expected credit losses are eligible for inclusion in Tier 2 Capital to the extent that the excess reserves do not exceed 0.6% of credit risk-weighted assets, which differs from the Standardized Approach in which the allowance for credit losses is eligible for inclusion in Tier 2 Capital up to 1.25% of credit risk-weighted assets, with any excess allowance for credit losses being deducted in arriving at credit risk-weighted assets.

(2) Citibank's risk-based capital and leverage ratios and related components as of December 31, 2017 are non-GAAP financial measures, which reflect full implementation of regulatory capital adjustments and deductions prior to the effective date of January 1, 2018.

(3) As of September 30, 2018, Citibank's reportable Common Equity Tier 1 Capital, Tier 1 Capital and Total Capital ratios were the lower derived under the Basel III Standardized Approach. As of December 31, 2017, Citibank's reportable Common Equity Tier 1 Capital and Tier 1 Capital ratios were the lower derived under the Basel III Standardized Approach, whereas the reportable Total Capital ratio was the lower derived under the Basel III Advanced Approaches framework.

(4) Citibank must maintain minimum Common Equity Tier 1 Capital, Tier 1 Capital, Total Capital and Tier 1 Leverage ratios of 6.5%, 8.0%, 10.0% and 5.0%, respectively, to be considered “well capitalized” under the revised Prompt Corrective Action (PCA) regulations applicable to insured depository institutions as established by the U.S. Basel III rules. Effective January 1, 2018, Citibank must also maintain a minimum Supplementary Leverage ratio of 6.0% to be considered “well capitalized.” For additional information, see “Capital Resources—Current Regulatory Capital Standards—Prompt Corrective Action Framework” in Citigroup’s 2017 Annual Report on Form 10-K.
(5) Tier 1 Leverage ratio denominator.
(6) Supplementary Leverage ratio denominator.

As indicated in the table above, Citibank’s capital ratios at September 30, 2018 were in excess of the stated and effective minimum requirements under the U.S.

Basel III rules. In addition, Citibank was also “well capitalized” as of September 30, 2018 under the revised PCA regulations.

Impact of Changes on Citigroup and Citibank Capital Ratios

The following tables present the estimated sensitivity of Citigroup's and Citibank's capital ratios to changes of $100 million in Common Equity Tier 1 Capital, Tier 1 Capital and Total Capital (numerator), and changes of $1 billion in Advanced Approaches and Standardized Approach risk-weighted assets and quarterly adjusted average total assets, as well as Total Leverage Exposure (denominator), as of September 30, 2018. This information is provided for the

purpose of analyzing the impact that a change in Citigroup's or Citibank's financial position or results of operations could have on these ratios. These sensitivities only consider a single change to either a component of capital, risk-weighted assets, quarterly adjusted average total assets or Total Leverage Exposure. Accordingly, an event that affects more than one factor may have a larger basis point impact than is reflected in these tables.

Impact of Changes on Citigroup and Citibank Risk-Based Capital Ratios

	Common Equity Tier 1 Capital ratio		Tier 1 Capital ratio		Total Capital ratio	
In basis points	Impact of $100 million change in Common Equity Tier 1 Capital	Impact of $1 billion change in risk-weighted assets	Impact of $100 million change in Tier 1 Capital	Impact of $1 billion change in risk-weighted assets	Impact of $100 million change in Total Capital	Impact of $1 billion change in risk-weighted assets
Citigroup						
Advanced Approaches	0.9	1.1	0.9	1.2	0.9	1.4
Standardized Approach	0.8	1.0	0.8	1.1	0.8	1.4
Citibank						
Advanced Approaches	1.1	1.4	1.1	1.5	1.1	1.6
Standardized Approach	1.0	1.2	1.0	1.2	1.0	1.4

Impact of Changes on Citigroup and Citibank Leverage Ratios

	Tier 1 Leverage ratio		Supplementary Leverage ratio	
In basis points	Impact of $100 million change in Tier 1 Capital	Impact of $1 billion change in quarterly adjusted average total assets	Impact of $100 million change in Tier 1 Capital	Impact of $1 billion change in Total Leverage Exposure
Citigroup	0.5	0.5	0.4	0.3
Citibank	0.7	0.7	0.5	0.4

Citigroup Broker-Dealer Subsidiaries

At September 30, 2018, Citigroup Global Markets Inc., a U.S. broker-dealer registered with the SEC that is an indirect wholly owned subsidiary of Citigroup, had net capital, computed in accordance with the SEC's net capital rule, of $10.5 billion, which exceeded the minimum requirement by $8.1 billion.

Moreover, Citigroup Global Markets Limited, a broker-dealer registered with the United Kingdom's Prudential Regulation Authority (PRA) that is also an indirect wholly owned subsidiary of Citigroup, had total capital of $20.9 billion at September 30, 2018, which exceeded the PRA's minimum regulatory capital requirements.

In addition, certain of Citi's other broker-dealer subsidiaries are subject to regulation in the countries in which they do business, including requirements to maintain specified levels of net capital or its equivalent. Citigroup's other broker-dealer subsidiaries were in compliance with their regulatory capital requirements at September 30, 2018.

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Regulatory Capital Standards Developments

Leverage Ratio Treatment of Client Cleared Derivatives

In October 2018, the Basel Committee on Banking Supervision (Basel Committee) issued a consultative document seeking views as to whether a targeted and limited revision of the leverage ratio exposure measure is warranted with regard to the treatment of client cleared derivatives. In the U.S., the Basel Committee's leverage ratio framework and leverage ratio exposure measure are most closely aligned with the Supplementary Leverage Ratio and Total Leverage Exposure, respectively. Under the Basel Committee's leverage ratio framework, which was last updated in December 2017, the leverage ratio exposure measure is generally not adjusted for physical or financial collateral, guarantees or other credit risk mitigation techniques. However, the Basel Committee consultative document proposes two alternative treatments for client cleared derivatives that would reduce the leverage ratio exposure measure, to varying degrees, in recognition of the beneficial effects of margin requirements and overcollateralization, as applicable.

One of the options under consideration would allow amounts of cash and non-cash initial margin that are received from the client to offset the potential future exposure of derivatives centrally cleared on the client's behalf. Another option would amend the currently specified treatment of client cleared derivatives to align it with the measurement as determined per the Basel Committee's standardized approach for measuring counterparty credit risk exposures, as used for risk-based capital requirements. This option would permit both cash and non-cash forms of initial margin and variation margin received from the client to offset replacement cost and potential future exposure for client cleared derivatives only.

The U.S. banking agencies may revise the treatment of client cleared derivatives under the Supplementary Leverage Ratio in the future, based upon any revisions adopted by the Basel Committee.

Tangible Common Equity, Book Value Per Share, Tangible Book Value Per Share and Returns on Equity
Tangible common equity (TCE), as defined by Citi, represents common stockholders' equity less goodwill and identifiable intangible assets (other than MSRs). Other companies may calculate TCE in a different manner. TCE, tangible book value per share and returns on average TCE are non-GAAP financial measures.

In millions of dollars or shares, except per share amounts	September 30, 2018	December 31, 2017
Total Citigroup stockholders' equity	$ 197,004	$ 200,740
Less: Preferred stock	19,035	19,253
Common stockholders' equity	$ 177,969	$ 181,487
Less:		
Goodwill	22,187	22,256
Identifiable intangible assets (other than MSRs)	4,598	4,588
Goodwill and identifiable intangible assets (other than MSRs) related to assets held-for-sale (HFS)	—	32
Tangible common equity (TCE)	$ 151,184	$ 154,611
Common shares outstanding (CSO)	2,442.1	2,569.9
Book value per share (common equity/CSO)	$ 72.88	$ 70.62
Tangible book value per share (TCE/CSO)	61.91	60.16

In millions of dollars	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Net income available to common shareholders	$4,352	$3,861	$12,872	$11,202
Average common stockholders' equity[(1)]	$179,459	$209,764	$180,772	$208,787
Average TCE	$152,712	$182,333	$153,909	$181,271
Return on average common stockholders' equity	9.6 %	7.3 %	9.5 %	7.2 %
Return on average TCE (ROTCE)[(2)]	11.3	8.4	11.2	8.3

(1) Average common stockholders' equity for the 2018 periods includes the $22.6 billion impact from Tax Reform recorded at the end of the fourth quarter of 2017.
(2) ROTCE represents annualized net income available to common shareholders as a percentage of average TCE.

Managing Global Risk Table of Contents

(1) For additional information regarding certain credit risk, market risk and other quantitative and qualitative information, refer to Citi’s Pillar 3 Basel III Advanced Approaches Disclosures, as required by the rules of the Federal Reserve Board, on Citi’s Investor Relations website.

MANAGING GLOBAL RISK

For Citi, effective risk management is of primary importance to its overall operations. Accordingly, Citi's risk management process has been designed to identify, monitor, evaluate and manage the principal risks it assumes in conducting its activities. Specifically, the activities that Citi engages in, and the risks those activities generate, must be consistent with Citi's mission and value proposition, the key principles that guide it and Citi's risk appetite.
For more information on Citi's management of global risk, including its three lines of defense, see "Managing Global Risk" in Citi's 2017 Annual Report on Form 10-K.

CREDIT RISK

For additional information on credit risk, including Citi's credit risk management, measurement and stress testing, see "Credit Risk" and "Risk Factors" in Citi's 2017 Annual Report on Form 10-K.

CONSUMER CREDIT

Citi provides traditional retail banking, including commercial banking, and credit card products in 19 countries and jurisdictions through North America GCB, Latin America GCB and Asia GCB. The retail banking products include consumer mortgages, home equity, personal and commercial loans and lines of credit and similar related products with a focus on lending to prime customers. Citi uses its risk appetite framework to define its lending parameters. In addition, Citi uses proprietary scoring models for new customer approvals.

As stated in "Global Consumer Banking" above, GCB's overall strategy is to leverage Citi's global footprint and be the pre-eminent bank for the affluent and emerging affluent consumers in large urban centers. In credit cards and in certain retail markets (including commercial banking), Citi serves customers in a somewhat broader set of segments and geographies. GCB's commercial banking business primarily focuses on small to mid-size businesses and also serves larger middle market companies in certain regions.

Consumer Credit Portfolio

The following table shows Citi's quarterly end-of-period consumer loans:[1]

In billions of dollars	3Q'17	4Q'17	1Q'18	2Q'18	3Q'18
Retail banking:					
Mortgages	$81.4	$81.7	$82.1	$80.5	$80.9
Commercial banking	35.5	36.3	36.8	36.5	37.2
Personal and other	27.3	27.9	28.5	28.1	28.7
Total retail banking	$144.2	$145.9	$147.4	$145.1	$146.8
Cards:					
Citi-branded cards	$110.7	$115.7	$110.6	$112.3	$112.8
Citi retail services	45.9	49.2	46.0	48.6	49.4
Total cards	$156.6	$164.9	$156.6	$160.9	$162.2
Total GCB	$300.8	$310.8	$304.0	$306.0	$309.0
GCB regional distribution:					
North America	62%	63%	61%	63%	62%
Latin America	9	8	9	8	9
Asia[2]	29	29	30	29	29
Total GCB	100%	100%	100%	100%	100%

Corporate/Other[3]	$24.8	$22.9	$21.1	$17.6	$16.5
Total consumer loans	$325.6	$333.7	$325.1	$323.6	$325.5

(1) End-of-period loans include interest and fees on credit cards.
(2) Asia includes loans and leases in certain EMEA countries for all periods presented.
(3) Primarily consists of legacy assets, principally North America consumer mortgages.

For information on changes to Citi's end-of-period consumer loans, see "Liquidity Risk—Loans" below.

Overall Consumer Credit Trends

The following charts show the quarterly trends in delinquencies and net credit losses across both retail banking, including commercial banking, and cards for total GCB and by region.

Global Consumer Banking

North America GCB

North America GCB provides mortgages, home equity loans, personal loans and commercial banking products through Citi's retail banking network and card products through Citi-branded cards and Citi retail services businesses. The retail bank is concentrated in six major metropolitan cities in the United States (for additional information on the U.S. retail bank, see "North America GCB" above).

As of September 30, 2018, approximately 71% of North America GCB consumer loans consisted of Citi-branded and Citi retail services cards, which generally drives the overall credit performance of North America GCB (for additional information on North America GCB's cards portfolios, including delinquency and net credit loss rates, see "Credit Card Trends" below).

As shown in the chart above, the quarter-over-quarter net credit loss rate decreased while the 90+ days past due delinquency rate slightly increased, primarily driven by seasonality in both cards portfolios. The year-over-year net credit loss rate decreased due to an episodic charge-off in the commercial portfolio in the prior-year period, while the delinquency rate was broadly stable.

Latin America GCB

Latin America GCB operates in Mexico through Citibanamex, one of Mexico's largest banks, and provides credit cards, consumer mortgages, personal loans and commercial banking products. Latin America GCB serves a more mass market segment in Mexico and focuses on developing multi-product relationships with customers.

As set forth in the chart above, the 90+ days past due delinquency rate decreased quarter-over-quarter and year-over-year, primarily due to improvements in mortgages and the commercial portfolio. The quarter-over-quarter and year-over year net credit loss rate increased, primarily driven by an episodic charge-off in the commercial portfolio, which was offset by a related loan loss reserve release.

Asia[1] GCB

(1) Asia includes GCB activities in certain EMEA countries for all periods presented.

Asia GCB operates in 17 countries in Asia and EMEA and provides credit cards, consumer mortgages, personal loans and commercial banking products.

As shown in the chart above, the 90+ days past due delinquency and net credit loss rates were broadly stable in Asia GCB quarter-over-quarter and year-over-year as of the third quarter of 2018. This stability reflects the strong credit profiles in Asia GCB's target customer segments. In addition, regulatory changes in many markets in Asia over the past few years have resulted in stable portfolio credit quality.

For additional information on cost of credit, loan delinquency and other information for Citi's consumer loan portfolios, see each respective business's results of operations above and Note 13 to the Consolidated Financial Statements.

Credit Card Trends

The following charts show the quarterly trends in delinquencies and net credit losses for total GCB cards, North America Citi-branded cards and Citi retail services portfolios as well as for Latin America and Asia Citi-branded cards portfolios.

Global Cards

North America Citi-Branded Cards

North America GCB's Citi-branded cards portfolio issues proprietary and co-branded cards. As shown in the chart above, quarter-over-quarter the 90+ days past due delinquency rate was stable while the net credit loss rate decreased primarily due to seasonality. The year-over-year increases in both the delinquency and net credit loss rates were driven primarily by portfolio seasoning.

North America Citi Retail Services

Citi retail services partners directly with more than 20 retailers and dealers to offer private-label and co-branded consumer and commercial cards. Citi retail services' target market is focused on select industry segments such as home improvement, specialty retail, consumer electronics and fuel. Citi retail services continually evaluates opportunities to add partners within target industries that have strong loyalty, lending or payment programs and growth potential.

As shown in the chart above, Citi retail services' 90+ days past due delinquency rate increased quarter-over-quarter, mainly due to seasonality, while the net credit loss rate decreased, primarily due to seasonality and the impact of recently acquired portfolios. The year-over-year net credit loss rate decrease was primarily driven by the impact of recently acquired portfolios.

Latin America Citi-Branded Cards

Latin America GCB issues proprietary and co-branded cards. As set forth in the chart above, the quarter-over-quarter net credit loss rate increased while the 90+ days past due delinquency rate decreased, both primarily driven by seasonality. The year-over-year net credit loss and delinquency rates increased, primarily due to portfolio seasoning.

Asia Citi-Branded Cards[1]

(1) Asia includes loans and leases in certain EMEA countries for all periods presented.

Asia GCB issues proprietary and co-branded cards. As set forth in the chart above, the 90+ days past due delinquency rate has remained broadly stable, driven by the mature and well-diversified cards portfolios. The increase in the year-over-year net credit loss rate was primarily driven by the conversion of an acquired portfolio in Australia. The quarter-over-quarter decrease in the net credit loss rate was primarily related to improvements in this portfolio.
For additional information on cost of credit, delinquency and other information for Citi's cards portfolios, see each respective business's results of operations above and Note 13 to the Consolidated Financial Statements.

North America Cards FICO Distribution
The following tables show the current FICO score distributions for Citi's North America Citi-branded cards and Citi retail services portfolios based on end-of-period receivables. FICO scores are updated monthly for substantially all of the portfolio and on a quarterly basis for the remaining portfolio.

Citi-Branded

FICO distribution	September 30, 2018		June 30, 2018		September 30, 2017	
> 760	42	%	43	%	40	%
680 - 760	41		40		41	
< 680	17		17		19	
Total	100	%	100	%	100	%

Citi Retail Services

FICO distribution	September 30, 2018		June 30, 2018		September 30, 2017	
> 760	24	%	24	%	23	%
680 - 760	43		43		43	
< 680	33		33		34	
Total	100	%	100	%	100	%

The FICO distribution of both portfolios was stable compared to the previous quarter and previous year. The portfolios continued to demonstrate strong underlying credit quality. For additional information on FICO scores, see Note 13 to the Consolidated Financial Statements.

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North America Consumer Mortgage Lending

Citi's North America consumer mortgage portfolio consists of both residential first mortgages and home equity loans. The following table shows the outstanding quarterly end-of-period loans for Citi's North America residential first mortgage and home equity loan portfolios:

In billions of dollars	3Q'17	4Q'17	1Q'18	2Q'18	3Q'18
GCB:					
Residential firsts	$40.1	$40.1	$40.1	$40.3	$40.7
Home equity	4.1	4.2	4.1	4.1	3.9
Total GCB	$44.2	$44.3	$44.2	$44.4	$44.6
Corporate/Other:					
Residential firsts	$10.1	$9.3	$8.1	$7.6	$7.0
Home equity	11.5	10.6	9.9	8.8	8.2
Total Corporate/ Other	$21.6	$19.9	$18.0	$16.4	$15.2
Total Citigroup— North America	$65.8	$64.2	$62.2	$60.8	$59.8

For additional information on delinquency and net credit loss trends in Citi's consumer mortgage portfolio, see "Additional Consumer Credit Details" below.

Home Equity Loans—Revolving HELOCs

As set forth in the table above, Citi had $12.1 billion of home equity loans as of September 30, 2018, of which $2.5 billion were fixed-rate home equity loans and $9.6 billion were extended under home equity lines of credit (Revolving HELOCs). Fixed-rate home equity loans are fully amortizing. Revolving HELOCs allow for amounts to be drawn for a period of time with the payment of interest only until the end of the draw period, when the outstanding amount is converted to an amortizing loan, or "reset" (the interest-only payment feature during the revolving period is standard for this product across the industry). Upon reset, these borrowers will be required to pay both interest, usually at a variable rate, and principal that amortizes typically over 20 years, rather than the standard 30-year amortization.

Of the Revolving HELOCs at September 30, 2018, $6.2 billion had reset (compared to $6.4 billion at June 30, 2018) and $3.4 billion were still within their revolving period and had not reset (compared to $3.7 billion at June 30, 2018). The following chart indicates the FICO and combined loan-to-value (CLTV) characteristics of Citi's Revolving HELOCs portfolio and the year in which they reset:

North America Home Equity Lines of Credit Amortization – Citigroup

Total ENR by Reset Year

In billions of dollars as of September 30, 2018

Note: Totals may not sum due to rounding.

Approximately 64% of Citi's total Revolving HELOCs portfolio had reset as of September 30, 2018 (compared to 63% as of June 30, 2018). Of the remaining Revolving HELOCs portfolio, approximately 2% will commence amortization during the remainder of 2018. Citi's customers with Revolving HELOCs that reset could experience "payment shock" due to the higher required payments on the loans. Citi currently estimates that the monthly loan payment for its Revolving HELOCs that reset during the remainder of 2018 could increase on average by approximately $270, or 98%. Increases in interest rates could further increase these payments given the variable nature of the interest rates on these loans post-reset. Borrowers' high loan-to-value positions, as well as the cost and availability of refinancing options, could limit borrowers' ability to refinance their Revolving HELOCs as these loans continue to reset.

Approximately 5.5% of the Revolving HELOCs that have reset as of September 30, 2018 were 30+ days past due, compared to 3.7% of the total outstanding home equity loan portfolio (amortizing and non-amortizing). This compared to 5.3% and 3.6%, respectively, as of June 30, 2018. As newly amortizing loans continue to season, the delinquency rate of Citi's total home equity loan portfolio could increase. Although interest rates have steadily increased over the past 12 months, resets to date have generally occurred during a period of historically low interest rates, which Citi believes has likely reduced the overall "payment shock" to the borrower.
Citi monitors this reset risk closely and will continue to consider any potential impact in determining its allowance for loan loss reserves. In addition, management continues to review and take additional actions to offset potential reset risk, such as establishing a borrower outreach program to provide reset risk education and proactively working with high-risk borrowers through a specialized single point of contact unit.

Additional Consumer Credit Details

Consumer Loan Delinquency Amounts and Ratios

In millions of dollars, except EOP loan amounts in billions	EOP loans(1) September 30, 2018	90+ days past due(2) September 30, 2018	June 30, 2018	September 30, 2017	30–89 days past due(2) September 30, 2018	June 30, 2018	September 30, 2017
Global Consumer Banking(3)(4)							
Total	$ 309.0	$2,404	$2,345	$ 2,279	$2,890	$2,558	$ 2,763
Ratio		0.78 %	0.77 %	0.76 %	0.94 %	0.84 %	0.92 %
Retail banking							
Total	$ 146.8	$508	$500	$ 489	$857	$754	$ 805
Ratio		0.35 %	0.35 %	0.34 %	0.59 %	0.52 %	0.56 %
North America	56.3	188	179	167	320	252	270
Ratio		0.34 %	0.33 %	0.30 %	0.58 %	0.46 %	0.49 %
Latin America	21.0	126	132	151	235	183	244
Ratio		0.60 %	0.66 %	0.72 %	1.12 %	0.91 %	1.16 %
Asia(5)	69.5	194	189	171	302	319	291
Ratio		0.28 %	0.27 %	0.25 %	0.43 %	0.46 %	0.43 %
Cards							
Total	$ 162.2	$1,896	$1,845	$ 1,790	$2,033	$1,804	$ 1,958
Ratio		1.17 %	1.15 %	1.14 %	1.25 %	1.12 %	1.25 %
North America—Citi-branded	88.4	707	712	668	722	627	705
Ratio		0.80 %	0.81 %	0.77 %	0.82 %	0.71 %	0.82 %
North America—Citi retail services	49.4	832	781	772	890	761	836
Ratio		1.68 %	1.61 %	1.68 %	1.80 %	1.57 %	1.82 %
Latin America	5.8	169	160	159	170	156	163
Ratio		2.91 %	2.96 %	2.84 %	2.93 %	2.89 %	2.91 %
Asia(5)	18.6	188	192	191	251	260	254
Ratio		1.01 %	1.02 %	1.02 %	1.35 %	1.38 %	1.35 %
Corporate/Other—Consumer(6)							
Total	$ 16.5	$401	$415	$ 605	$422	$355	$ 643
Ratio		2.57 %	2.49 %	2.57 %	2.71 %	2.13 %	2.74 %
International	—	—	—	57	—	—	47
Ratio		— %	— %	3.35 %	— %	— %	2.76 %
North America	16.5	401	415	548	422	355	596
Ratio		2.57 %	2.49 %	2.51 %	2.71 %	2.13 %	2.73 %
Total Citigroup	$ 325.5	$2,805	$2,760	$ 2,884	$3,312	$2,913	$ 3,406
Ratio		0.87 %	0.86 %	0.89 %	1.02 %	0.90 %	1.05 %

(1) End-of-period (EOP) loans include interest and fees on credit cards.

(2) The ratios of 90+ days past due and 30–89 days past due are calculated based on EOP loans, net of unearned income.

(3) The 90+ days past due balances for North America—Citi-branded and North America—Citi retail services are generally still accruing interest. Citigroup's policy is generally to accrue interest on credit card loans until 180 days past due, unless notification of bankruptcy filing has been received earlier.

(4) The 90+ days past due and 30–89 days past due and related ratios for North America GCB exclude U.S. mortgage loans that are guaranteed by U.S. government-sponsored entities since the potential loss predominantly resides within the U.S. government-sponsored entities. The amounts excluded for loans 90+ days past due and (EOP loans) were $235 million ($0.7 billion), $244 million ($0.7 billion) and $289 million ($0.7 billion) as of September 30,

2018, June 30, 2018 and September 30, 2017, respectively. The amounts excluded for loans 30–89 days past due and (EOP loans) were $82 million ($0.7 billion), $87 million ($0.7 billion), and $79 million ($0.7 billion) as of September 30, 2018, June 30, 2018 and September 30, 2017, respectively.

(5) Asia includes delinquencies and loans in certain EMEA countries for all periods presented.

(6) The loans 90+ days past due and related ratios exclude U.S. mortgage loans that are guaranteed by U.S. government-sponsored agencies since the potential loss predominantly resides with the U.S. agencies. The amounts excluded for 90+ days past due and (EOP loans) for each period were $0.4 billion ($0.8 billion), $0.4 billion ($0.9 billion) and $0.7 billion ($1.2 billion) as of September 30, 2018, June 30, 2018 and September 30, 2017, respectively. The amounts excluded for loans 30–89 days past due and (EOP loans) for each period were $0.1 billion ($0.8 billion), $0.1 billion ($0.9 billion), and $0.1 billion ($1.2 billion) as of September 30, 2018, June 30, 2018 and September 30, 2017, respectively.

Consumer Loan Net Credit Losses and Ratios

	Average loans(1)	Net credit losses(2)(3)		
In millions of dollars, except average loan amounts in billions	3Q18	3Q18	2Q18	3Q17
Global Consumer Banking				
Total	$ 306.8	$ 1,714	$ 1,726	$ 1,704
Ratio		2.22 %	2.28 %	2.26 %
Retail banking				
Total	$ 145.9	$ 243	$ 228	$ 300
Ratio		0.66 %	0.63 %	0.82 %
North America	56.0	32	32	88
Ratio		0.23 %	0.23 %	0.63 %
Latin America	20.7	153	138	143
Ratio		2.93 %	2.75 %	2.68 %
Asia(4)	69.2	58	58	69
Ratio		0.33 %	0.33 %	0.41 %
Cards				
Total	$ 160.9	$ 1,471	$ 1,498	$ 1,404
Ratio		3.63 %	3.81 %	3.58 %
North America—Citi-branded	87.8	644	657	611
Ratio		2.91 %	3.04 %	2.84 %
North America—Citi retail services	49.0	566	589	540
Ratio		4.58 %	5.07 %	4.70 %
Latin America	5.6	154	140	152
Ratio		10.91 %	10.40 %	10.77 %
Asia(4)	18.5	107	112	101
Ratio		2.29 %	2.38 %	2.13 %
Corporate/Other—Consumer(3)				
Total	$ 17.0	$ 12	$ (20)	$ 52
Ratio		0.28 %	(0.41)%	0.80 %
International	—	—	19	25
Ratio		— %	6.93 %	5.22 %
North America	17.0	12	(39)	27
Ratio		0.28 %	(0.85)%	0.45 %
Other(5)	—	—	—	(22)
Total Citigroup	$ 323.8	$ 1,726	$ 1,706	$ 1,734
Ratio		2.11 %	2.12 %	2.11 %

(1) Average loans include interest and fees on credit cards.

(2) The ratios of net credit losses are calculated based on average loans, net of unearned income.

(3) In October 2016, Citi entered into an agreement to sell Citi's Brazil consumer banking business. The sale was completed at the end of the fourth quarter of 2017. As a result of HFS accounting treatment, approximately $37 million of net credit losses (NCLs) was recorded as a reduction in revenue (Other revenue) during the third quarter of 2017. Accordingly, these NCLs are not included in this table. Loans classified as HFS are excluded from this table as they are recorded in Other assets.

(4) Asia includes NCLs and average loans in certain EMEA countries for all periods presented.

(5) The third quarter of 2017 NCLs reflected a recovery related to legacy assets.

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CORPORATE CREDIT

Consistent with its overall strategy, Citi's corporate clients are typically large, multinational corporations that value the depth and breadth of Citi's global network. Citi aims to establish relationships with these clients that encompass multiple products, consistent with client needs, including cash management and trade services, foreign exchange, lending, capital markets and M&A advisory.

Corporate Credit Portfolio

The following table sets forth Citi's corporate credit portfolio within ICG (excluding private bank), before consideration of collateral or hedges, by remaining tenor for the periods indicated:

In billions of dollars	At September 30, 2018				June 30, 2018				December 31, 2017			
	Due within 1 year	Greater than 1 year but within 5 years	Greater than 5 years	Total exposure	Due within 1 year	Greater than 1 year but within 5 years	Greater than 5 years	Total exposure	Due within 1 year	Greater than 1 year but within 5 years	Greater than 5 years	Total exposure
Direct outstandings (on-balance sheet)(1)	$131	$ 103	$ 20	$ 254	$133	$ 103	$ 19	$ 255	$127	$ 96	$ 22	$ 245
Unfunded lending commitments (off-balance sheet)(2)	115	253	25	393	127	235	20	382	111	222	20	353
Total exposure	$246	$ 356	$ 45	$ 647	$260	$ 338	$ 39	$ 637	$238	$ 318	$ 42	$ 598

(1) Includes drawn loans, overdrafts, bankers' acceptances and leases.
(2) Includes unused commitments to lend, letters of credit and financial guarantees.

Portfolio Mix—Geography, Counterparty and Industry

Citi's corporate credit portfolio is diverse across geography and counterparty. The following table shows the percentage of this portfolio by region based on Citi's internal management geography:

	September 30, 2018	June 30, 2018	December 31, 2017
North America	55 %	54 %	54 %
EMEA	27	27	27
Asia	11	12	12
Latin America	7	7	7
Total	100 %	100 %	100 %

The maintenance of accurate and consistent risk ratings across the corporate credit portfolio facilitates the comparison of credit exposure across all lines of business, geographic regions and products. Counterparty risk ratings reflect an estimated probability of default for a counterparty and are derived primarily through the use of validated statistical models, scorecard models and external agency ratings (under defined circumstances), in combination with consideration of factors specific to the obligor or market, such as management experience, competitive position,

regulatory environment and commodity prices. Facility risk ratings are assigned that reflect the probability of default of
the obligor and factors that affect the loss-given-default of the facility, such as support or collateral. Internal obligor ratings that generally correspond to BBB and above are
considered investment grade, while those below are considered non-investment grade.

Citigroup also has incorporated environmental factors like climate risk assessment and reporting criteria for certain obligors, as necessary. Factors evaluated include consideration of climate risk to an obligor's business and physical assets and, when relevant, consideration of cost-effective options to reduce greenhouse gas emissions.

The following table presents the corporate credit portfolio by facility risk rating as a percentage of the total corporate credit portfolio:

	Total exposure		
	September 30, 2018	June 30, 2018	December 31, 2017
AAA/AA/A	48 %	49 %	49 %
BBB	34	34	34
BB/B	17	16	16
CCC or below	1	1	1
Total	100 %	100 %	100 %

Note: Total exposure includes direct outstandings and unfunded lending commitments.

Citi's corporate credit portfolio is also diversified by industry. The following table shows the allocation of Citi's total corporate credit portfolio by industry:

	Total exposure		
	September 30, 2018	June 30, 2018	December 31, 2017
Transportation and industrial	21 %	22 %	22 %
Consumer retail and health	16	16	16
Technology, media and telecom	14	13	12
Power, chemicals, metals and mining	11	10	10
Energy and commodities	8	8	8
Banks/broker-dealers/finance companies	8	8	8
Real estate	8	7	8
Public sector	5	5	5
Insurance and special purpose entities	4	4	5
Hedge funds	4	4	4
Other industries	1	3	2
Total	100 %	100 %	100 %

Credit Risk Mitigation

As part of its overall risk management activities, Citigroup uses credit derivatives and other risk mitigants to hedge portions of the credit risk in its corporate credit portfolio, in addition to outright asset sales. The results of the mark-to-market and any realized gains or losses on credit derivatives are reflected primarily in Other revenue in the Consolidated Statement of Income.

At September 30, 2018, June 30, 2018 and December 31, 2017, $26.9 billion, $27.4 billion and $16.3 billion, respectively, of the corporate credit portfolio was economically hedged. Citigroup's expected loss model used in the calculation of its loan loss reserve does not include the favorable impact of credit derivatives and other mitigants that are marked to market. In addition, the reported amounts of direct outstandings and unfunded lending commitments in the tables above do not reflect the impact of these hedging transactions. The credit protection was economically hedging underlying corporate credit portfolio exposures with the following risk rating distribution:

Rating of Hedged Exposure

	September 30, 2018	June 30, 2018	December 31, 2017
AAA/AA/A	34 %	34 %	23 %
BBB	47	46	43
BB/B	17	18	31
CCC or below	2	2	3
Total	100 %	100 %	100 %

The credit protection was economically hedging underlying corporate credit portfolio exposures with the following industry distribution:

Industry of Hedged Exposure

	September 30, 2018	June 30, 2018	December 31, 2017
Transportation and industrial	25 %	25 %	27 %
Technology, media and telecom	15	15	12
Consumer retail and health	14	15	10
Power, chemicals, metals and mining	14	14	14
Energy and commodities	11	11	15
Public sector	7	7	12
Banks/broker-dealers/finance companies	5	4	6
Insurance and special purpose entities	4	5	2
Other industries	5	4	2
Total	100 %	100 %	100 %

ADDITIONAL CONSUMER AND CORPORATE CREDIT DETAILS

Loans Outstanding

In millions of dollars	3rd Qtr. 2018	2nd Qtr. 2018	1st Qtr. 2018	4th Qtr. 2017	3rd Qtr. 2017
Consumer loans					
In U.S. offices					
Mortgage and real estate[1]	$61,048	$61,692	$63,412	$65,467	$67,131
Installment, revolving credit and other	3,515	3,759	3,306	3,398	3,191
Cards	137,051	135,968	131,081	139,006	131,476
Commercial and industrial	7,686	7,459	7,493	7,840	7,619
Total	$209,300	$208,878	$205,292	$215,711	$209,417
In offices outside the U.S.					
Mortgage and real estate[1]	$43,714	$43,056	$44,833	$44,081	$43,723
Installment, revolving credit and other	27,899	27,254	27,651	26,556	26,153
Cards	24,971	24,712	25,993	26,257	25,443
Commercial and industrial	18,821	18,966	20,526	20,238	20,015
Lease financing	52	55	62	76	77
Total	$115,457	$114,043	$119,065	$117,208	$115,411
Total consumer loans	$324,757	$322,921	$324,357	$332,919	$324,828
Unearned income[2]	712	711	727	737	748
Consumer loans, net of unearned income	$325,469	$323,632	$325,084	$333,656	$325,576
Corporate loans					
In U.S. offices					
Commercial and industrial	$51,365	$53,260	$54,005	$51,319	$51,679
Financial institutions	46,255	42,867	40,472	39,128	37,203
Mortgage and real estate[1]	47,629	46,310	45,581	44,683	43,274
Installment, revolving credit and other	32,201	32,663	32,866	33,181	32,464
Lease financing	1,445	1,445	1,463	1,470	1,493
Total	$178,895	$176,545	$174,387	$169,781	$166,113
In offices outside the U.S.					
Commercial and industrial	$98,281	$98,068	$101,368	$93,750	$93,107
Financial institutions	37,851	38,312	35,659	35,273	33,050
Mortgage and real estate[1]	7,344	7,261	7,543	7,309	6,383
Installment, revolving credit and other	22,827	22,755	23,338	22,638	23,830
Lease financing	131	139	167	190	216
Governments and official institutions	4,898	5,270	6,170	5,200	5,628
Total	$171,332	$171,805	$174,245	$164,360	$162,214
Total corporate loans	$350,227	$348,350	$348,632	$334,141	$328,327
Unearned income[3]	(787)	(802)	(778)	(763)	(720)
Corporate loans, net of unearned income	$349,440	$347,548	$347,854	$333,378	$327,607
Total loans—net of unearned income	$674,909	$671,180	$672,938	$667,034	$653,183
Allowance for loan losses—on drawn exposures	(12,336)	(12,126)	(12,354)	(12,355)	(12,366)
Total loans—net of unearned income and allowance for credit losses	$662,573	$659,054	$660,584	$654,679	$640,817
Allowance for loan losses as a percentage of total loans—net of unearned income[4]	1.84%	1.81%	1.85%	1.87%	1.91%
Allowance for consumer loan losses as a percentage of total consumer loans—net of unearned income[4]	3.07%	3.03%	3.09%	2.96%	3.04%

Allowance for corporate loan losses as a percentage of total corporate loans—net of unearned income[4]	0.68 %	0.68 %	0.67 %	0.76 %	0.77 %

(1) Loans secured primarily by real estate.
(2) Unearned income on consumer loans primarily represents unamortized origination fees and costs, premiums and discounts.
(3) Unearned income on corporate loans primarily represents interest received in advance, but not yet earned, on loans originated on a discounted basis.
(4) All periods exclude loans that are carried at fair value.

Details of Credit Loss Experience

In millions of dollars	3rd Qtr. 2018	2nd Qtr. 2018	1st Qtr. 2018	4th Qtr. 2017	3rd Qtr. 2017
Allowance for loan losses at beginning of period	$12,126	$12,354	$12,355	$12,366	$12,025
Provision for loan losses					
Consumer	$1,869	$1,764	$1,881	$1,785	$2,142
Corporate	37	31	(78)	231	4
Total	$1,906	$1,795	$1,803	$2,016	$2,146
Gross credit losses					
Consumer					
In U.S. offices	$1,462	$1,490	$1,542	$1,426	$1,429
In offices outside the U.S.	596	599	615	611	642
Corporate					
In U.S. offices	15	5	65	21	15
In offices outside the U.S.	21	15	74	221	34
Total	$2,094	$2,109	$2,296	$2,279	$2,120
Credit recoveries[1]					
Consumer					
In U.S. offices	$212	$255	$238	$228	$167
In offices outside the U.S.	120	128	148	151	170
Corporate					
In U.S. offices	1	5	13	4	2
In offices outside the U.S.	5	17	30	16	4
Total	$338	$405	$429	$399	$343
Net credit losses					
In U.S. offices	$1,264	$1,235	$1,356	$1,215	$1,275
In offices outside the U.S.	492	469	511	665	502
Total	$1,756	$1,704	$1,867	$1,880	$1,777
Other—net[2][3][4][5][6][7]	$60	$(319)	$63	$(147)	$(28)
Allowance for loan losses at end of period	$12,336	$12,126	$12,354	$12,355	$12,366
Allowance for loan losses as a percentage of total loans[8]	1.84%	1.81%	1.85%	1.87%	1.91%
Allowance for unfunded lending commitments[9]	$1,321	$1,278	$1,290	$1,258	$1,232
Total allowance for loan losses and unfunded lending commitments	$13,657	$13,404	$13,644	$13,613	$13,598
Net consumer credit losses	$1,726	$1,706	$1,771	$1,658	$1,734
As a percentage of average consumer loans	2.11%	2.12%	2.19%	2.02%	2.11%
Net corporate credit losses (recoveries)	$30	$(2)	$96	$222	$43
As a percentage of average corporate loans	0.03%	—%	0.11%	0.27%	0.05%
Allowance by type at end of period[10]					
Consumer	$9,997	$9,796	$10,039	$9,869	$9,892
Corporate	2,339	2,330	2,315	2,486	2,474
Total	$12,336	$12,126	$12,354	$12,355	$12,366

(1) Recoveries have been reduced by certain collection costs that are incurred only if collection efforts are successful.

(2) Includes all adjustments to the allowance for credit losses, such as changes in the allowance from acquisitions, dispositions, securitizations, FX translation, purchase accounting adjustments, etc.

(3) The third quarter of 2018 includes a reduction of approximately $5 million related to the sale or transfers to held-for-sale (HFS) of various loan portfolios, including a reduction of $2 million related to the transfers of a real estate loan portfolio to HFS. Additionally, the third quarter includes an increase of approximately $62 million related to FX translation.

(4) The second quarter of 2018 includes a reduction of approximately $137 million related to the sale or transfer to HFS of various loan portfolios, including a reduction of $33 million related to the transfer of a real estate loan portfolio to HFS. Additionally, the second quarter includes a decrease of approximately $164 million related to FX translation.

(5) The first quarter of 2018 includes a reduction of approximately $55 million related to the sale or transfer to HFS of various loan portfolios, including a reduction of $53 million related to the transfer of a real estate loan portfolio to HFS. Additionally, the first quarter includes an increase of approximately $118 million related to FX translation.

(6) The fourth quarter of 2017 includes a reduction of approximately $47 million related to the sale or transfer to HFS of various loan portfolios, including a reduction of $22 million related to the transfer of a real estate loan portfolio to HFS. Additionally, the fourth quarter includes a decrease of approximately $106 million related to FX translation.

(7) The third quarter of 2017 includes a reduction of approximately $34 million related to the sale or transfer to HFS of various loan portfolios, including a reduction of $28 million related to the transfer of a real estate loan portfolio to HFS. Additionally, the third quarter includes an increase of approximately $7 million related to FX translation.

(8) September 30, 2018, June 30, 2018, March 31, 2018, December 31, 2017 and September 30, 2017 exclude $4.2 billion, $3.0 billion, $4.5 billion, $4.9 billion and $4.3 billion, respectively, of loans which are carried at fair value.

(9) Represents additional credit reserves recorded as Other liabilities on the Consolidated Balance Sheet.

(10) Allowance for loan losses represents management's best estimate of probable losses inherent in the portfolio, as well as probable losses related to large individually evaluated impaired loans and troubled debt restructurings. See "Significant Accounting Policies and Significant Estimates" and Note 1 to the Consolidated Financial Statements in Citi's 2017 Annual Report on Form 10-K. Attribution of the allowance is made for analytical purposes only and the entire allowance is available to absorb probable credit losses inherent in the overall portfolio.

Allowance for Loan Losses

The following tables detail information on Citi's allowance for loan losses, loans and coverage ratios:

In billions of dollars	September 30, 2018 Allowance for loan losses	Loans, net of unearned income	Allowance as a percentage of loans[1]	
North America cards[2]	$6.4	$ 137.9	4.6	%
North America mortgages[3]	0.5	59.8	0.8	
North America other	0.3	12.8	2.3	
International cards	1.4	24.4	5.7	
International other[4]	1.4	90.6	1.5	
Total consumer	$10.0	$ 325.5	3.1	%
Total corporate	2.3	349.4	0.7	
Total Citigroup	$12.3	$ 674.9	1.8	%

(1) Allowance as a percentage of loans excludes loans that are carried at fair value.

(2) Includes both Citi-branded cards and Citi retail services. The $6.4 billion of loan loss reserves represented approximately 16 months of coincident net credit loss coverage.

(3) Of the $0.5 billion, approximately $0.4 billion was allocated to North America mortgages in Corporate/Other. Of the $0.5 billion, approximately $0.2 billion and $0.3 billion are determined in accordance with ASC 450-20 and ASC 310-10-35 (troubled debt restructurings), respectively. Of the $59.8 billion in loans, approximately $57.0 billion and $2.7 billion of the loans are evaluated in accordance with ASC 450-20 and ASC 310-10-35 (troubled debt restructurings), respectively. For additional information, see Note 14 to the Consolidated Financial Statements.

(4) Includes mortgages and other retail loans.

In billions of dollars	December 31, 2017 Allowance for loan losses	Loans, net of unearned income	Allowance as a percentage of loans[1]

North America cards[2]	$6.1	$ 139.7	4.4	%
North America mortgages[3]	0.7	64.2	1.1	
North America other	0.3	13.0	2.3	
International cards	1.3	25.7	5.1	
International other[4]	1.5	91.1	1.6	
Total consumer	$9.9	$ 333.7	3.0	%
Total corporate	2.5	333.3	0.8	
Total Citigroup	$12.4	$ 667.0	1.9	%

(1) Allowance as a percentage of loans excludes loans that are carried at fair value.

(2) Includes both Citi-branded cards and Citi retail services. The $6.1 billion of loan loss reserves represented approximately 16 months of coincident net credit loss coverage.

(3) Of the $0.7 billion, approximately $0.6 billion was allocated to North America mortgages in Corporate/Other. Of the $0.7 billion, approximately $0.2 billion and $0.5 billion are determined in accordance with ASC 450-20 and ASC 310-10-35 (troubled debt restructurings), respectively. Of the $64.2 billion in loans, approximately $60.4 billion and $3.7 billion are evaluated in accordance with ASC 450-20 and ASC 310-10-35 (troubled debt restructurings), respectively. For additional information, see Note 14 to the Consolidated Financial Statements.

(4) Includes mortgages and other retail loans.

Non-Accrual Loans and Assets and Renegotiated Loans

There is a certain amount of overlap among non-accrual loans and assets and renegotiated loans. The following summary provides a general description of each category:

Non-Accrual Loans and Assets:

- Corporate and consumer (including commercial banking) non-accrual status is based on the determination that payment of interest or principal is doubtful.
- A corporate loan may be classified as non-accrual and still be performing under the terms of the loan structure. Payments received on corporate non-accrual loans are generally applied to loan principal and not reflected as interest income. Approximately 57%, 68% and 74% of Citi's corporate non-accrual loans were performing at September 30, 2018, June 30, 2018 and December 31, 2017, respectively.
- Consumer non-accrual status is generally based on aging, i.e., the borrower has fallen behind on payments.
- Consumer mortgage loans, other than Federal Housing Administration (FHA) insured loans, are classified as non-accrual within 60 days of notification that the borrower has filed for bankruptcy. In addition, home equity loans are classified as non-accrual if the related residential first mortgage loan is 90 days or more past due.
- North America Citi-branded cards and Citi retail services are not included because, under industry standards, credit card loans accrue interest until such loans are charged off, which typically occurs at 180 days of contractual delinquency.

Renegotiated Loans:

- Includes both corporate and consumer loans whose terms have been modified in a troubled debt restructuring (TDR).
- Includes both accrual and non-accrual TDRs.

Non-Accrual Loans

The table below summarizes Citigroup's non-accrual loans as of the periods indicated. Non-accrual loans may still be current on interest payments. In situations where Citi reasonably expects that only a portion of the principal owed will ultimately be collected, all payments received are reflected as a reduction of principal and not as interest income. For all other non-accrual loans, cash interest receipts are generally recorded as revenue.

In millions of dollars	Sept. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Sept. 30, 2017
Corporate non-accrual loans[1]					
North America	$679	$784	$817	$784	$915
EMEA	362	391	561	849	681
Latin America	266	204	263	280	312
Asia	233	244	27	29	146
Total corporate non-accrual loans	$1,540	$1,623	$1,668	$1,942	$2,054
Consumer non-accrual loans[1]					
North America	$1,323	$1,373	$1,500	$1,650	$1,721
Latin America	764	726	791	756	791
Asia[2]	287	284	284	284	271
Total consumer non-accrual loans	$2,374	$2,383	$2,575	$2,690	$2,783
Total non-accrual loans	$3,914	$4,006	$4,243	$4,632	$4,837

(1) Excludes purchased distressed loans, as they are generally accreting interest. The carrying value of these loans was $131 million at September 30, 2018, $149 million at June 30, 2018, $126 million at March 31, 2018, $167 million at December 31, 2017 and $177 million at September 30, 2017.

(2) Asia GCB includes balances in certain EMEA countries for all periods presented.

The changes in Citigroup's non-accrual loans were as follows:

	Three Months Ended September 30, 2018			Three Months Ended September 30, 2017		
In millions of dollars	Corporate	Consumer	Total	Corporate	Consumer	Total
Non-accrual loans at beginning of period	$1,623	$ 2,383	$4,006	$2,098	$ 2,848	$4,946
Additions	436	758	1,194	190	1,042	1,232
Sales and transfers to HFS	(9)	(44)	(53)	(1)	(69)	(70)
Returned to performing	(14)	(136)	(150)	(2)	(133)	(135)
Paydowns/settlements	(479)	(207)	(686)	(196)	(291)	(487)
Charge-offs	(18)	(417)	(435)	(33)	(611)	(644)
Other	1	37	38	(2)	(3)	(5)
Ending balance	$1,540	$ 2,374	$3,914	$2,054	$ 2,783	$4,837

In millions of dollars	Nine Months Ended September 30, 2018 Corporate	Consumer	Total	Nine Months Ended September 30, 2017 Corporate	Consumer	Total
Non-accrual loans at beginning of period	$1,942	$2,690	$4,632	$2,421	$3,158	$5,579
Additions	1,889	2,410	4,299	754	2,563	3,317
Sales and transfers to held-for-sale	(37)	(197)	(234)	(83)	(286)	(369)
Returned to performing	(118)	(490)	(608)	(42)	(462)	(504)
Paydowns/settlements	(1,976)	(804)	(2,780)	(843)	(856)	(1,699)
Charge-offs	(138)	(1,243)	(1,381)	(102)	(1,452)	(1,554)
Other	(22)	8	(14)	(51)	118	67
Ending balance	$1,540	$2,374	$3,914	$2,054	$2,783	$4,837

The table below summarizes Citigroup's other real estate owned (OREO) assets as of the periods indicated. This represents the carrying value of all real estate property acquired by foreclosure or other legal proceedings when Citi has taken possession of the collateral:

In millions of dollars	Sept. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Sept. 30, 2017
OREO					
North America	$76	$66	$70	$89	$97
EMEA	1	1	—	2	1
Latin America	25	24	29	35	30
Asia	7	10	15	18	15
Total OREO	$109	$101	$114	$144	$143
Non-accrual assets					
Corporate non-accrual loans	$1,540	$1,623	$1,668	$1,942	$2,054
Consumer non-accrual loans	2,374	2,383	2,575	2,690	2,783
Non-accrual loans (NAL)	$3,914	$4,006	$4,243	$4,632	$4,837
OREO	$109	$101	$114	$144	$143
Non-accrual assets (NAA)	$4,023	$4,107	$4,357	$4,776	$4,980
NAL as a percentage of total loans	0.58%	0.60%	0.63%	0.69%	0.74%
NAA as a percentage of total assets	0.21	0.21	0.23	0.26	0.26
Allowance for loan losses as a percentage of NAL(1)	315	303	291	267	256

(1) The allowance for loan losses includes the allowance for Citi's credit card portfolios and purchased distressed loans, while the non-accrual loans exclude credit card balances (with the exception of certain international portfolios) and purchased distressed loans as these continue to accrue interest until charge-off.

Renegotiated Loans

The following table presents Citi's loans modified in TDRs:

In millions of dollars	Sept. 30, 2018	Dec. 31, 2017
Corporate renegotiated loans[1]		
In U.S. offices		
Commercial and industrial[2]	$226	$225
Mortgage and real estate	64	90
Financial institutions	21	33
Other	33	45
Total	$344	$393
In offices outside the U.S.		
Commercial and industrial[2]	$254	$392
Mortgage and real estate	7	11
Financial institutions	—	15
Other	9	7
Total	$270	$425
Total corporate renegotiated loans	$614	$818
Consumer renegotiated loans[3][4][5]		
In U.S. offices		
Mortgage and real estate[6]	$2,698	$3,709
Cards	1,308	1,246
Installment and other	84	169
Total	$4,090	$5,124
In offices outside the U.S.		
Mortgage and real estate	$320	$345
Cards	493	541
Installment and other	415	427
Total	$1,228	$1,313
Total consumer renegotiated loans	$5,318	$6,437

(1) Includes $504 million and $715 million of non-accrual loans included in the non-accrual loans table above at September 30, 2018 and December 31, 2017, respectively. The remaining loans are accruing interest.

(2) In addition to modifications reflected as TDRs at September 30, 2018, Citi also modified $6 million of commercial loans risk rated "Substandard Non-Performing" or worse (asset category defined by banking regulators) in offices outside the U.S. These modifications were not considered TDRs because the modifications did not involve a concession.

(3) Includes $1,113 million and $1,376 million of non-accrual loans included in the non-accrual loans table above at September 30, 2018 and December 31, 2017, respectively. The remaining loans are accruing interest.

(4) Includes $19 million and $26 million of commercial real estate loans at September 30, 2018 and December 31, 2017, respectively.

(5) Includes $94 million and $165 million of other commercial loans at September 30, 2018 and December 31, 2017, respectively.

(6) Reduction in the nine months ended September 30, 2018 compared with December 31, 2017 includes $641 million related to TDRs sold or transferred to HFS.

LIQUIDITY RISK

For additional information on funding and liquidity at Citigroup, including its objectives, management and measurement, see “Liquidity Risk” and “Risk Factors” in Citi’s 2017 Annual Report on Form 10-K.

High-Quality Liquid Assets (HQLA)

	Citibank			Non-Bank and Other			Total		
In billions of dollars	Sept. 30, 2018	Jun. 30, 2018	Sept. 30, 2017	Sept. 30, 2018	Jun. 30, 2018	Sept. 30, 2017	Sept. 30, 2018	Jun. 30, 2018	Sept. 30, 2017
Available cash	$105.1	$97.3	$92.7	$35.1	$27.4	$32.9	$140.2	$124.7	$125.6
U.S. sovereign	102.2	101.4	108.4	29.7	28.7	26.6	131.9	130.1	135.0
U.S. agency/agency MBS	56.4	59.5	68.1	6.5	6.7	0.6	62.9	66.2	68.7
Foreign government debt(1)	74.9	73.5	101.3	9.6	10.9	16.3	84.5	84.4	117.6
Other investment grade	0.2	0.1	0.5	1.1	1.0	1.2	1.3	1.2	1.7
Total HQLA (AVG)	$338.8	$331.8	$371.0	$82.0	$74.8	$77.6	$420.8	$406.6	$448.6

Note: The amounts set forth in the table above are presented on an average basis and reflect HQLA held at Citigroup’s operating entities, which are eligible for inclusion in Citigroup’s consolidated HQLA. For securities, the amounts represent the liquidity value that potentially could be realized and, therefore, exclude any securities that are encumbered and incorporate any haircuts that would be required for securities financing transactions.

(1) Foreign government debt includes securities issued or guaranteed by foreign sovereigns, agencies and multilateral development banks. Foreign government debt securities are held largely to support local liquidity requirements and Citi’s local franchises and principally include government bonds from Hong Kong, Singapore, Korea, Taiwan, India, Mexico and Brazil.

The table above includes average amounts of HQLA held at Citigroup’s operating entities that are eligible for inclusion in the calculation of Citigroup’s consolidated LCR, pursuant to the U.S. LCR rules. These amounts include the HQLA needed to meet the minimum requirements at these entities and any amounts in excess of these minimums that are assumed to be transferable to Citigroup. While available liquidity resources at operating entities generally increased, the amount of HQLA included in the table above declined year-over-year as less HQLA in the operating entities was eligible for inclusion in the consolidated metric. Sequentially, Citi’s total HQLA increased, primarily due to an increase in average cash driven by a reduction in illiquid assets and the timing of long-term debt issuance.

Citi’s HQLA as set forth above does not include Citi’s available borrowing capacity from the Federal Home Loan Banks (FHLBs) of which Citi is a member, which was approximately $29 billion as of September 30, 2018 (compared to $21 billion as of June 30, 2018 and $16 billion as of September 30, 2017) and maintained by eligible collateral pledged to such banks. The HQLA also does not include Citi’s borrowing capacity at the U.S. Federal Reserve Bank discount window or other central banks, which would be in addition to the resources noted above.

In general, Citi’s liquidity is fungible across legal entities within its bank group. Citi’s bank subsidiaries, including Citibank, can lend to the Citi parent and broker-dealer entities in accordance with Section 23A of the Federal Reserve Act. As of September 30, 2018, the capacity available for lending to these entities under Section 23A was approximately $15 billion, unchanged from both June 30, 2018 and

September 30, 2017, subject to certain eligible non-cash collateral requirements.

Loans

The table below details the average loans, by business and/or segment, and the total end-of-period loans for each of the periods indicated:

In billions of dollars	Sept. 30, 2018	Jun. 30, 2018	Sept. 30, 2017
Global Consumer Banking			
North America	$192.8	$188.8	$186.7
Latin America	26.3	25.5	26.8
Asia[(1)]	87.7	88.8	86.2
Total	$306.8	$303.1	$299.7
Institutional Clients Group			
Corporate lending	$130.9	$135.5	$123.3
Treasury and trade solutions (TTS)	76.9	77.7	74.9
Private bank	92.8	90.7	82.6
Markets and securities services and other	45.6	43.0	40.1
Total	$346.2	$346.9	$320.9
Total Corporate/Other	$17.3	$19.7	$25.7
Total Citigroup loans (AVG)	$670.3	$669.7	$646.3
Total Citigroup loans (EOP)	$674.9	$671.2	$653.2

(1) Includes loans in certain EMEA countries for all periods presented.

End-of-period loans increased 3% year-over-year and 1% sequentially. On an average basis, loans increased 4% year-over-year and were largely unchanged sequentially.

Excluding the impact of FX translation, average loans increased 5% year-over-year and 6% in aggregate across GCB and ICG. Average GCB loans grew 3% year-over-year, driven by growth across all regions. Average ICG loans increased 9% year-over-year, with continued momentum across businesses, including in TTS, the private bank and corporate lending.

Average Corporate/Other loans continued to decline (down 34%), driven by the wind-down of legacy assets.

Deposits

The table below details the average deposits, by business and/or segment, and the total end-of-period deposits for each of the periods indicated:

In billions of dollars	Sept. 30, 2018	Jun. 30, 2018	Sept. 30, 2017
Global Consumer Banking			
North America	$180.2	$179.9	$184.1
Latin America	29.4	28.3	28.8
Asia[(1)]	97.6	97.6	95.2
Total	$307.2	$305.8	$308.1
Institutional Clients Group			
Treasury and trade solutions (TTS)	$456.7	$448.7	$427.8
Banking ex-TTS	124.6	125.5	122.4
Markets and securities services	86.7	88.2	84.7
Total	$668.0	$662.4	$634.9
Corporate/Other	$10.6	$18.0	$22.9

Total Citigroup deposits (AVG)	$985.7	$986.2	$965.9
Total Citigroup deposits (EOP)	$1,005.2	$996.7	$964.0

(1) Includes deposits in certain EMEA countries for all periods presented.

End-of-period deposits increased 4% year-over-year and 1% sequentially. On an average basis, deposits increased 2% year-over-year and were largely unchanged sequentially.

Excluding the impact of FX translation, average deposits grew 3% from the prior-year period. In GCB, deposits increased 1%, as strong growth in Asia GCB and Latin America GCB more than offset a 2% decline in North America GCB, primarily driven by a reduction in money market balances as clients transferred cash into investment accounts. Within ICG, average deposits grew 6% year-over-year, primarily driven by continued high-quality deposit growth in TTS.

Long-Term Debt

The weighted-average maturity of unsecured long-term debt issued by Citigroup and its affiliates (including Citibank) with a remaining life greater than one year was approximately 6.9 years as of September 30, 2018, an increase from both the prior-year period (6.8 years) and the prior quarter (6.5 years).

Citi's long-term debt outstanding at the Citigroup parent company includes 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. Citi's issuance of customer-related debt is generally driven by customer demand and supplements benchmark debt issuance as a source of funding for Citi's non-bank entities. Citi's long-term debt at the bank also includes benchmark senior debt, FHLB advances and securitizations.

Long-Term Debt Outstanding

The following table sets forth Citi's end-of-period total long-term debt outstanding for each of the dates indicated:

In billions of dollars	Sept. 30, 2018	Jun. 30, 2018	Sept. 30, 2017
Parent and other[1]			
Benchmark debt:			
Senior debt	$107.2	$107.8	$109.8
Subordinated debt	25.1	25.3	27.0
Trust preferred	1.7	1.7	1.7
Customer-related debt	35.4	34.3	30.3
Local country and other[2]	3.8	3.8	1.8
Total parent and other	$173.2	$172.9	$170.6
Bank			
FHLB borrowings	$10.5	$13.7	$19.8
Securitizations[3]	27.4	28.5	28.6
CBNA benchmark senior debt	21.0	18.5	9.5
Local country and other[2]	3.2	3.2	4.2
Total bank	$62.1	$63.9	$62.1
Total long-term debt	$235.3	$236.8	$232.7

Note: Amounts represent the current value of long-term debt on Citi's Consolidated Balance Sheet which, for certain debt instruments, includes consideration of fair value, hedging impacts and unamortized discounts and premiums.

(1) "Parent and other" includes long-term debt issued to third parties by the parent holding company (Citigroup) and Citi's non-bank subsidiaries (including broker-dealer subsidiaries) that are consolidated into Citigroup. As of September 30, 2018, "parent and other" included $25.0 billion of long-term debt issued by Citi's broker-dealer subsidiaries.

(2) Local country debt includes debt issued by Citi's affiliates in support of their local operations.

(3) Predominantly credit card securitizations, primarily backed by Citi-branded credit card receivables.

Citi's total long-term debt outstanding increased year-over-year, primarily driven by the issuance of unsecured benchmark debt at the bank and customer-related debt at the Citigroup parent company, partially offset by declines in FHLB advances and senior unsecured benchmark debt at the parent company. Sequentially, Citi's total long-term debt outstanding decreased modestly, primarily driven by a decline in FHLB advances, partially offset by the issuance of unsecured benchmark debt at the bank.

As part of its liability management, Citi has considered, and may continue to consider, opportunities to repurchase its long-term debt pursuant to open market purchases, tender offers or other means. Such repurchases help reduce Citi's overall funding costs and assist it in meeting regulatory changes and requirements. During the third quarter of 2018, Citi repurchased and called an aggregate of approximately $1.2 billion of its outstanding long-term debt, including early redemption of FHLB advances.

Long-Term Debt Issuances and Maturities

The table below details Citi's long-term debt issuances and maturities (including repurchases and redemptions) during the periods presented:

In billions of dollars	3Q18 Maturities	3Q18 Issuances	2Q18 Maturities	2Q18 Issuances	3Q17 Maturities	3Q17 Issuances
Parent and other						
Benchmark debt:						
Senior debt	$4.2	$ 4.5	$7.2	$ 4.9	$2.5	$ 5.7
Subordinated debt	—	—	0.3	0.3	—	—
Trust preferred	—	—	—	—	—	—
Customer-related debt	1.2	2.9	1.5	4.7	1.8	3.0
Local country and other	0.3	0.1	0.2	2.1	0.4	—
Total parent and other	$5.7	$ 7.6	$9.1	$ 12.0	$4.7	$ 8.7
Bank						
FHLB borrowings	$3.3	$ —	$4.5	$ 2.5	$1.5	$ 1.0
Securitizations	2.9	1.9	2.7	1.1	1.8	2.2
CBNA benchmark senior debt	—	2.5	—	3.5	—	2.2
Local country and other	0.2	0.3	0.9	0.9	0.5	0.5
Total bank	$6.4	$ 4.7	$8.1	$ 8.0	$3.8	$ 5.9
Total	$12.1	$ 12.3	$17.2	$ 20.0	$8.5	$ 14.6

The table below shows Citi's aggregate long-term debt maturities (including repurchases and redemptions) year-to-date in 2018, as well as its aggregate expected annual long-term debt maturities as of September 30, 2018:

In billions of dollars	Maturities 2018 YTD	Maturities 2018	2019	2020	2021	2022	2023	Thereafter	Total
Parent and other									
Benchmark debt:									
Senior debt	$ 14.9	$3.5	$14.3	$8.7	$14.2	$8.0	$12.4	$ 46.1	$107.2
Subordinated debt	1.8	1.0	—	—	—	0.7	1.1	22.3	$25.1
Trust preferred	—	—	—	—	—	—	—	1.7	1.7
Customer-related debt	5.2	0.9	3.7	5.7	3.2	2.6	2.5	16.8	35.4
Local country and other	0.5	2.2	0.4	0.1	0.4	—	—	0.7	3.8
Total parent and other	$ 22.4	$7.6	$18.4	$14.5	$17.8	$11.3	$16.0	$ 87.6	$173.2
Bank									
FHLB borrowings	$ 14.3	$1.5	$5.6	$3.4	$—	$—	$—	$ —	$10.5
Securitizations	8.5	0.1	7.9	6.1	5.7	2.2	2.5	2.9	27.4
CBNA benchmark debt	—	2.2	4.7	8.7	5.0	—	—	0.4	21.0
Local country and other	2.0	0.1	0.5	1.7	0.1	0.3	0.2	0.3	3.2
Total bank	$ 24.8	$3.9	$18.7	$19.9	$10.8	$2.5	$2.7	$ 3.6	$62.1
Total long-term debt	$ 47.2	$11.5	$37.1	$34.4	$28.6	$13.8	$18.7	$ 91.2	$235.3

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Secured Funding Transactions and Short-Term Borrowings

Citi supplements its primary sources of funding with short-term borrowings. Short-term borrowings generally include (i) secured funding transactions (securities loaned or sold under agreements to repurchase, or repos) and (ii) to a lesser extent, short-term borrowings consisting of commercial paper and borrowings from the FHLB and other market participants (see Note 16 to the Consolidated Financial Statements for further information on Citigroup's and its affiliates' outstanding short-term borrowings).

Outside of secured funding transactions, Citi's short-term borrowings decreased 11% year-over-year and 9% sequentially, driven primarily by Citi's continued efforts to optimize its funding profile.

Secured Funding

Secured funding is primarily accessed through Citi's broker-dealer subsidiaries to fund efficiently both secured lending activity and a portion of the securities inventory held in the context of market making and customer activities. Citi also executes a smaller portion of its secured funding transactions through its bank entities, which is typically collateralized by foreign government debt securities. Generally, daily changes in the level of Citi's secured funding are primarily due to fluctuations in secured lending activity in the matched book (as described below) and securities inventory.

Secured funding of $176 billion as of September 30, 2018 increased 9% from the prior-year period and declined 1% sequentially. Excluding the impact of FX translation, secured funding increased 11% from the prior-year period and declined 1% sequentially, both driven by normal business activity. Average balances for secured funding were also approximately $176 billion for the quarter ended September 30, 2018.

The portion of secured funding in the broker-dealer subsidiaries that funds secured lending is commonly referred to as "matched book" activity. The majority of this activity is secured by high-quality liquid securities such as U.S. Treasury securities, U.S. agency securities and foreign government debt securities. Other secured funding is secured by less-liquid securities, including equity securities, corporate bonds and asset-backed securities. The tenor of Citi's matched book liabilities is generally equal to or longer than the tenor of the corresponding matched book assets.

The remainder of the secured funding activity in the broker-dealer subsidiaries serves to fund securities inventory held in the context of market making and customer activities. To maintain reliable funding under a wide range of market conditions, including under periods of stress, Citi manages these activities by taking into consideration the quality of the underlying collateral and stipulating financing tenor. The weighted average maturity of Citi's secured funding of less-liquid securities inventory was greater than 110 days as of September 30, 2018.

Citi manages the risks in its secured funding by conducting daily stress tests to account for changes in capacity, tenors, haircut, collateral profile and client actions. Additionally, Citi maintains counterparty diversification by

establishing concentration triggers and assessing counterparty reliability and stability under stress. Citi generally sources secured funding from more than 150 counterparties.

Liquidity Coverage Ratio (LCR)

In addition to internal liquidity stress metrics that Citi has developed for a 30-day stress scenario, Citi also monitors its liquidity by reference to the LCR, as calculated pursuant to the U.S. LCR rules. The table below sets forth the components of Citi's LCR calculation and HQLA in excess of net outflows for the periods indicated:

In billions of dollars	Sept. 30, 2018	Jun. 30, 2018	Sept. 30, 2017
HQLA	$420.8	$406.6	$448.6
Net outflows	350.8	341.5	365.1
LCR	120 %	119 %	123 %
HQLA in excess of net outflows	$70.0	$65.1	$83.5

Note: The amounts are presented on an average basis.

Citi’s average LCR decreased year-over-year, driven by a decline in average HQLA, partially offset by a decline in modeled net outflows. Sequentially, Citi’s average LCR increased slightly, due to the increase in HQLA, as described above (see “High-Quality Liquid Assets” above), partially offset by an increase in modeled net outflows.

Credit Ratings

The table below sets forth the ratings for Citigroup and Citibank as of September 30, 2018. While not included in the table below, the long- and short-term ratings of Citigroup Global Markets Holdings Inc. (CGMHI) were BBB+/A-2 at Standard & Poor's and A/F1 at Fitch as of September 30, 2018.

	Citigroup Inc.			Citibank, N.A.		
	Senior debt	Commercial paper	Outlook	Long-term	Short-term	Outlook
Fitch Ratings (Fitch)	A	F1	Stable	A+	F1	Stable
Moody's Investors Service (Moody's)	Baa1	P-2	Positive	A1	P-1	Positive
Standard & Poor's (S&P)	BBB+	A-2	Stable	A+	A-1	Stable

Potential Impacts of Ratings Downgrades

Ratings downgrades by Moody's, Fitch or S&P could negatively impact Citigroup's and/or Citibank's funding and liquidity due to reduced funding capacity, including derivative triggers, which could take the form of cash obligations and collateral requirements.

The following information is provided for the purpose of analyzing the potential funding and liquidity impact to Citigroup and Citibank of a hypothetical, simultaneous ratings downgrade across all three major rating agencies. This analysis is subject to certain estimates, estimation methodologies, judgments and uncertainties. Uncertainties include potential ratings limitations that certain entities may have with respect to permissible counterparties, as well as general subjective counterparty behavior. For example, certain corporate customers and markets counterparties could re-evaluate their business relationships with Citi and limit transactions in certain contracts or market instruments with Citi. Changes in counterparty behavior could impact Citi's funding and liquidity, as well as the results of operations of certain of its businesses. The actual impact to Citigroup or Citibank is unpredictable and may differ materially from the potential funding and liquidity impacts described below. For additional information on the impact of credit rating changes on Citi and its applicable subsidiaries, see "Risk Factors— Liquidity Risks" in Citi's 2017 Annual Report on Form 10-K.

Citigroup Inc. and Citibank—Potential Derivative Triggers

As of September 30, 2018, Citi estimates that a hypothetical one-notch downgrade of the senior debt/long-term rating of Citigroup Inc. across all three major rating agencies could impact Citigroup's funding and liquidity due to derivative triggers by approximately $0.4 billion, unchanged from June 30, 2018. Other funding sources, such as secured financing transactions and other margin requirements, for which there are no explicit triggers, could also be adversely affected.

As of September 30, 2018, Citi estimates that a hypothetical one-notch downgrade of the senior debt/long-term rating of Citibank across all three major rating agencies could impact Citibank's funding and liquidity by approximately $1.2 billion, compared to $0.9 billion as of June 30, 2018.

In total, Citi estimates that a one-notch downgrade of Citigroup and Citibank, across all three major rating agencies, could result in increased aggregate cash obligations and collateral requirements of approximately $1.6 billion, compared to $1.2 billion as of June 30, 2018 (see also Note 19 to the Consolidated Financial Statements). As detailed under "High-Quality Liquid Assets" above, the liquidity resources that are eligible for inclusion in the calculation of Citi's consolidated HQLA were approximately $339 billion for Citibank and $82 billion for Citi's non-bank and other entities, for a total of approximately $421 billion for the quarter ended September 30, 2018. These liquidity resources are available in part as a contingency for the potential events described above.

In addition, a broad range of mitigating actions are currently included in Citigroup's and Citibank's contingency funding plans. For Citigroup, these mitigating factors include, but are not limited to, accessing surplus funding capacity from existing clients, tailoring levels of secured lending and adjusting the size of select trading books and collateralized borrowings from certain Citibank subsidiaries. Mitigating actions available to Citibank include, but are not limited to, selling or financing highly liquid government securities, tailoring levels of secured lending, adjusting the size of select trading assets, reducing loan originations and renewals, raising additional deposits or borrowing from the FHLB or central banks. Citi believes these mitigating actions could substantially reduce the funding and liquidity risk, if any, of the potential downgrades described above.

Citibank—Additional Potential Impacts

In addition to the above derivative triggers, Citi believes that a potential one-notch downgrade of Citibank's senior debt/long-term rating by S&P could also have an adverse impact on the commercial paper/short-term rating of Citibank. As of September 30, 2018, Citibank had liquidity commitments of approximately $12.1 billion to consolidated asset-backed commercial paper conduits, compared to $12.0 billion as of June 30, 2018 (as referenced in Note 18 to the Consolidated Financial Statements).

In addition to the above-referenced liquidity resources of certain Citibank entities, Citibank could reduce the funding and liquidity risk, if any, of the potential downgrades described above through mitigating actions, including repricing or reducing certain commitments to commercial paper conduits. In the event of the potential downgrades described above, Citi believes that certain corporate customers could re-evaluate their deposit relationships with Citibank. This re-evaluation could result in clients adjusting their discretionary deposit levels or changing their depository institution, which could potentially reduce certain deposit levels at Citibank. However, Citi could choose to adjust pricing, offer alternative deposit products to its existing customers or seek to attract deposits from new customers, in addition to the mitigating actions referenced above.

MARKET RISK

Market risk emanates from both Citi's trading and non-trading portfolios. For additional information on market risk and market risk management at Citi, see "Market Risk" and "Risk Factors" in Citi's 2017 Annual Report on Form 10-K.

Market Risk of Non-Trading Portfolios
For additional information on Citi's net interest revenue (for interest rate exposure purposes), interest rate risk and interest rate risk measurement, see "Market Risk of Non-Trading Portfolios" in Citi's 2017 Annual Report on Form 10-K.

The following table sets forth the estimated impact to Citi's net interest revenue, AOCI and the Common Equity Tier 1 Capital ratio (on a fully implemented basis), each assuming an unanticipated parallel instantaneous 100 basis point (bps) increase in interest rates:

In millions of dollars (unless otherwise noted)	Sept. 30, 2018	Jun. 30, 2018	Sept. 30, 2017
Estimated annualized impact to net interest revenue			
U.S. dollar[(1)]	$879	$1,046	$1,449
All other currencies	649	635	610
Total	$1,528	$1,681	$2,059
As a percentage of average interest-earning assets	0.09 %	0.10 %	0.12 %
Estimated initial impact to AOCI (after-tax)[(2)]	$(4,597)	$(4,713)	$(4,206)
Estimated initial impact on Common Equity Tier 1 Capital ratio (bps)[(3)]	(31)	(32)	(48)

(1) Certain trading-oriented businesses within Citi have accrual-accounted positions that are excluded from the estimated impact to net interest revenue in the table, since these exposures are managed economically in combination with mark-to-market positions. The U.S. dollar interest rate exposure associated with these businesses was $(212) million for a 100 bps instantaneous increase in interest rates as of September 30, 2018.

(2) Includes the effect of changes in interest rates on AOCI related to investment securities, cash flow hedges and pension liability adjustments.

(3) Results as of September 30, 2018 and June 30, 2018 reflect the impact of Tax Reform, including the lower expected effective tax rate and the impact to Citi's DTA position. Results as of September 30, 2017 have not been restated.

The estimated impact to net interest revenue decreased on a sequential basis, reflecting changes in balance sheet composition, including increased sensitivity in deposits combined with loan growth and other actions. The decrease in the estimated impact to AOCI primarily reflected changes to the positioning of Citi Treasury's investment securities and related interest rate derivatives portfolio.

In the event of an unanticipated parallel instantaneous 100 bps increase in interest rates, Citi expects that the negative impact to AOCI would be offset in stockholders' equity through the combination of expected incremental net interest revenue and the expected recovery of the impact on AOCI through accretion of Citi's investment portfolio over a period of time. As of September 30, 2018, Citi expects that the negative $4.6 billion impact to AOCI in such a scenario could potentially be offset over approximately 19 months.

The following table sets forth the estimated impact to Citi's net interest revenue, AOCI and the Common Equity Tier 1 Capital ratio (on a fully implemented basis) under four different changes in interest rate scenarios for the U.S. dollar and Citi's other currencies. While Citi also monitors the impact of a parallel decrease in interest rates, a 100 bps decrease in short-term rates is not meaningful, as it would imply negative interest rates in many of Citi's markets.

In millions of dollars (unless otherwise noted)	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Overnight rate change (bps)	100	100	—	—
10-year rate change (bps)	100	—	100	(100)
Estimated annualized impact to net interest revenue				
U.S. dollar	$879	$906	$47	$(56)
All other currencies	649	617	37	(37)
Total	$1,528	$1,523	$84	$(93)
Estimated initial impact to AOCI (after-tax)(1)	$(4,597)	$(2,547)	$(2,279)	$1,772
Estimated initial impact to Common Equity Tier 1 Capital ratio (bps)	(31)	(17)	(16)	12

Note: Each scenario assumes that the rate change will occur instantaneously. Changes in interest rates for maturities between the overnight rate and the 10-year rate are interpolated.

(1) Includes the effect of changes in interest rates on AOCI related to investment securities, cash flow hedges and pension liability adjustments.

As shown in the table above, the magnitude of the impact to Citi's net interest revenue and AOCI is greater under scenario 2 as compared to scenario 3. This is because the combination of changes to Citi's investment portfolio, partially offset by changes related to Citi's pension liabilities, results in a net position that is more sensitive to rates at shorter- and intermediate-term maturities.

In recent years, a number of central banks, including the European Central Bank, the Bank of Japan and the Swiss National Bank, have implemented negative interest rates, and additional governmental entities could do so in the future. While negative interest rates can adversely impact net interest revenue (as well as net interest margin), Citi has, to date, been able to partially offset the impact of negative rates in these jurisdictions through a combination of business and Citi Treasury interest rate risk mitigation activities, including applying negative rates to client accounts (for additional information on Citi Treasury's ongoing interest rate mitigation activities, see "Market Risk—Market Risk of Non-Trading Portfolios" in Citi's 2017 Annual Report on Form 10-K).

Changes in Foreign Exchange Rates—Impacts on AOCI and Capital

As of September 30, 2018, Citi estimates that an unanticipated parallel instantaneous 5% appreciation of the U.S. dollar against all of the other currencies in which Citi has invested capital could reduce Citi's tangible common equity (TCE) by approximately $1.4 billion, or 0.9%, as a result of changes to Citi's foreign currency translation adjustment in AOCI, net of hedges. This impact would be primarily due to changes in the value of the Mexican peso, the Euro and the Australian dollar.

This impact is also before any mitigating actions Citi may take, including ongoing management of its foreign currency translation exposure. Specifically, as currency movements change the value of Citi's net investments in foreign currency-denominated capital, these movements also change the value of Citi's risk-weighted assets denominated in those currencies. This, coupled with Citi's foreign currency hedging strategies, such as foreign currency borrowings, foreign currency forwards and other currency hedging instruments, lessens the impact of foreign currency movements on Citi's Common Equity Tier 1 Capital ratio. Changes in these hedging strategies, as well as hedging costs, divestitures and tax impacts, can further affect the actual impact of changes in foreign exchange rates on Citi's capital as compared to an unanticipated parallel shock, as described above.

The effect of Citi's ongoing management strategies with respect to changes in foreign exchange rates and the impact of these changes on Citi's TCE and Common Equity Tier 1 Capital ratio are shown in the table below. For additional information on the changes in AOCI, see Note 17 to the Consolidated Financial Statements.

	For the quarter ended		
In millions of dollars (unless otherwise noted)	Sept. 30, 2018	Jun. 30, 2018	Sept. 30, 2017
Change in FX spot rate[1]	(0.2)%	(5.8)%	1.1%
Change in TCE due to FX translation, net of hedges	$(354)	$(2,241)	$222

As a percentage of TCE	(0.2)%	(1.5)%	0.1 %
Estimated impact to Common Equity Tier 1 Capital ratio (on a fully implemented basis) due to changes in FX translation, net of hedges (bps)	—	—	(3)

(1) FX spot rate change is a weighted average based upon Citi's quarterly average GAAP capital exposure to foreign countries.

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Interest Revenue/Expense and Net Interest Margin

In millions of dollars, except as otherwise noted	3rd Qtr. 2018	2nd Qtr. 2018	3rd Qtr. 2017	Change 3Q18 vs. 3Q17
Interest revenue(1)	$18,228	$17,613	$16,037	14 %
Interest expense(2)	6,368	5,885	4,379	45
Net interest revenue	$11,860	$11,728	$11,658	2 %
Interest revenue—average rate	4.15 %	4.05 %	3.77 %	38 bps
Interest expense—average rate	1.83	1.73	1.33	50 bps
Net interest margin(3)	2.70	2.70	2.74	(4) bps
Interest-rate benchmarks				
Two-year U.S. Treasury note—average rate	2.67 %	2.48 %	1.36 %	131 bps
10-year U.S. Treasury note—average rate	2.92	2.92	2.24	68 bps
10-year vs. two-year spread	25 bps	44 bps	88 bps	

Note: All interest expense amounts include FDIC, as well as other similar deposit insurance assessments outside of the U.S.

(1) Net interest revenue includes the taxable equivalent adjustments related to the tax-exempt bond portfolio (based on the U.S. federal statutory tax rates of 21% in 2018 and 35% in 2017) of $58 million, $63 million and $123 million for the three months ended September 30, 2018, June 30, 2018 and September 30, 2017, respectively.

(2) Interest expense associated with certain hybrid financial instruments, which are classified as Long-term debt and accounted for at fair value, is reported together with any changes in fair value as part of Principal transactions in the Consolidated Statements of Income and is therefore not reflected in Interest expense in the table above.

(3) Citi’s net interest margin (NIM) is calculated by dividing gross interest revenue less gross interest expense by average interest-earning assets.

Citi’s net interest revenue in the third quarter of 2018 increased 2% to $11.9 billion (as set forth in the table above, also up 2% on a taxable equivalent basis) versus the prior-year period. Excluding the impact of FX translation, net interest revenue increased 5%, or approximately $520 million. This increase was primarily due to higher net interest revenue ($11.3 billion, up approximately 9% or $1.0 billion) from Citi’s core accrual activities, which are mainly driven by its deposit and lending businesses. The increase in core accrual net interest revenue was partially offset by lower trading-related net interest revenue ($0.4 billion, down approximately 47% or $0.3 billion) and lower net interest revenue associated with the wind-down of legacy assets in Corporate/Other ($0.2

billion, down approximately 45% or $0.1 billion). The increase in the core accrual net interest revenue was driven mainly by higher interest rates, loan growth and an improved loan mix.

Citi’s NIM was 2.70% on a taxable equivalent basis in the third quarter of 2018, a decrease of 4 bps from the prior-year period, driven primarily by lower trading-related NIM. Citi’s core accrual NIM was 3.60%, an increase of 12 bps versus the prior-year period, primarily driven by higher interest rates, loan growth and an improved loan mix. (Citi’s core accrual net interest revenue and core accrual NIM are non-GAAP financial measures.)

Additional Interest Rate Details
Average Balances and Interest Rates—Assets[1][2][3]
Taxable Equivalent Basis

	Average volume			Interest revenue			% Average rate		
	3rd Qtr.	2nd Qtr.	3rd Qtr.	3rd Qtr.	2nd Qtr.	3rd Qtr.	3rd Qtr.	2nd Qtr.	3rd Qtr.
In millions of dollars, except rates	2018	2018	2017	2018	2018	2017	2018	2018	2017
Assets									
Deposits with banks[4]	$186,907	$176,151	$176,942	$629	$493	$486	1.34 %	1.12 %	1.09 %
Federal funds sold and securities borrowed or purchased under agreements to resell[5]									
In U.S. offices	$154,120	$153,273	$136,681	$1,065	$838	$524	2.74 %	2.19 %	1.52 %
In offices outside the U.S.[4]	114,389	118,098	108,770	360	498	334	1.25	1.69	1.22
Total	$268,509	$271,371	$245,451	$1,425	$1,336	$858	2.11 %	1.97 %	1.39 %
Trading account assets[6][7]									
In U.S. offices	$92,034	$92,791	$98,725	$1,048	$851	$918	4.52 %	3.68 %	3.69 %
In offices outside the U.S.[4]	112,979	117,840	105,882	614	922	555	2.16	3.14	2.08
Total	$205,013	$210,631	$204,607	$1,662	$1,773	$1,473	3.22 %	3.38 %	2.86 %
Investments									
In U.S. offices									
Taxable	$227,282	$225,886	$227,680	$1,343	$1,315	$1,138	2.34 %	2.34 %	1.98 %
Exempt from U.S. income tax	17,088	17,339	17,890	175	180	181	4.06	4.16	4.01
In offices outside the U.S.[4]	103,120	104,562	106,456	903	913	835	3.47	3.50	3.11
Total	$347,490	$347,787	$352,026	$2,421	$2,408	$2,154	2.76 %	2.78 %	2.43 %
Loans (net of unearned income)[8]									
In U.S. offices	$385,610	$382,972	$372,067	$7,331	$6,958	$6,650	7.54 %	7.29 %	7.09 %
In offices outside the U.S.[4]	284,663	286,772	274,254	4,326	4,251	4,124	6.03	5.95	5.97
Total	$670,273	$669,744	$646,321	$11,657	$11,209	$10,774	6.90 %	6.71 %	6.61 %
Other interest-earning assets[9]	$63,741	$69,341	$61,677	$434	$394	$292	2.70 %	2.28 %	1.88 %
Total interest-earning assets	$1,741,933	$1,745,025	$1,687,024	$18,228	$17,613	$16,037	4.15 %	4.05 %	3.77 %
Non-interest-earning assets[6]	$180,871	$172,077	$205,268						
Total assets	$1,922,804	$1,917,102	$1,892,292						

(1) Net interest revenue includes the taxable equivalent adjustments related to the tax-exempt bond portfolio (based on the U.S. federal statutory tax rates of 21% in 2018 and 35% in 2017) of $58 million, $63 million and $123 million for the three months ended September 30, 2018, June 30, 2018 and September 30, 2017, respectively.

(2) Interest rates and amounts include the effects of risk management activities associated with the respective asset categories.

(3) Monthly or quarterly averages have been used by certain subsidiaries where daily averages are unavailable.

(4) Average rates reflect prevailing local interest rates, including inflationary effects and monetary corrections in certain countries.

(5) Average volumes of securities borrowed or purchased under agreements to resell are reported net pursuant to ASC 210-20-45. However, Interest revenue excludes the impact of ASC 210-20-45.

(6) The fair value carrying amounts of derivative contracts are reported net, pursuant to ASC 815-10-45, in Non-interest-earning assets and Other non-interest-bearing liabilities.

(7) Interest expense on Trading account liabilities of ICG is reported as a reduction of Interest revenue. Interest revenue and Interest expense on cash collateral positions are reported in interest on Trading account assets and Trading account liabilities, respectively.

(8) Includes cash-basis loans.

(9) Includes brokerage receivables.

Average Balances and Interest Rates—Liabilities and Equity, and Net Interest Revenue(1)(2)(3)
Taxable Equivalent Basis

	Average volume			Interest expense			% Average rate		
	3rd Qtr.	2nd Qtr.	3rd Qtr.	3rd Qtr.	2nd Qtr.	3rd Qtr.	3rd Qtr.	2nd Qtr.	3rd Qtr.
In millions of dollars, except rates	2018	2018	2017	2018	2018	2017	2018	2018	2017
Liabilities									
Deposits									
In U.S. offices[4]	$341,679	$332,595	$318,881	$1,231	$1,041	$695	1.43%	1.26%	0.86%
In offices outside the U.S.[5]	452,197	453,025	438,561	1,349	1,203	1,080	1.18	1.07	0.98
Total	$793,876	$785,620	$757,442	$2,580	$2,244	$1,775	1.29%	1.15%	0.93%
Federal funds purchased and securities loaned or sold under agreements to repurchase[6]									
In U.S. offices	$105,194	$102,517	$93,167	$872	$796	$423	3.29%	3.11%	1.80%
In offices outside the U.S.[5]	70,638	68,556	64,897	378	428	289	2.12	2.50	1.77
Total	$175,832	$171,073	$158,064	$1,250	$1,224	$712	2.82%	2.87%	1.79%
Trading account liabilities[7][8]									
In U.S. offices	$38,385	$36,103	$32,622	$167	$140	$104	1.73%	1.56%	1.26%
In offices outside the U.S.[5]	57,746	61,048	57,187	106	96	65	0.73	0.63	0.45
Total	$96,131	$97,151	$89,809	$273	$236	$169	1.13%	0.97%	0.75%
Short-term borrowings[9]									
In U.S. offices	$85,592	$84,338	$77,211	$502	$439	$234	2.33%	2.09%	1.20%
In offices outside the U.S.[5]	22,579	23,854	20,928	76	84	84	1.34	1.41	1.59
Total	$108,171	$108,192	$98,139	$578	$523	$318	2.12%	1.94%	1.29%
Long-term debt[10]									
In U.S. offices	$200,199	$198,291	$198,766	$1,647	$1,620	$1,377	3.26%	3.28%	2.75%
In offices outside the U.S.[5]	5,390	4,980	4,298	40	38	28	2.94	3.06	2.58
Total	$205,589	$203,271	$203,064	$1,687	$1,658	$1,405	3.26%	3.27%	2.75%
Total interest-bearing liabilities	$1,379,599	$1,365,307	$1,306,518	$6,368	$5,885	$4,379	1.83%	1.73%	1.33%
Demand deposits in U.S. offices	$31,697	$33,737	$37,673						
Other non-interest-bearing liabilities[7]	312,174	316,907	318,060						
Total liabilities	$1,723,470	$1,715,951	$1,662,251						
Citigroup stockholders' equity	$198,494	$200,295	$229,017						
Noncontrolling interest	840	856	1,024						
Total equity	$199,334	$201,151	$230,041						
Total liabilities and stockholders' equity	$1,922,804	$1,917,102	$1,892,292						
Net interest revenue as a percentage of average interest-earning assets[11]									
In U.S. offices	$1,005,236	$983,786	$975,283	$7,307	$6,710	$7,046	2.88%	2.74%	2.87%
In offices outside the U.S.[6]	736,697	761,239	711,741	4,553	5,018	4,612	2.45	2.64	2.57
Total	$1,741,933	$1,745,025	$1,687,024	$11,860	$11,728	$11,658	2.70%	2.70%	2.74%

(1) Net interest revenue includes the taxable equivalent adjustments related to the tax-exempt bond portfolio (based on the U.S. federal statutory tax rates of 21% in 2018 and 35% in 2017) of $58 million, $63 million and $123 million for the three months ended September 30, 2018, June 30, 2018 and September 30, 2017, respectively.

(2) Interest rates and amounts include the effects of risk management activities associated with the respective liability categories.

(3) Monthly or quarterly averages have been used by certain subsidiaries where daily averages are unavailable.

(4) Consists of other time deposits and savings deposits. Savings deposits are made up of insured money market accounts, NOW accounts and other savings deposits. The interest expense on savings deposits includes FDIC deposit insurance assessments.

(5) Average rates reflect prevailing local interest rates, including inflationary effects and monetary corrections in certain countries.

(6) Average volumes of securities sold under agreements to repurchase are reported net pursuant to ASC 210-20-45. However, Interest expense excludes the impact of ASC 210-20-45.

(7) The fair value carrying amounts of derivative contracts are reported net, pursuant to ASC 815-10-45, in Non-interest-earning assets and Other non-interest-bearing liabilities.

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(8) Interest expense on Trading account liabilities of ICG is reported as a reduction of Interest revenue. Interest revenue and Interest expense on cash collateral positions are reported in interest on Trading account assets and Trading account liabilities, respectively.
(9) Includes brokerage payables.
(10) Excludes hybrid financial instruments and beneficial interests in consolidated VIEs that are classified as Long-term debt, as the changes in fair value for these obligations are recorded in Principal transactions.
(11) Includes allocations for capital and funding costs based on the location of the asset.

Average Balances and Interest Rates—Assets[1][2][3][4]
Taxable Equivalent Basis

	Average volume		Interest revenue		% Average rate	
In millions of dollars, except rates	Nine Months 2018	Nine Months 2017	Nine Months 2018	Nine Months 2017	Nine Months 2018	Nine Months 2017
Assets						
Deposits with banks[5]	$177,975	$165,910	$1,554	$1,156	1.17%	0.93 %
Federal funds sold and securities borrowed or purchased under agreements to resell[6]						
In U.S. offices	$149,251	$141,723	$2,616	$1,364	2.34%	1.29 %
In offices outside the U.S.[5]	115,469	105,527	1,184	984	1.37	1.25
Total	$264,720	$247,250	$3,800	$2,348	1.92%	1.27 %
Trading account assets[7][8]						
In U.S. offices	$94,128	$100,214	$2,768	$2,679	3.93%	3.57 %
In offices outside the U.S.[5]	116,474	101,159	2,048	1,624	2.35	2.15
Total	$210,602	$201,373	$4,816	$4,303	3.06%	2.86 %
Investments						
In U.S. offices						
Taxable	$227,525	$224,384	$3,882	$3,258	2.28%	1.94 %
Exempt from U.S. income tax	17,319	18,345	525	574	4.05	4.18
In offices outside the U.S.[5]	104,330	106,813	2,693	2,454	3.45	3.07
Total	$349,174	$349,542	$7,100	$6,286	2.72%	2.40 %
Loans (net of unearned income)[9]						
In U.S. offices	$382,980	$369,602	$21,021	$19,316	7.34%	6.99 %
In offices outside the U.S.[5]	286,334	265,060	12,754	11,844	5.96	5.97
Total	$669,314	$634,662	$33,775	$31,160	6.75%	6.56 %
Other interest-earning assets[10]	$66,614	$59,506	$1,192	$846	2.39%	1.90 %
Total interest-earning assets	$1,738,399	$1,658,243	$52,237	$46,099	4.02%	3.72 %
Non-interest-earning assets[7]	$176,312	$205,775				
Total assets	$1,914,711	$1,864,018				

(1) Net interest revenue includes the taxable equivalent adjustments (based on the U.S. federal statutory tax rates of 21% in 2018 and 35% in 2017) of $185 million and $370 million for the nine months ended September 30, 2018 and 2017, respectively.
(2) Interest rates and amounts include the effects of risk management activities associated with the respective asset and liability categories.
(3) Monthly or quarterly averages have been used by certain subsidiaries where daily averages are unavailable.
(4) Detailed average volume, Interest revenue and Interest expense exclude Discontinued operations. See Note 2 to the Consolidated Financial Statements.
(5)

Average rates reflect prevailing local interest rates, including inflationary effects and monetary corrections in certain countries.

(6) Average volumes of securities borrowed or purchased under agreements to resell are reported net pursuant to FIN 41 (ASC 210-20-45). However, Interest revenue excludes the impact of FIN 41 (ASC 210-20-45).

(7) The fair value carrying amounts of derivative contracts are reported in Non-interest-earning assets and Other non-interest-bearing liabilities.

(8) Interest expense on Trading account liabilities of ICG is reported as a reduction of Interest revenue. Interest revenue and Interest expense on cash collateral positions are reported in interest on Trading account assets and Trading account liabilities, respectively.

(9) Includes cash-basis loans.

(10) Includes brokerage receivables.

Average Balances and Interest Rates—Liabilities and Equity, and Net Interest Revenue[(1)(2)(3)(4)]
Taxable Equivalent Basis

	Average volume		Interest expense		% Average rate	
In millions of dollars, except rates	Nine Months 2018	Nine Months 2017	Nine Months 2018	Nine Months 2017	Nine Months 2018	Nine Months 2017
Liabilities						
Deposits						
In U.S. offices[(5)]	$332,542	$310,977	$3,169	$1,795	1.27 %	0.77 %
In offices outside the U.S.[(6)]	450,546	435,704	3,652	2,998	1.08	0.92
Total	$783,088	$746,681	$6,821	$4,793	1.16 %	0.86 %
Federal funds purchased and securities loaned or sold under agreements to repurchase[(7)]						
In U.S. offices	$102,242	$96,417	$2,272	$1,101	2.97 %	1.53 %
In offices outside the U.S.[(6)]	68,215	59,559	1,151	780	2.26	1.75
Total	$170,457	$155,976	$3,423	$1,881	2.68 %	1.61 %
Trading account liabilities[(8)(9)]						
In U.S. offices	$36,161	$33,041	$434	$269	1.60 %	1.09 %
In offices outside the U.S.[(6)]	58,840	57,862	290	193	0.66	0.45
Total	$95,001	$90,903	$724	$462	1.02 %	0.68 %
Short-term borrowings[(10)]						
In U.S. offices	$86,377	$72,435	$1,330	$422	2.06 %	0.78 %
In offices outside the U.S.[(6)]	23,305	22,668	242	297	1.39	1.75
Total	$109,682	$95,103	$1,572	$719	1.92 %	1.01 %
Long-term debt[(11)]						
In U.S. offices	$199,471	$188,344	$4,749	$3,993	3.18 %	2.83 %
In offices outside the U.S.[(6)]	4,908	4,715	124	133	3.38	3.77
Total	$204,379	$193,059	$4,873	$4,126	3.19 %	2.86 %
Total interest-bearing liabilities	$1,362,607	$1,281,722	$17,413	$11,981	1.71 %	1.25 %
Demand deposits in U.S. offices	$33,654	$38,064				
Other non-interest-bearing liabilities[(8)]	317,697	313,605				
Total liabilities	$1,713,958	$1,633,391				
Citigroup stockholders' equity[(12)]	$199,874	$229,618				
Noncontrolling interest	879	1,009				
Total equity[(12)]	$200,753	$230,627				
Total liabilities and stockholders' equity	$1,914,711	$1,864,018				
Net interest revenue as a percentage of average interest-earning assets						
In U.S. offices	$987,592	$963,789	$20,734	$20,588	2.81 %	2.86 %
In offices outside the U.S.[(6)]	750,807	694,454	14,090	13,530	2.51	2.60
Total	$1,738,399	$1,658,243	$34,824	$34,118	2.68 %	2.75 %

(1) Net interest revenue includes the taxable equivalent adjustments (based on the U.S. federal statutory tax rates of 21% in 2018 and 35% in 2017) of $185 million and $370 million for the nine months ended September 30, 2018 and 2017, respectively.
(2) Interest rates and amounts include the effects of risk management activities associated with the respective asset and liability categories.
(3) Monthly or quarterly averages have been used by certain subsidiaries where daily averages are unavailable.
(4)

Detailed average volume, Interest revenue and Interest expense exclude Discontinued operations. See Note 2 to the Consolidated Financial Statements.

(5) Consists of other time deposits and savings deposits. Savings deposits are made up of insured money market accounts, NOW accounts and other savings deposits. The interest expense on savings deposits includes FDIC deposit insurance fees and charges.

(6) Average rates reflect prevailing local interest rates, including inflationary effects and monetary corrections in certain countries.

(7) Average volumes of securities loaned or sold under agreements to repurchase are reported net pursuant to FIN 41 (ASC 210-20-45). However, Interest expense excludes the impact of FIN 41 (ASC 210-20-45).

(8) The fair value carrying amounts of derivative contracts are reported in Non-interest-earning assets and Other non-interest-bearing liabilities.

(9) Interest expense on Trading account liabilities of ICG is reported as a reduction of Interest revenue. Interest revenue and Interest expense on cash collateral positions are reported in interest on Trading account assets and Trading account liabilities, respectively.

(10) Excludes hybrid financial instruments and beneficial interests in consolidated VIEs that are classified as Long-term debt, as these obligations are accounted for in changes in fair value recorded in Principal transactions.

(11) Includes stockholders' equity from discontinued operations.

(12) Includes allocations for capital and funding costs based on the location of the asset.

Analysis of Changes in Interest Revenue[1][2][3]

In millions of dollars	3rd Qtr. 2018 vs. 2nd Qtr. 2018 Increase (decrease) due to change in: Average volume	Average rate	Net change	3rd Qtr. 2018 vs. 3rd Qtr. 2017 Increase (decrease) due to change in: Average volume	Average rate	Net change
Deposits with banks[4]	$32	$ 104	$136	$29	$ 114	$143
Federal funds sold and securities borrowed or purchased under agreements to resell						
In U.S. offices	$5	$ 222	$227	$74	$ 467	$541
In offices outside the U.S.[4]	(15)	(123)	(138)	18	8	26
Total	$(10)	$ 99	$89	$92	$ 475	$567
Trading account assets[5]						
In U.S. offices	$(7)	$ 204	$197	$(65)	$ 195	$130
In offices outside the U.S.[4]	(37)	(271)	(308)	38	21	59
Total	$(44)	$ (67)	$(111)	$(27)	$ 216	$189
Investments[1]						
In U.S. offices	$7	$ 16	$23	$(6)	$ 205	$199
In offices outside the U.S.[4]	(13)	3	(10)	(27)	95	68
Total	$(6)	$ 19	$13	$(33)	$ 300	$267
Loans (net of unearned income)[6]						
In U.S. offices	$48	$ 325	$373	$248	$ 433	$681
In offices outside the U.S.[4]	(31)	106	75	158	44	202
Total	$17	$ 431	$448	$406	$ 477	$883
Other interest-earning assets[7]	$(34)	$ 74	$40	$10	$ 132	$142
Total interest revenue	$(45)	$ 660	$615	$477	$ 1,714	$2,191

(1) The taxable equivalent adjustment is related to the tax-exempt bond portfolio based on the U.S. federal statutory tax rates of 21% in 2018 and 35% in 2017 and is included in this presentation.

(2) Rate/volume variance is allocated based on the percentage relationship of changes in volume and changes in rate to the total net change.

(3) Detailed average volume, Interest revenue and Interest expense exclude Discontinued operations. See Note 2 to the Consolidated Financial Statements.

(4) Changes in average rates reflect changes in prevailing local interest rates, including inflationary effects and monetary corrections in certain countries.

(5) Interest expense on Trading account liabilities of ICG is reported as a reduction of Interest revenue. Interest revenue and Interest expense on cash collateral positions are reported in interest on Trading account assets and Trading account liabilities, respectively.

(6) Includes cash-basis loans.

(7) Includes brokerage receivables.

Analysis of Changes in Interest Expense and Net Interest Revenue[1][2][3]

In millions of dollars	3rd Qtr. 2018 vs. 2nd Qtr. 2018 Increase (decrease) due to change in: Average volume	Average rate	Net change	3rd Qtr. 2018 vs. 3rd Qtr. 2017 Increase (decrease) due to change in: Average volume	Average rate	Net change
Deposits						
In U.S. offices	$29	$ 161	$ 190	$53	$483	$536
In offices outside the U.S.[4]	(2)	148	146	34	235	269
Total	$27	$ 309	$ 336	$87	$718	$805
Federal funds purchased and securities loaned or sold under agreements to repurchase						
In U.S. offices	$21	$ 55	$ 76	$61	$388	$449
In offices outside the U.S.[4]	13	(63)	(50)	27	62	89
Total	$34	$ (8)	$ 26	$88	$450	$538
Trading account liabilities[5]						
In U.S. offices	$9	$ 18	$ 27	$21	$42	$63
In offices outside the U.S.[4]	(5)	15	10	1	40	41
Total	$4	$ 33	$ 37	$22	$82	$104
Short-term borrowings[6]						
In U.S. offices	$7	$ 56	$ 63	$28	$240	$268
In offices outside the U.S.[4]	(4)	(4)	(8)	6	(14)	(8)
Total	$3	$ 52	$ 55	$34	$226	$260
Long-term debt						
In U.S. offices	$16	$ 11	$ 27	$10	$260	$270
In offices outside the U.S.[4]	3	(1)	2	8	4	12
Total	$19	$ 10	$ 29	$18	$264	$282
Total interest expense	$85	$ 396	$ 483	$249	$1,740	$1,989
Net interest revenue	$(130)	$ 262	$ 132	$225	$(23)	$202

(1) The taxable equivalent adjustment is related to the tax-exempt bond portfolio based on the U.S. federal statutory tax rates of 21% in 2018 and 35% in 2017 and is included in this presentation.

(2) Rate/volume variance is allocated based on the percentage relationship of changes in volume and changes in rate to the total net change.

(3) Detailed average volume, Interest revenue and Interest expense exclude Discontinued operations. See Note 2 to the Consolidated Financial Statements.

(4) Changes in average rates reflect changes in prevailing local interest rates, including inflationary effects and monetary corrections in certain countries.

(5) Interest expense on Trading account liabilities of ICG is reported as a reduction of Interest revenue. Interest revenue and Interest expense on cash collateral positions are reported in interest on Trading account assets and Trading account liabilities, respectively.

(6) Includes brokerage payables.

Analysis of Changes in Interest Revenue, Interest Expense and Net Interest Revenue(1)(2)(3)

In millions of dollars	Nine Months 2018 vs. Nine Months 2017 Increase (decrease) due to change in: Average volume	Average rate	Net change(2)
Deposits with banks(4)	$89	$309	$398
Federal funds sold and securities borrowed or purchased under agreements to resell			
In U.S. offices	$76	$1,176	$1,252
In offices outside the U.S.(4)	97	103	200
Total	$173	$1,279	$1,452
Trading account assets(5)			
In U.S. offices	$(169)	$258	$89
In offices outside the U.S.(4)	260	164	424
Total	$91	$422	$513
Investments(1)			
In U.S. offices	$34	$541	$575
In offices outside the U.S.(4)	(58)	297	239
Total	$(24)	$838	$814
Loans (net of unearned income)(6)			
In U.S. offices	$714	$991	$1,705
In offices outside the U.S.(4)	948	(38)	910
Total	$1,662	$953	$2,615
Other interest-earning assets	$109	$237	$346
Total interest revenue	$2,100	$4,038	$6,138
Deposits(7)			
In U.S. offices	$132	$1,242	$1,374
In offices outside the U.S.(4)	105	549	654
Total	$237	$1,791	$2,028
Federal funds purchased and securities loaned or sold under agreements to repurchase			
In U.S. offices	$70	$1,101	$1,171
In offices outside the U.S.(4)	124	247	371
Total	$194	$1,348	$1,542
Trading account liabilities(5)			
In U.S. offices	$27	$138	$165
In offices outside the U.S.(4)	3	94	97
Total	$30	$232	$262
Short-term borrowings			
In U.S. offices	$95	$813	$908
In offices outside the U.S.(4)	8	(63)	(55)
Total	$103	$750	$853
Long-term debt			
In U.S. offices	$245	$511	$756
In offices outside the U.S.(4)	5	(14)	(9)
Total	$250	$497	$747
Total interest expense	$814	$4,618	$5,432
Net interest revenue	$1,286	$(580)	$706

(1)

The taxable equivalent adjustment is related to the tax-exempt bond portfolio based on the U.S. federal statutory tax rates of 21% in 2018 and 35% in 2017 and is included in this presentation.

(2) Rate/volume variance is allocated based on the percentage relationship of changes in volume and changes in rate to the total net change.

(3) Detailed average volume, Interest revenue and Interest expense exclude Discontinued operations.

(4) Changes in average rates reflect changes in prevailing local interest rates, including inflationary effects and monetary corrections in certain countries.
(5) Interest expense on Trading account liabilities of ICG is reported as a reduction of Interest revenue. Interest revenue and Interest expense on cash collateral positions are reported in Trading account assets and Trading account liabilities, respectively.
(6) Includes cash-basis loans.
(7) The interest expense on deposits includes the FDIC assessment and deposit insurance fees and charges of $1,006 million and $935 million for the nine months ended September 30, 2018 and 2017, respectively.

Market Risk of Trading Portfolios

For additional information on Citi’s market risk of trading portfolios, see “Market Risk—Market Risk of Trading Portfolios” in Citi’s 2017 Annual Report on Form 10-K.

Value at Risk

As of September 30, 2018, Citi estimates that the conservative features of its VAR calibration contributed an approximate 22% add-on to what would be a VAR estimated under the assumption of stable and perfectly normal distributed markets. As of June 30, 2018, the add-on was 25%.

As set forth in the table below, Citi's average trading VAR as of September 30, 2018 decreased compared to June 30, 2018. The decrease was mainly due to lower foreign exchange risk in the Markets businesses within ICG. The decrease of average trading and credit portfolio VAR was in line with the decrease in average trading VAR.

Quarter-end and Average Trading VAR and Trading and Credit Portfolio VAR

		Third Quarter	Second Quarter	Third Quarter
In millions of dollars	September 30, 2018			