Dear Fellow Shareholders,

This year marks our 200th anniversary — a milestone that few institutions ever reach. This is a time to commemorate who we are and what we've done and also to look forward to all that we can achieve in the coming years.

Our bank enjoys a heritage that none of our competitors can match. Since 1812, our central mission has been to support economic progress. For two centuries, we have applied our passion for innovation to help our customers advance from ambition to achievement — a role even more important today, as our clients confront the uncertainties of the future. We started as a trade finance bank, enabling commerce between New York and Liverpool. Since then, we literally have been connecting the world. Over the decades, we have financed some of the world's most transformative projects, from the trans-Atlantic cable to the Panama Canal to the jumbo jet. We were the first major American bank to open branches abroad, and today we maintain a presence in more than 100 countries and jurisdictions and conduct business in some 60 more.

We rightly draw inspiration from our past. But our future is even more exciting. This bank's core strengths — facilitating international trade and capital flows, helping consumers pursue opportunities in the world's top 150 cities and helping companies build their businesses in the U.S., throughout the developed world and in the high-growth emerging markets — all are aligned with the trends that are redefining the global economy. The world may be diverging in many ways, but our role is to create convergence — to connect the world for our clients and to connect our clients to the world.

2011 Results

Our company is in strong shape and is well-positioned for the future. Full-year 2011 earnings of $11.1 billion represented an increase of 4% over 2010. Our consumer- and services-related businesses continued to perform well as we executed our strategy and were chosen by clients for many important assignments. Throughout Citicorp, we grew our loans by 14% from 2010, including a 24% increase in corporate loans.

Vikram S. Pandit
Chief Executive Officer

And Global Transaction Services (GTS) continued to show positive momentum, with full-year revenues up 5% over 2010. Our operating account balances in GTS rose 23%, buoyed in particular by strong growth in Treasury and Trade Solutions.

Revenues in international consumer banking grew by 5% (excluding the impact of foreign exchange (FX)) for the year as we opened three million new accounts while increasing average loans and deposits, on a constant-dollar basis, by $12 billion and $9 billion, respectively. Customer satisfaction with the experience in our consumer bank is rising, as measured by net promoter scores. During the fourth quarter, we achieved positive operating leverage in Latin America, something we achieved in Asia in both the third and fourth quarters. In the U.S., customer accounts, deposits, loans and revenues each grew from the third to fourth quarters. And we increased our small business lending from $6 billion in 2010 to $7.9 billion in 2011, significantly higher than our target of $7 billion and up 72% in the past two years.

Yet while 2011 was a good year for us, our results fell short of expectations in the fourth quarter. Fears of a banking crisis in Europe – or worse, a change in the status of the euro – affected the entire sector and weighed on client confidence and activity throughout the world. Market activity was down significantly, and our clients reduced their risk exposures. All of our businesses geared to the capital markets – such as Sales and Trading, Securities and Fund Services in GTS, and even investment sales in consumer banking – were adversely impacted.

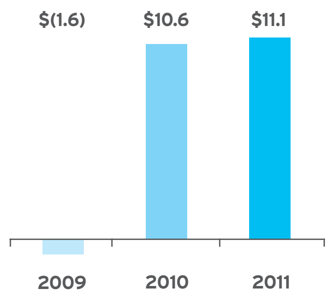
In addition, we are not completely through with our remediation efforts. We reduced Citi Holdings assets by an additional $90 billion in 2011 after many successful sales. We have split what used to be CitiFinancial into two components: a servicing portfolio for existing loans and OneMain Financial, which continues to originate personal loans in the U.S. This restructuring will help us prepare for an eventual sale of OneMain, a solid business but one outside the scope of our core mission and current strategy. As with every asset in Citi Holdings, we will sell only on economically rational terms. Now that Retail Partner Cards (renamed Citi Retail Services) is back in Citicorp, Citi Holdings assets stand at only 12% of our balance sheet – well below 19% at the end of last year.

Our expenses rose by $3.6 billion in 2011. Approximately two-thirds of that was owing to the impact of foreign exchange and nonoperating expenses such as increased legal and repositioning charges. Factoring those out, expenses rose by $1.0 billion, or 2.0%, driven by investments.

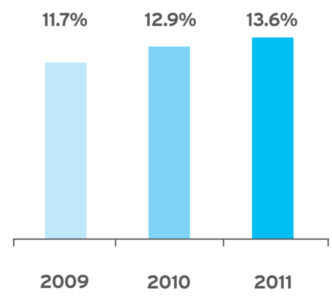
Investments in the Future

Despite the soft economy and market turmoil over the past year, we judged it important to continue making key investments in the long-term health of our businesses even as we worked to bolster our quarterly earnings. Thus, in keeping with our strategy, we invested an additional $3.9 billion to bring our franchise up to the standards our clients and regulators expect from a global bank of our caliber. Nearly half of that, $1.9 billion, was self-funded through reengineering savings. We also made much-needed

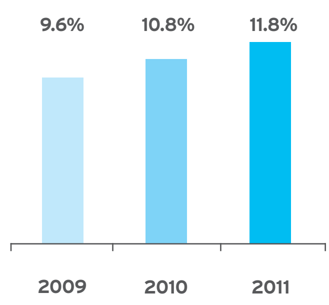
Citigroup Net Income
(in billions of dollars)



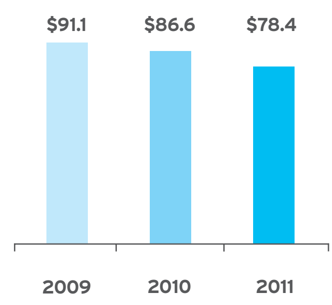
Citigroup Tier 1 Capital Ratio



Citigroup Tier 1 Common Ratio

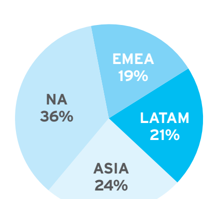


Citigroup Net Revenues
(in billions of dollars)



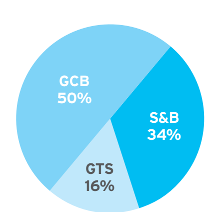
Citicorp Revenues
2011 Revenues: $64.6 billion

By Region



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

By Business



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

investments in our infrastructure. Our institutional and consumer businesses were burdened with a patchwork of outdated, often overlapping and even redundant technology systems that needed to be replaced. During the crisis, we deferred many important initiatives but now must focus on making our bank more efficient and nimble.

Many of these investments, such as nearly $1 billion in 2011 to meet regulatory requirements, are not discretionary. Some, such as building a common technology platform for our global consumer business, are vital to improving the customer experience globally. Investments in our North America cards business grew by more than $500 million last year — a necessary effort to get us back into a position to take on our peers head-to-head. Similarly, in fast-growing emerging markets where standing still risks losing share, we had to invest just to keep up. Investments to grow the client franchise in Asia and Latin America rose by approximately $300 million.

We intend to reduce our expenses in 2012 compared with 2011 levels (assuming no changes in FX or significant one-time charges). We also will continue to right-size our businesses for the opportunities we see so that we are prepared whether the current environment proves to be the result of a cyclical or secular trend.

Progress on Our Priorities

Despite the challenging environment, in 2011 we still were able to make progress on all of the execution priorities I outlined in last year's letter.

Our intense focus on capturing emerging market trade and capital flows yielded some impressive achievements over the past year. Citi's loans to companies in the emerging markets grew by 34% from 2010 to 2011. Among the many deals we concluded in the emerging markets in 2011, Citi was the lead underwriter on the $3.7 billion capital-raising for Russian telecommunications company VimpelCom. This was the largest capital markets financing exercise ever for a private sector company in Russia. And Citi acted as exclusive advisor to Japanese beverage company Kirin on its $2.6 billion acquisition of Schincariol in August 2011 — the second-largest Japanese acquisition in Latin America ever.

To further our ongoing initiative to become the world's digital bank, we were proud to be awarded a global mandate from one of Citi's largest clients to conduct online and mobile receivables and payments. Three key businesses — Global Enterprise Payments, Global Consumer Banking and GTS — worked seamlessly together across every region to make this happen. While the details of the mandate are being finalized, this new project promises to be applicable across a range of clients and industries. We're also innovating with other partners — including telecoms, start-ups and other players in the ecosystem — to help shape mobile payments around the globe. In May, Citi served as the lead bank on the U.S. launch of Google Wallet, which offers the latest smartphone payment technology. Mobile payment pilot systems are under way in Asia and Latin America, and several others are being negotiated.

I'm particularly proud of the progress we've made in enhancing the customer experience at our bank. In 2011, we opened new Citi Smart Banking branches in Washington, D.C., Tokyo and Busan, South Korea. We also opened five innovative sales and service centers in Moscow and St. Petersburg plus 130 Citi Express locations — innovative 24-hour service units — in Colombia. We opened branches in three new markets in China, expanding our presence in that country to 13 cities. And, in direct response to customer feedback, in the U.S. we introduced the Citi Simplicity® credit card, whose benefits are unique and industry-leading: one APR, a single rate and no late fees.

Over the past 12 months, Global Consumer Banking also has introduced or refined digital banking options at an exceptional pace to meet or exceed those demands and continue Citi's evolution as the world's premier digital bank. I don't have the space here to list even half of our many accomplishments, but in July, we launched a consumer banking app designed for the iPad®. We also made major headway in the development of new customer applications for Facebook and Amazon's Kindle Fire, as well as mobile person-to-person payment capabilities, to offer customers new and enhanced banking options. The 2011 results speak for themselves: Citi Mobile℠ users were up more than 80%, and mobile transfers increased 170%.

On becoming the industry's best source of content: In 2011, we strengthened our global Economics team with several key hires, built a full-scale research capability for our Commodities group and enhanced our equity research in a number of critical sectors, notably energy and health care. We also launched an innovative research series under the brand of Citi GPS (Global Perspectives & Solutions), reports that provide deep, thematic research relevant to all our clients on major issues facing the world economy.

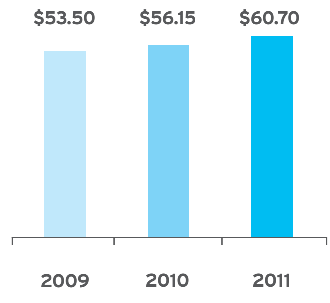
We are making good progress on our pledge to build best-in-class corporate and investment banking capabilities. In 2011, we built our talent base in critical sectors such as technology, energy and industrials and in key countries, including China, Russia, Brazil, Qatar and the UK. We established new country desks in 10 emerging market countries to enhance global connectivity for our corporate clients, in the U.S. and abroad, and help them capture capital flows into, out of and within the emerging markets. We relocated staff across regions to focus on client flows and provide guidance and recommendations to clients based upon deep market knowledge. And we launched a Citi Global Banking Mobile application for the iPad that allows clients to access our latest insights on global capital markets and M&A. Citi is focused on supporting clients in the emerging markets by providing intraregional connectivity and detailed knowledge.

To better connect with our customers, we revamped our brand strategy to ensure that we present our company in a powerful, consistent way, unified under the name "Citi" everywhere while keeping the name "Citibank" for our retail bank. We're also proud to sponsor the 2012 U.S. Olympic and Paralympic Teams as they compete for the gold in London this summer.

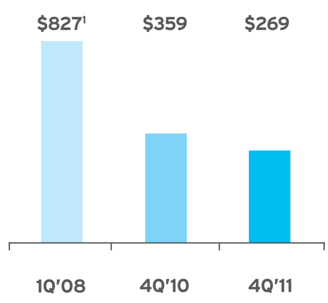
We also made progress on our ongoing goal to attract the world's very best and most globally minded talent, wherever such people can be found. We realigned portions of the organization to better reflect Citi's long-term business strategy, including the creation of the COO/president role

Citicorp Net Income
(in billions of dollars)

Citigroup Book Value Per Share

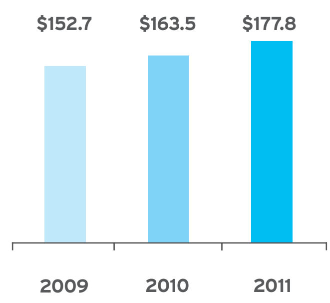


Citi Holdings Assets
(in billions of dollars)

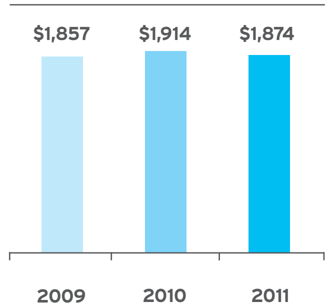


[1]Peak quarter.

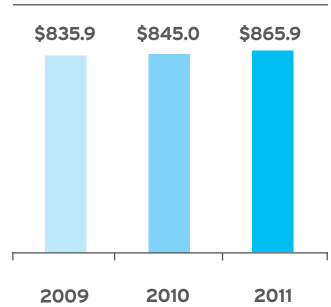
Total Stockholders' Equity
(in billions of dollars)



Citigroup Total Assets
(in billions of dollars)



Citigroup Deposits
(in billions of dollars)



and the new global consumer organization. We worked hard on leadership succession to ensure that the 200 or so most critical roles within the company are backed by deep benches of talent. And we held a huge number of leadership and executive development programs that reached more than 10,000 of our best people.

Citi also made strong headway in 2011 in our efforts to promote financial inclusion. Just two examples: In partnership with the city and county of San Francisco, we rolled out Kindergarten to College, the first universal college savings program in the U.S. In Indonesia, working with the U.S. Overseas Private Investment Corporation and Bank Danamon, we executed a $20 million loan to fund the growth of Bank Danamon's Microfinance Program, which lends to microentrepreneurs and small businesses.

Three Central Responsibilities

Finally, let me turn to three central responsibilities and update you on what we accomplished in these areas over the past year. First, in everything we do, we seek to place the safety and soundness of this institution beyond question – an objective that is particularly important in the current environment. Second, we continually work to boost confidence in our franchise. And third, we strive to grow our book value as much as possible.

First, with respect to safety and soundness, our capital strength is among the highest of all our peers. We ended the year with a Basel I Tier 1 Common ratio of 11.8%, up from 10.8% one year ago. We remain highly liquid, with nearly a quarter of our balance sheet in cash and liquid securities. And our loan loss reserves remain strong.

Clearly, reducing risk in our trading books and across the franchise negatively impacted revenues in the second half of 2011. But it was the right and necessary step to take in this environment. Safety and soundness must come first. That's why, among other measures, we've been carefully managing our exposure to Western Europe – for instance, selling off our interest in Egg Banking PLC and our Belgian retail network while continuing to serve our clients throughout the region. We also have hedges in place to mitigate the various outcomes – or the ongoing lack of one – to the European situation.

In addition, we have been taking steps to reduce operating risk throughout our company. And our new enterprise risk framework and anti-money laundering efforts are working to spot trouble before it arises.

Second, opinion of our company has been steadily improving. We're increasingly given credit for what we offer and for what we have accomplished since the financial crisis. The vast majority of major equity analysts agree that Citi is a good investment. We won numerous awards, including Best Bank in Asia from *Euromoney* and Best Global Private Bank and Transaction Services Bank of the Year from *The Banker*.

Third, we continue to increase our company's book value. We achieved a 7.8% return on tangible common equity in 2011. That's in the middle of the pack with respect to our peers but well ahead of some and solid given the environment. In addition, we generated this return while growing our tangible common equity by 12%, a level near the top for our industry.

More to the point, we achieved that with about half our capital essentially unavailable for use in our core franchise. Citigroup has GAAP capital of roughly $180 billion. However, for Basel I purposes, approximately $25 billion of goodwill is deducted, and around $40 billion of deferred tax assets is disallowed. This leaves us with $115 billion of Tier 1 Common, of which approximately $25 billion is tied up in Citi Holdings. In other words, only about $90 billion, or half our capital, is available to support assets that can generate returns for our core franchise. The approximately 16% return we generated on our Citicorp franchise was quite good considering the ultra-low interest rate environment and sluggish worldwide growth during the year.

Yet our stock price suffered. The entire sector was down. All the macroeconomic factors discussed above – especially the problems in Europe – played a role. We suffered more than some, less than others. Citi Holdings and deferred tax assets continue to act as drags on our trading value. Some of our peers were buoyed by the ability to buy back shares, an option we lacked. In the final analysis, the value that we all want to see reflected in our share price will be most apparent when we can meaningfully return capital to shareholders. That remains one of our overriding objectives.

Looking Ahead

In a turbulent world, many things have not changed. Globalization, digitization, urbanization and the rise of the emerging market consumer still are the defining trends of our time. Citi is well-positioned to seize the opportunities those trends present. We are in the right businesses and in the right countries and regions — where the growth is. Our strategy in a nutshell is to position our bank to seize these trends for our clients' benefit, remain committed to Responsible Finance and the basics of banking, and serve the real economy, not ourselves. Our focus is all on execution — executing our broad strategy and also the specific priorities I've identified. In fact, the two are inseparable.

We're focused on the years and decades ahead. Environmental and regulatory factors could arise that require us to change how we execute our strategy. But the strategy itself is right for us and right for the times. It builds on the great legacy left to us by Walter Wriston, updated for the changing times and current environment. It's what built this bank into a global powerhouse, and it will serve us well in the coming years and decades. The short-term outlook for many economies remains cloudy. But for the long term, we've positioned our company to seize and capitalize on the trends that we believe will define the global economy.

Sincerely,

Vikram S. Pandit
Chief Executive Officer, Citigroup Inc.

Citi Celebrates Sponsorship of 2012 U.S. Olympic and Paralympic Teams

This past July, to mark the year-out milestone to the London 2012 Olympic Games, Citi, an official sponsor of the 2012 U.S. Olympic and Paralympic Teams and the U.S. Olympic Committee (USOC), held a ceremonial Citi Team USA flag-raising event outside the Citibank Financial Center at its headquarters in New York City. Olympic silver medalist Alicia Sacramone (gymnastics), Olympic gold medalist Susan Francia (rowing) and two-time Paralympic gold medalist Jeremy Campbell (discus, pentathlon) joined Vikram Pandit and employees to kick off the one-year countdown.

"Observing this important milestone on the Olympic calendar with inspiring athletes was a great way to celebrate our sponsorship of Team USA," said Mr. Pandit. "Helping America's athletes fulfill their Olympic dreams is one way to demonstrate our support for the athletes and our country, reinforcing the commitment to excellence we share. In 2012, our 200th anniversary, we will be proud to stand with our nation's Olympians and Paralympians as they take the best of the American spirit to London."

At the event, the athletes spoke with employees about their experiences at the Beijing 2008 Olympic and Paralympic Games and shared their journeys as Olympic and Paralympic hopefuls as they compete to represent the U.S. at the London 2012 Olympic and Paralympic Games. As America's global bank for nearly 200 years, Citi's mission of helping individuals, businesses, institutions and nations succeed in the global marketplace complements the USOC's mission of supporting U.S. Olympic and Paralympic athletes in achieving sustained competitive excellence and thereby inspiring all Americans.