

## Dear Fellow Shareholders,

2010 was a turning point for Citigroup. We achieved our primary goal of returning to profitability, posting positive net income in each quarter, a full-year profit of \$10.6 billion and a \$14.9 billion profit in the core businesses that will determine our company's future. The U.S. government sold its shares of common stock in our company – in the process earning the taxpayers a more than \$12 billion profit on their investment. We made more progress in reducing assets in Citi Holdings than anyone expected and ended the year with Holdings constituting less than 20% of our balance sheet. We attracted top talent, including new executives to run our U.S. Consumer Bank and Cards businesses. And, most important, we put in place a structure and a strategy that we believe will enable us not only to grow but to regain our company's place as the world's premier international bank.

Several large trends are reshaping the financial services industry. As America's only truly global bank, Citigroup is the best-positioned bank in the world to harness those trends and deliver value to our clients and shareholders. We inherited a great foundation. Thanks to the foresight of those who were running this bank since before many of us were born, our company maintains an unparalleled physical presence in more than 100 of the world's countries and jurisdictions, with business operations in some 60 more. That foundation gives us a strong head start. And we are working to build on it in ways that aspiring competitors simply cannot – because they lack our history, our unique assets and our global presence.

### 2010 Results

Before I go into more detail about our strategy and execution priorities, let me briefly review our full-year results. One year ago, no one would have predicted that Citi would earn a profit in every quarter of 2010 and post double-digit net income for the full year. But that's exactly what we did.



Vikram S. Pandit  
Chief Executive Officer

Citi earned a profit of \$10.6 billion in 2010, or \$0.35 per share. Both of these figures are up sharply from a net loss of \$1.6 billion, or \$0.80 per share, in 2009. Revenues on a comparable basis were down slightly – to \$86.6 billion in 2010 from \$91.1 billion in 2009. Most of that decline is attributable to the continued shrinking of Citi Holdings both in dollar terms and as a share of our balance sheet.

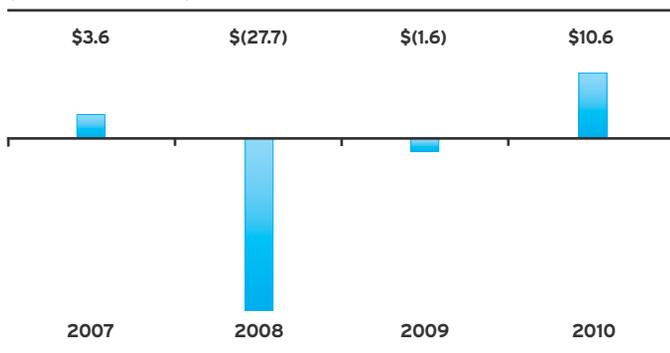
Our core businesses in Citicorp earned profits on a comparable basis of \$14.9 billion on revenues of \$65.6 billion – down slightly, reflecting the especially strong Securities and Banking results from the prior year. Regional Consumer Banking and Global Transaction Services (GTS) both posted solid revenue gains. In particular, our businesses in Asia Pacific and Latin America continue to grow, with our international consumer banks leading the way with revenue gains of 9% and a doubling of net income to \$4.2 billion. Overall, Citicorp generated 59% of its revenues from its international operations – a powerful testament to the strength of our global brand.

Our strong focus on Citicorp was matched by an equally strong determination to continue winding down Citi Holdings in an economically rational manner. Through a number of important sales and other actions – including the divestiture of

The Student Loan Corporation and much of Primerica – we reduced Citi Holdings assets by \$128 billion. Those assets are down by more than half from 2008 levels and now stand at \$359 billion. And net losses in Citi Holdings for the year fell by more than half, from \$8.9 billion in 2009 to \$4.2 billion last year.

Provisions for credit losses and for benefits and claims also declined on a comparable basis – by \$25.7 billion, or 50%, to \$26.0 billion. Total expenses for Citigroup were \$47.4 billion, down \$447 million, or 1%, from 2009 – even as we continue to make ongoing investments in talent, technology, new products, customer acquisition and expanded distribution, among others – ensuring that we have the people and the platform to meet clients’ and customers’ expectations well into this century.

**Citigroup Net Income**  
(in billions of dollars)



Our capital strength continues to be among the best in the business. Our Tier 1 Common ratio increased from 9.6% to 10.8% over the course of the year. And our loan loss reserves stand at \$40.7 billion, or 6.3% of our loan balances.

The numbers, in other words, are strong. I know that return on equity is of particular importance to shareholders. We will have more to say about return on equity as the impact of all the new

regulations becomes clearer. In the meantime, we will focus on driving strong return on assets. Having achieved sustained profitability, we now are looking to create sustained and responsible growth. Here's how.

### Current Trends

Our core goal for the near term is to continue aligning our bank around what we believe are the major trends reshaping our industry.

#### 1) The rise of an emerging-market consumer and trading bloc:

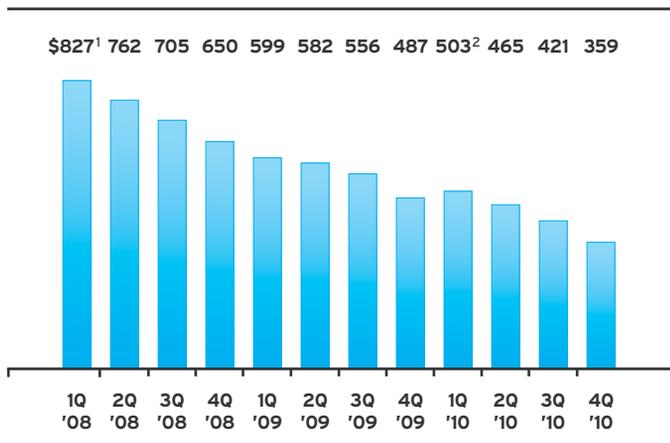
Growth in emerging markets is hardly a new story, but the traditional narrative is perhaps a bit behind current reality. The basic facts are well-known. Emerging markets are growing consistently faster than developed economies, in some cases by many multiples.

Yet two deeper factors are driving this broader trend. The first is the rise of the emerging-market consumer and that new consumer base's power to drive global growth. For example, in China and India alone, middle class households are expected to grow by more than 300 million over the next decade. Last year, 70 million people living in emerging markets entered the middle class. According to one estimate, by 2020, three-quarters of incremental consumer spending will come from emerging markets. If that estimate is correct, then by that same year, consumer spending in Asia will overtake North America to become the world's largest consumer bloc.

The other major factor is the vast increase in trade and capital flows within emerging markets. The share of global trade from emerging markets rose from 21% in 1995 to 35% in 2009, and that share is rising slightly faster than their share of the global economy. While intra-emerging market flows represent less than 15% of global trade today, these flows are increasing rapidly – rising from 6% of world trade to 13% between 1995 and 2009. By contrast, the advanced economies' share of global trade is now 65%, down from 79% in 1995.

Three other interrelated factors are at work here: increasing urbanization, massive investment needs and the role of sovereign wealth funds. Approximately 1.5 million people move to a city each day, with almost all of this migration taking place in emerging markets. This urbanization already is creating fresh demand for financial services and also is prompting massive investment needs for infrastructure projects, including roads, transit systems, power grids and telecom. By some estimates, as much as \$3 trillion will be required per year to upgrade aging infrastructure in developed markets and to meet the demands of urbanization in emerging markets. These investment needs, in turn, will create demand for capital markets in these countries, including active equity markets to support the expected growth.

**Citi Holdings Assets**  
(in billions of dollars)



<sup>1</sup>Peak quarter.

<sup>2</sup>The adoption of SFAS 166/167 brought \$43 billion on balance sheet as of January 1, 2010.

Sovereign wealth funds represent a \$4 trillion capital pool that will only grow larger as global current account imbalances, driven by trade surpluses in several Asian and Middle Eastern countries, continue to swell. These funds have large and fast-growing needs for solid investments in which to put their money. As a result, they are likely to play an important role in making up for capital investment shortfalls that may arise as more and more capital is allocated to infrastructure.

**2) Regulatory reform:** The regulatory landscape is changing, but we don't yet know exactly what forms those changes will take. Many of the rules required by Dodd-Frank remain to be written, and much of Basel III is not yet finalized. We support both reforms. While the Dodd-Frank rules may impose additional costs, they also may create opportunities to develop new and profitable business models. And we expect to meet the new Basel capital and liquidity requirements well before they become effective.

Whatever changes may come, there are some clear themes that will define Citi's future and principles. Customers will place a premium on those who practice what we call Responsible Finance. This means acting in ways that are in our clients' interests and that are systemically responsible. Responsible Finance also means supporting the real economy and its underlying growth trends. This is less about economics and more about behavior. The financial services industry plays a crucial role in enhancing economic growth and prosperity, and we must always make promoting broad-based growth one of our central priorities.

**3) Changes in consumer preferences:** A new generation of globally minded and tech-savvy people is coming of age and entering the financial system. Globalization has harmonized, to some extent, these consumers' tastes, spending habits and expectations in ways that make people who live in the world's largest and most sophisticated urban centers more like one another than ever before. These consumers also have different – and higher – expectations from businesses than their parents. The demands on businesses that rely on information technology will be especially high: consumers have come to expect instant, fast, reliable, always-on access to a plethora of data. In addition, consumers in differing circumstances and markets increasingly demand products and services tailored to their specific needs.

Keeping up with – and staying ahead of – those expectations will require changes to the global retail banking business model that are every bit as significant as the changes being wrought by new regulation. Social networking and technology pose perhaps the greatest challenge. More than 750 million people around the world now use social networking sites, which are radically changing the way consumers communicate – with each other and with businesses. What used to be simple messages are now interactive and ongoing dialogues. Industries and businesses that succeed in the new environment are harnessing social network technology to offer highly personalized service and virtual, online communities.

In short, consumers everywhere are becoming more knowledgeable and sophisticated. We must treat them accordingly.

**4) Technological advances:** Rapid technological advances over the next several years will reshape our industry beyond driving changes in consumer preferences. The incremental cost of computer memory already is close to zero. The cost of processing is approaching zero. The expansion of broadband is improving connectivity and the speed of information processing. Cloud computing will meaningfully increase the ability to store and manipulate data.

The upsides in reducing costs and improving efficiency are obvious – and not just in consumer businesses. On the institutional side, volumes will increase as the marginal cost of processing trades disappears. In addition, the convenience and efficiency of technology introduce new security challenges that banks must meet.

**5) Large global unbanked population:** While the expansion of the global middle class will drive economic growth and demand for banking services, there currently are some 2.5 billion unbanked consumers – people who lack access to basic financial services – in the world today. While much of this population lives in emerging markets, there is a need for greater financial inclusion in developed economies as well. For example, in the U.S., about 8% of households do not have bank accounts – a figure that may rise with the implementation of recent regulatory changes. The social and economic benefits of reaching the unbanked are enormous: greater financial security and economic opportunity for low-income people and expanding markets and prosperity for the entire world.

Policy makers have tried to address the problem but have yet to develop a workable – and scalable – model to promote financial inclusion and reach the poorest and most remote communities. One promising avenue is the use of mobile phone technologies to facilitate payments and deliver other banking services to the unbanked population.

### How Our Company Aligns with These Trends

Citi is, overall, the world’s best-positioned bank to harness current trends.

Citi’s extensive global presence and network are unmatched among financial institutions. We’ve developed deep and long-standing relationships in every market where we operate. We can fund projects and lend money using local deposits and investments. And our long-term presence has allowed us to accumulate a wealth of local knowledge and insights.

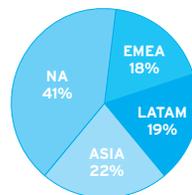
Moreover, we link the world not only through knowledge and relationships but also through our global payments network to create efficiency and accessibility for our clients. These services allow us to play a major role in global trade and commerce and to develop broad and deep relationships with corporations, governments and institutional investors throughout the world. Citi banks no less than 85% of the world’s Fortune 1,000 companies.

Citi’s broad product set is aligned with our core strategy of being the world’s global bank for consumers and institutions.

Our client-centric focus and emphasis on Responsible Finance are well-suited to the newly enacted and still-coming regulatory changes. We are a leader in most of our products across our institutional and consumer businesses. Citi also has a long history of innovation – including pioneering widespread use of the ATM.

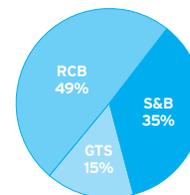
### Citicorp Revenues 2010 Revenues: \$65.6 billion

By Region



NA – North America  
EMEA – Europe, Middle East and Africa  
LATAM – Latin America

By Business



RCB – Regional Consumer Banking  
S&B – Securities and Banking  
GTS – Global Transaction Services

Note: Totals may not sum due to rounding.

Our “globality,” brand and product breadth make us unique in the industry and provide us the opportunity to attract the best talent from all over the world. The best people know that a career with us offers more opportunities for their own growth and development.

And our nearly 200-year-old brand is one of the world’s strongest. It has weathered the financial crisis remarkably well and remains dominant in many of the emerging markets poised for the fastest growth in the coming years.

Looking at these trends from the perspective of our three core businesses – Securities and Banking, Global Transaction Services and Regional Consumer Banking – our advantages come into sharper focus.

In Securities and Banking, our approach is to leverage our global network to build deep, enduring relationships with some 5,000 global priority clients across the corporate, public and financial sectors. We believe that these clients represent the most concentrated current and future opportunities. We put our capital to work for these clients and earn significant revenue streams from trading, foreign exchange, advisory and other services. And we are working to develop the risk management and operations and technology functions into sources of competitive advantage.

In Global Transaction Services (GTS), we are leveraging our global network, technology platforms and industry expertise to

deepen relationships with priority clients through our two major businesses, Treasury and Trade Solutions and Securities and Fund Services. Citi's GTS franchise brings in highly stable revenues with relatively low capital usage, making it one of the most attractive businesses in our industry.

In Regional Consumer Banking, we are pursuing a strategy of appealing to affluent consumers in the top 150 international cities. Nearly half of our 2010 consumer banking revenues were generated in emerging markets, where margins are higher and growth prospects brighter. We will continue to invest in more and better branches in our priority urban markets, even as we create "perceptual scale" through innovative distribution channels and products and digital banking platforms that make our service both more effective and more ubiquitous. We are the bank of choice for globally minded consumers and are working to become the same for trade-oriented small and mid-size companies looking to fulfill their international needs.

These three business segments overlap in a variety of ways to create synergies that significantly improve client service and our results. Our goal – and expectation – is to derive half of our revenues from emerging markets and half from developed economies, with a balanced mix across these three key businesses.

### Key Execution Priorities

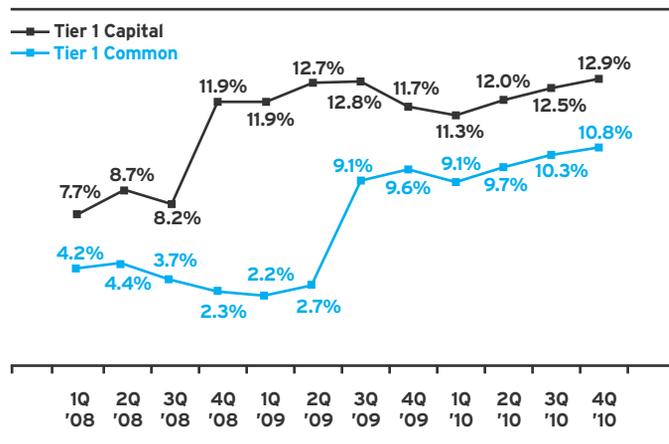
We have identified eight key execution priorities for 2011 and beyond:

**1) Increase our share of emerging-market flows, including capital trade and flows.** In 2010, we sharpened our focus on capturing a larger share of capital trade and flows from, into and especially within emerging markets. Plans for the future include improving client coverage models, adding and moving key talent to and within key markets, investing in infrastructure, creating content that provides unique insights into emerging markets and making more capital available to clients in priority markets.

**2) Become the world's digital bank.** Consumers appreciate the way technology simplifies and enhances so many aspects of their lives; they are increasingly demanding the same from financial services. We believe that our global footprint and our innovative culture position us to win in the digital space. Digital trends also will significantly impact our institutional businesses, whether through improvements in business efficiencies, more dynamic trading approaches or better ways to deliver services to our clients. In addition, we will continue to drive our operations and technology agenda – which includes improving

data quality to best in class, building a global consumer banking platform, expanding key trading capabilities, introducing the next generation of core systems in servicing and relentlessly pursuing operating efficiencies.

### Citigroup – Key Capital Metrics



Note: The adoption of SFAS 166/167 in 1Q'10 reduced Tier 1 Common and Tier 1 Capital ratios by 138 and 141 basis points, respectively.

**3) Enhance our U.S. consumer business and provide an exceptional customer experience.** Last year, we unveiled a new strategy to revitalize our U.S. retail banking business. We're making major investments in people, in technology and in our branch network to ensure that our customer experience is second to none.

**4) Become the industry's #1 source of ideas and content.** Meaningful value is delivered through ideas. We want to be the best at conveying insights and analysis to clients. We plan to leverage our global presence and expertise, including our vast information advantage, to generate the freshest thinking and create the best content in our industry. No financial institution knows more about more global markets than we do. Our challenge is to harness that knowledge and make it work for clients.

**5) Provide best-in-class corporate and investment banking capabilities.** Our goal is to rise to a position such that no major corporation, government or institution in the world will make a major financial decision without consulting Citi. This requires the best talent, the best ideas and the harnessing of all that our global franchise has to offer.

**6) Connect with our customers.** Citi's global brand is a tremendous advantage. We are continually investing in our brand and finding the right and best ways to connect with customers. We've implemented a rigorous net promoter methodology around the world to measure customer satisfaction and detail specific client characteristics and needs.

We are growing in digital and social media – channels that drive meaningful client connections and help us learn what they want from their bank.

**7) Attract, develop and retain the best talent.** Here we have another built-in advantage. Citi's global presence, long history, iconic brand, and breadth and depth of relationships and products offer employees – actual and potential – an unequalled chance to hone their skills, learn new markets and work in a variety of businesses. The best talent in the industry knows this and is attracted to come and work for us. We will build on that advantage with world-class learning and development offerings that support employees in their current jobs and prepare them for future roles. We also are focusing on our on-campus recruiting efforts to share the best of what Citi can offer and engage the interest and commitment of the most capable students around the world. And we are developing future leaders, building our pipeline of leadership talent to execute our strategy and fuel our growth in the future. The foundation we are laying today will help us retain our edge years down the road.

**8) Promote financial inclusion.** Part of the mission of any financial institution should be to promote financial inclusion – and it is for us. The Citi Foundation partners with and supports a variety of non-profit organizations that work to bring financial services within reach of the world's 2.5 billion unbanked. We also work through our business lines to promote financial inclusion through various for-profit initiatives. We will allocate greater time and resources to mapping our strategy and execution plans to become the leading financial institution in promoting financial inclusion.

We are in the process of making carefully planned, long-term investments to support these priorities – and to attract new customers, provide exceptional service, deepen client relationships, and create new and innovative products and services. These investments include adding new branches, ATMs and personal bankers in our priority cities around the world. We are upgrading our technology platforms in both our consumer and institutional businesses to improve the customer experience and create new efficiencies. We are hiring corporate, investment and private bankers to help our clients seize new opportunities. In our GTS business, we are expanding into more markets and creating new products. We are investing in our people across the board by implementing more training and development programs. And we are increasing our marketing efforts globally.

In some cases, these investments will require upfront costs, with returns realized only over time. We also will incur new

expenses as we work to comply with regulatory changes. Some of these expenditures will be funded through re-engineering projects, cost savings and other efficiencies. But the goal for every dollar we spend is to maintain our momentum and competitive edge, capture more market share and grow organically in priority markets. We are working hard and smart to position our company for the future.

## Conclusion

We had a good year. Our task for the future is to ensure that we have even better years to come – by serving clients, building value for all our stakeholders and practicing Responsible Finance.

I know we can do it because of what I already have seen our people accomplish. Their tireless work helped us get through the crisis. Moving Citi into the next phase will not be any easier. The best players in any business always expect the competition to be fierce and the challenges to be daunting. But our people are up to the task, and I thank them for their hard work throughout last year and all the effort that I know is to come. I also want to thank our Directors for their support and trust and for their continuing guidance.

I want, once again, to thank the American taxpayers for their steadfast support during and after the financial crisis. Accepting their assistance was not something we ever envisioned having to do, and it certainly was not something we wanted to do. But it enabled us to continue to provide our millions of retail, corporate and public sector clients with uninterrupted service and helped to stabilize the financial system. I'm proud that Citi was able to provide the taxpayers with a substantial return on their investment. We paid the money back, but our debt of gratitude remains.

Finally, I want to thank you – my fellow shareholders – for your support as well. We know full well that you can choose where to invest your money. That you chose to trust us with your hard-earned savings is the most profound statement of support any of us working for this company could imagine. Our mission every day is to earn, and to deserve, your continued trust.

Sincerely,



**Vikram S. Pandit**  
Chief Executive Officer, Citigroup Inc.