



May 27, 2025

Consumer Bank Exit

Bank for Global Business



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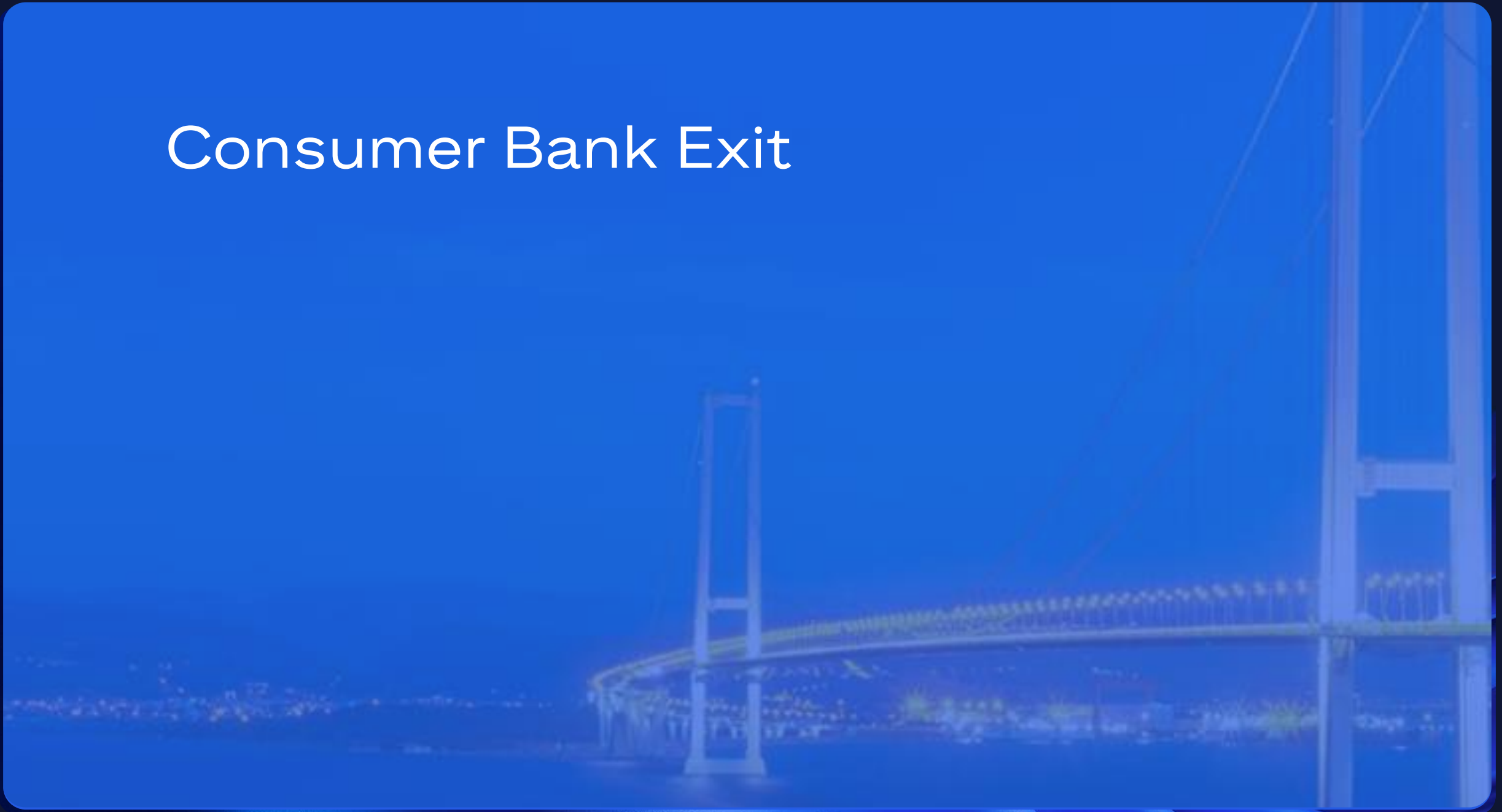
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- Consumer Bank Exit – Transaction
 - We set off on a new journey
– Bank for Global Business
2025–2027 Strategic Directions

Consumer Bank Exit



Strategic Rationale

Rationale to exit the Consumer Business

- Focus on institutional clients, with the aim of deepening client relationships
- Directing investments and resources in the area in which Citi Handlowy has competitive advantages as well as scale
- High sensitivity to rates of Consumer Business resulting from balance sheet structure
- Alignment with the strategy of Citi to exit consumer banking across 15 markets globally

Benefits to clients and employees

- Clients will automatically be migrated to the VeloBank platform with no further actions required from them and without material disruption
- The parties to the Transaction intend that current product and service offering will be mirrored by VeloBank to continue the positive journey with Citi Handlowy clients
- Citi Handlowy employees will be welcomed by VeloBank to preserve existing client relationships and complement offered business solutions

Unlocked growth opportunity for Citi Handlowy Institutional Banking

- Consumer Bank exit paves the way for Citi Handlowy to accelerated growth profile and sustainable earnings
- Released capital and available liquidity will be strategically redeployed into the Institutional Bank to achieve better dynamic growth of business volumes leveraging macro environment
- It translates into higher long-term returns for shareholders, targeting ~19% ROE by 2027
- Despite the declining interest rates cycle, bank plans to maximize the value for shareholders in the form of dividend payments at the level of 75%-100%

Transaction Highlights

Transaction perimeter

- Sale of Citi Handlowy Consumer Business (incl. credit cards, unsecured loans, PLN mortgages, retail deposits and assets under management, wealth management, retail brokerage, and micro clients business, as well as c. 1,650 employees and branches servicing Consumer Banking clients)
- The perimeter includes c. PLN 6.0 Bn loans, c. PLN 22.1 Bn deposits and PLN 8.9 Bn AUM with corresponding equity of c. PLN 0.9 Bn
- The FX retail mortgage portfolio (PLN 24 MM equivalent) and selected industry-wide risks up to a cap are retained by Citi Handlowy

Transaction structure

- The sale will be structured as a demerger of an organized part of an enterprise to VeloBank S.A., where Citi Handlowy receives shares in VeloBank in exchange for the transfer of the Transaction Perimeter. The VeloBank shares will immediately after be repurchased by VeloBank's shareholders for the cash consideration
- The migration will take place at demerger date

Transaction economics

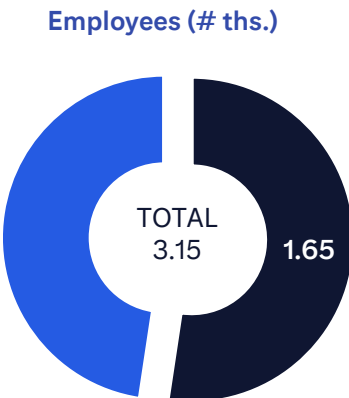
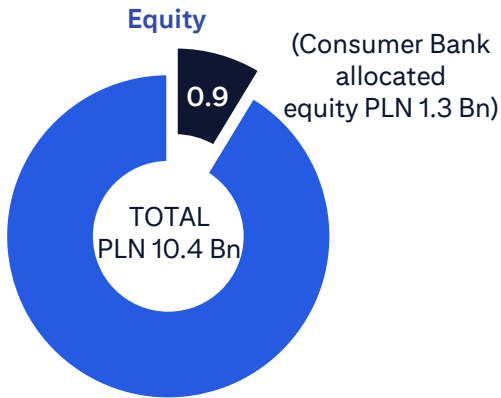
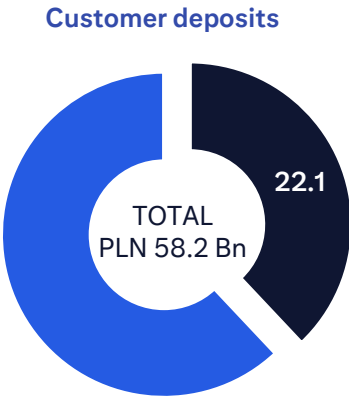
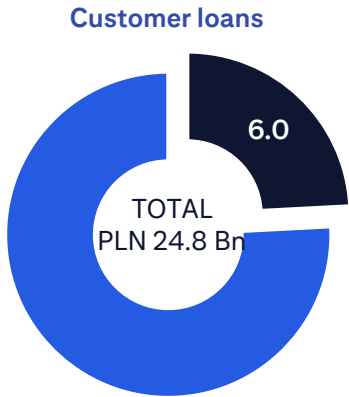
- Total shareholder value related to Transaction amounts to ~PLN 1.1 Bn and consist of the following components:
 1. Fixed price component estimated at PLN 432 MM
 2. Variable price component up to PLN 100 MM payable at closing – depending on the business volumes
 3. Released excess capital along with the retained net profits generated by the Consumer Business until closing estimated at PLN 570 MM*
- Citi Handlowy will recognize a net loss on sale amounting to c. PLN 380 MM in Q2 2025 (excluding variable price component)
- Two independent third-party fairness opinions (EY and another reputable financial advisor) confirmed fairness of the financial terms of the Transaction
- Citi Handlowy will request regulatory approval for the distribution of the cash consideration and undistributed profits from previous years to be paid (in the form of dividend) in 2025 and 2026

Approvals and timeline

- The transaction is subject to customary closing conditions including regulatory approvals and is expected to close in mid 2026

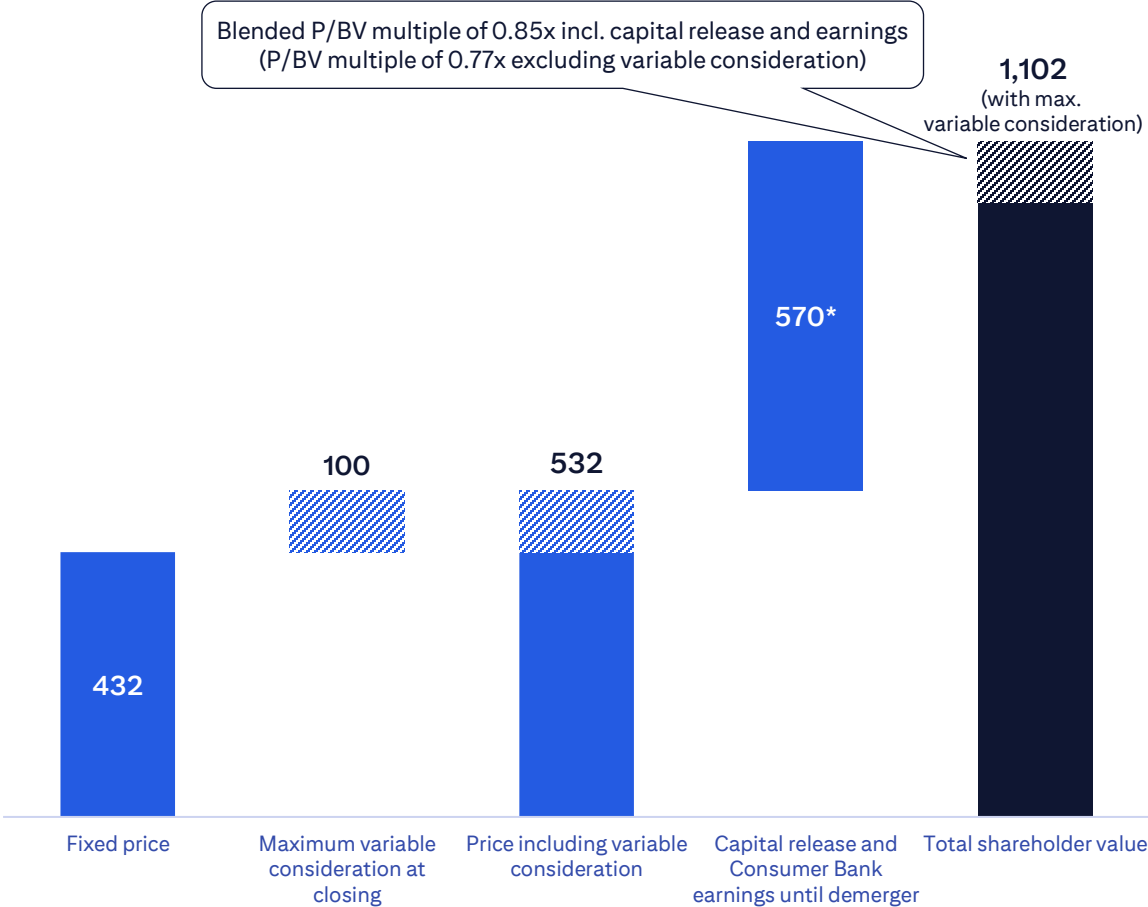
Transaction Financial Implications

Transaction perimeter (PLN Bn, Q1 2025)



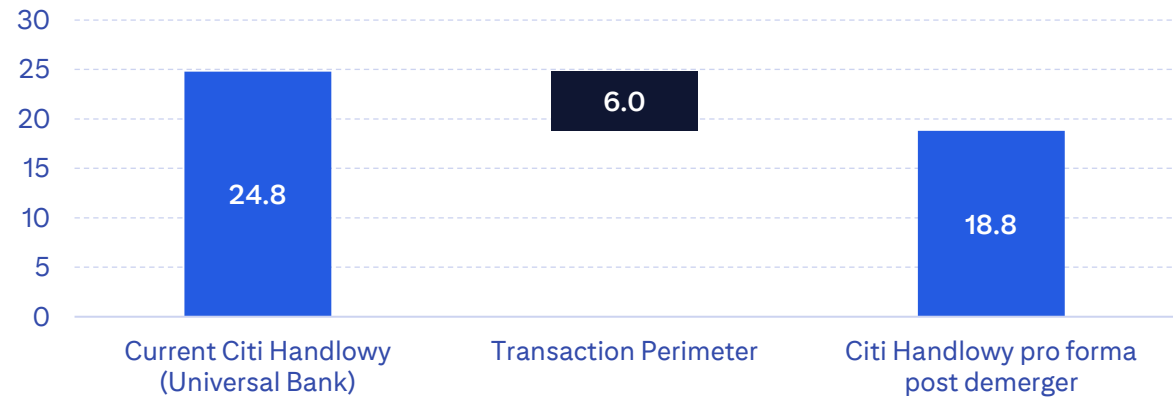
– Transaction perimeter
 – Institutional business

Shareholder value and transaction economics (PLN MM)

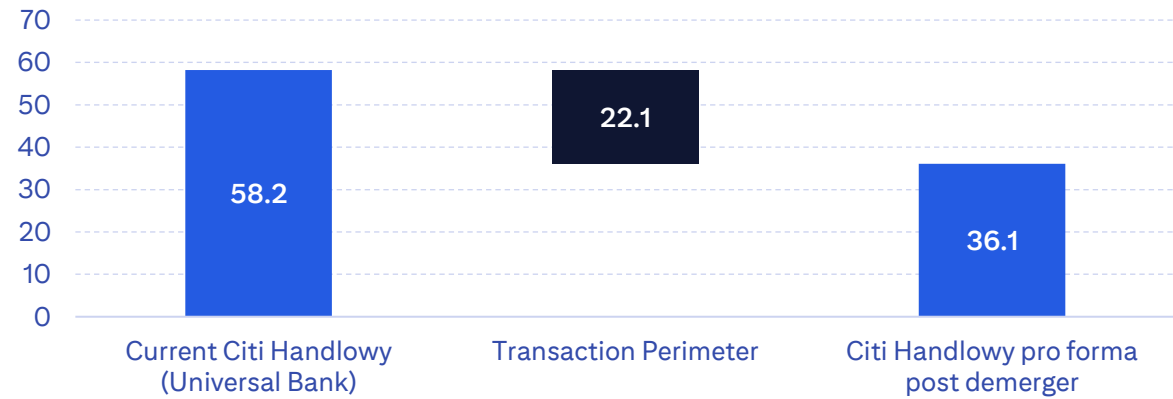


Citi Handlowy Post Demerger (pro forma)

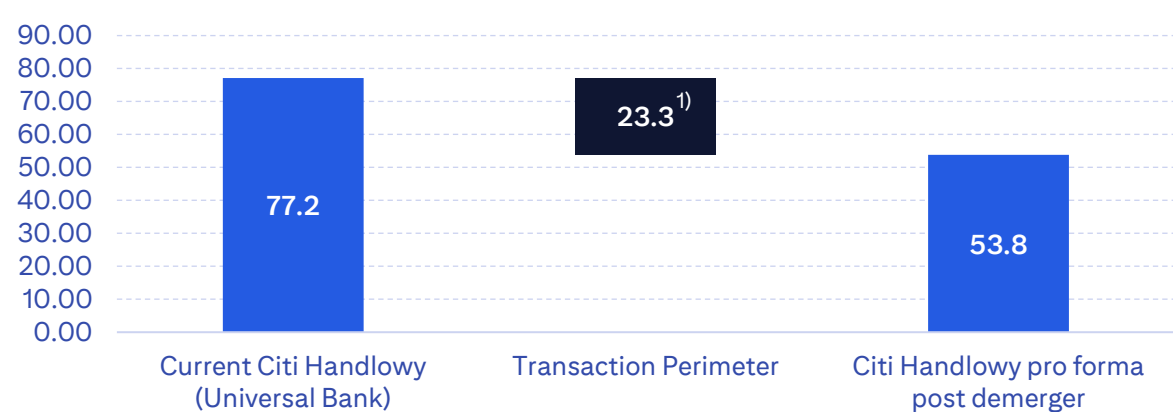
Loans (PLN Bn, Q1 2025)



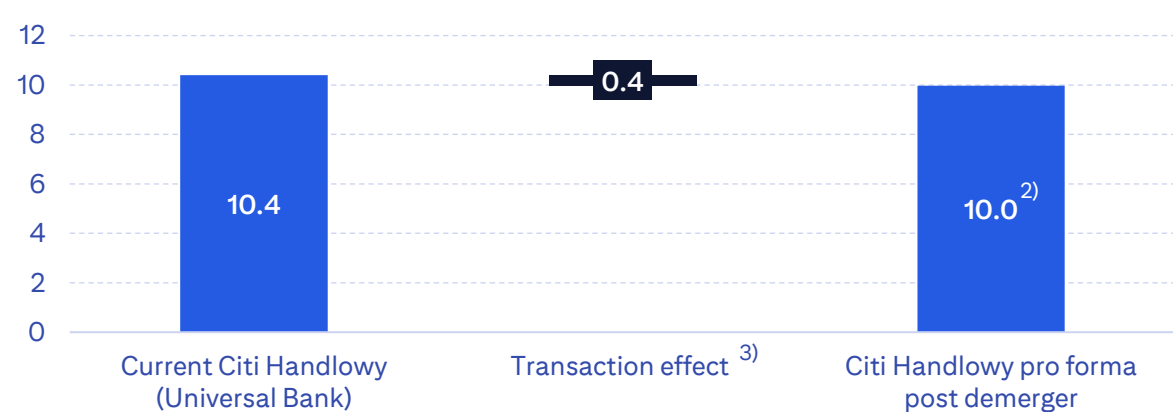
Deposits (PLN Bn, Q1 2025)



Total assets (PLN Bn, Q1 2025)



Equity (PLN Bn, Q1 2025)



1) remaining part of total assets besides loans will be mostly comprising cash and liquid assets
2) assuming payout of price consideration of PLN 432 MM
3) to be distributed as a dividend subject to regulatory approval



for the love of

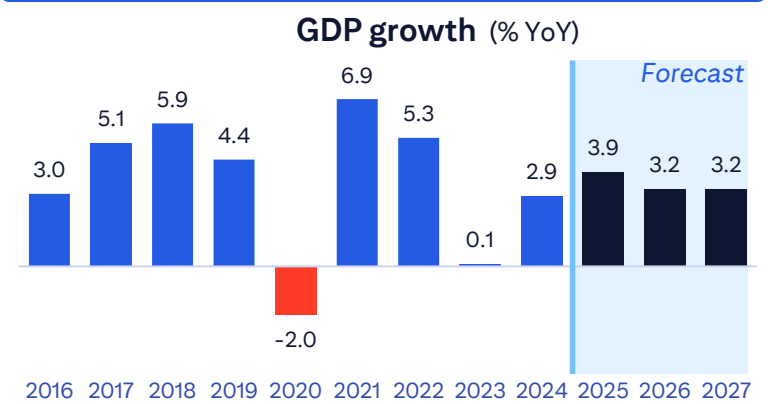
supporting global ambitions
strengthening Polish businesses

for the love of progress®

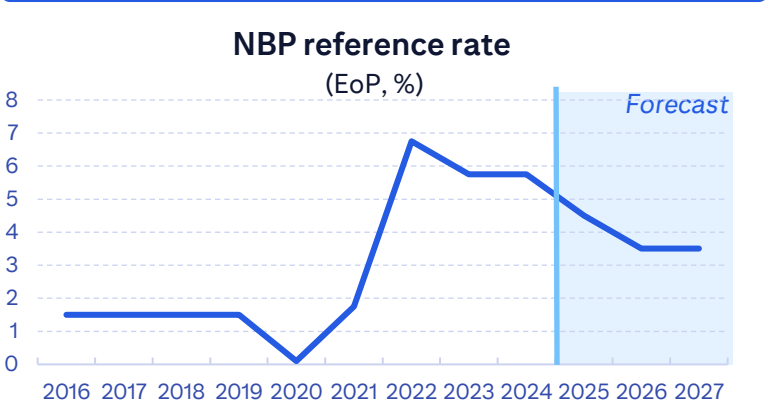
Economic Outlook

Stable economy with positive outlook driven by investments

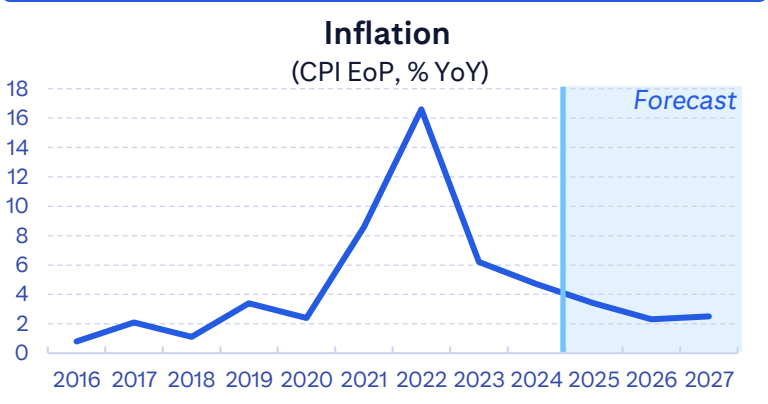
Poland's GDP is set for a rebound



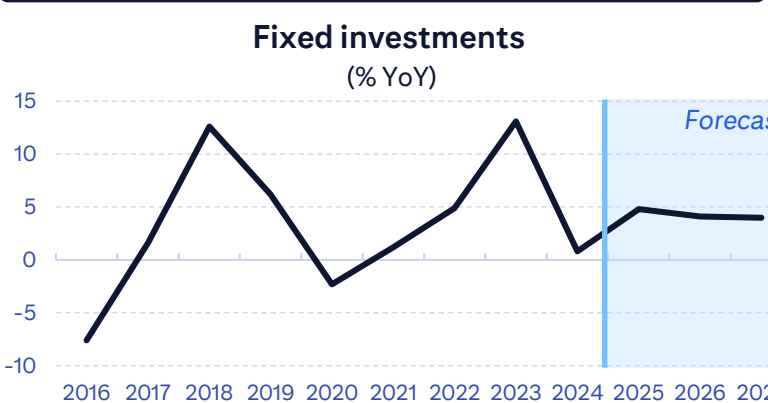
Rates expected to decline



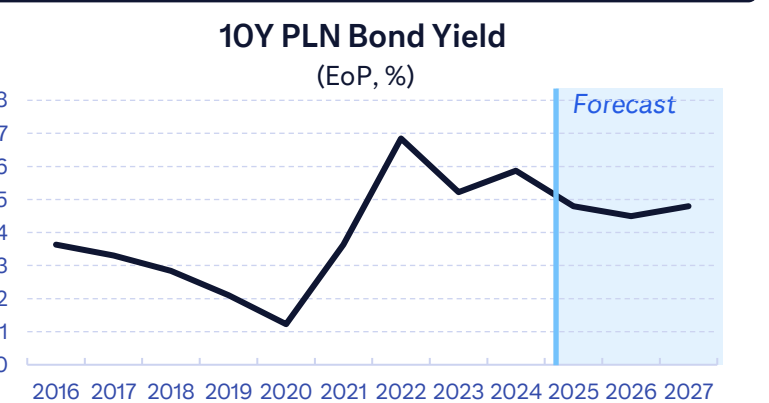
Inflation heading towards Central Bank's target



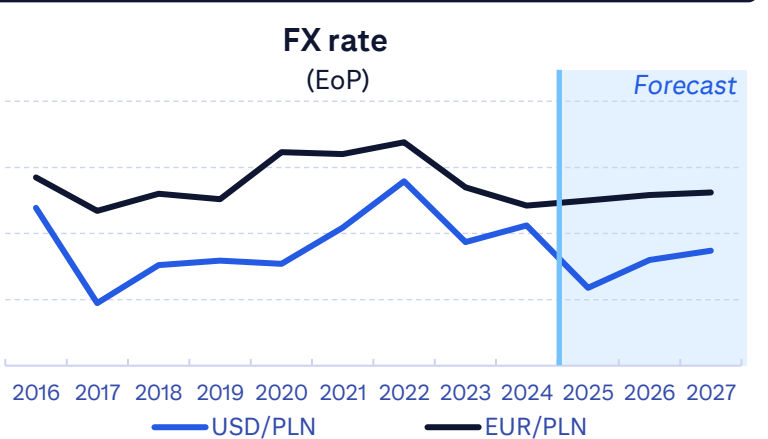
Investments supported by EU funds



Stable yields (10Y PLN bonds)



Stable currency



Industry Trends and Country Priorities Support a Focus on Institutional Banking

We are focused on helping institutional clients navigate recent trends which create substantial business opportunities



Trade corridors

- Trade corridors shifting away from traditionally established partners
- Capturing inflow of FDIs with geography-specific focus



Near-shoring / friend-shoring

- Poland is a cost-effective location – already chosen for several investments
- Near-shoring of suppliers from Asia to the region



National security / Defense

- Poland is leading in terms of military spendings to GDP ratio among NATO countries (4-5%)
- Most of the defense contracts are concluded with foreign investors



Investment Banking

- Higher client activity in the field of M&A transactions
- Capital raising opportunities – debt and equity capital markets
- Episodic transactions fueling fee revenue



Energy Transformation

- Poland is a mostly coal-based economy
- Foreign investments in Poland to build windfarms components
- Nuclear plans announced in 2023

Citi Handlowy Institutional Banking Today

Institutional Banking (2024)	PLN 3.2 Bn Revenue	25% Cost/Income	PLN 32.1 Bn Deposits	PLN 15.3 Bn Loans	PLN 377 Bn Assets under custody	PLN 12 Tn Outgoing payments Value
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Part of unparalleled Citi global network

Our global network gives us the ability to connect and do business in nearly 180 countries and jurisdictions
Over 200 years of experience and capabilities to meet the banking needs of our clients as they grow across borders



90+
countries
with on-the-ground presence

90%
of the top 100 banks
are Citi clients

77
countries
with trading floors

\$24Tn
approximate assets under
custody and administration

How We Serve Institutional Clients

- **Liquidity Management**

Help move, manage, and invest balances efficiently, while managing risk and optimizing financial outcomes

- **Payments**

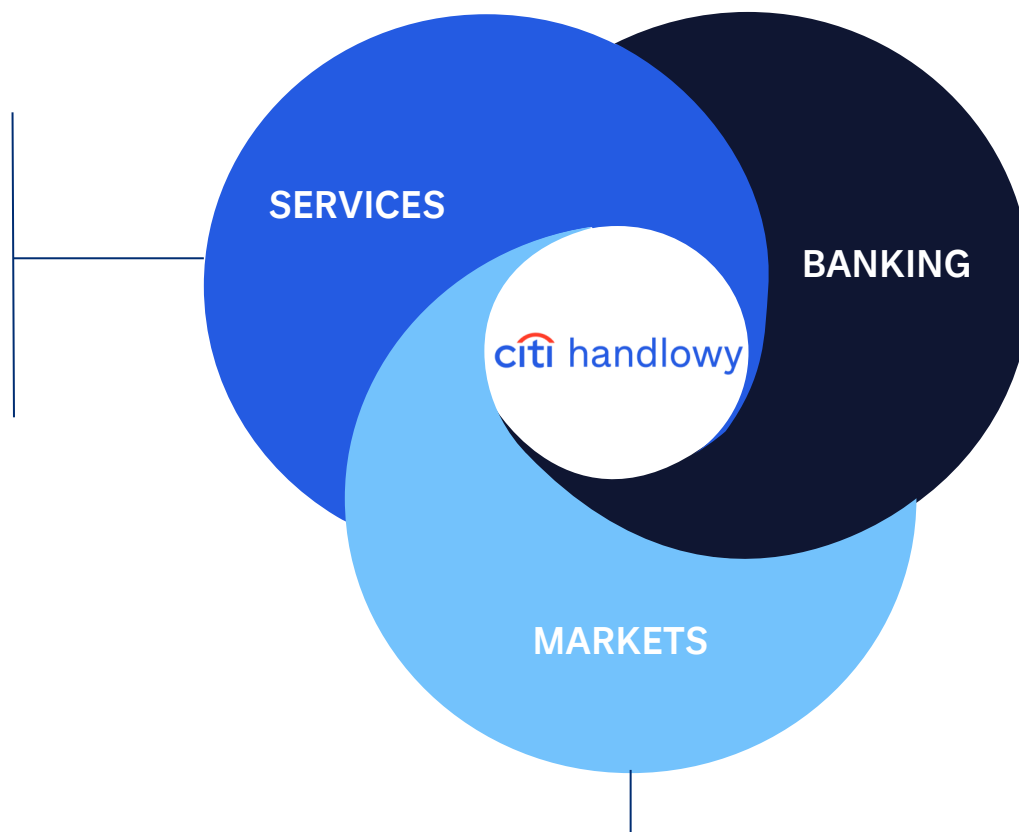
Deliver a consistent and connected Global Payments experience powered by agile and scalable solutions

- **Trade & Working Capital Solutions**

Digitally-enabled Trade strategies and solutions help buyers and suppliers manage complexity

- **Platforms and Data Services**

Digital platforms and market leading connectivity options for seamless integration to Clients' technology suite



- **Full types of financing**
- **Investment Banking**

Banking organized around three lines

- Global Network Banking
- Commercial Bank
- Corporate Bank

- **FX**
- **Derivatives**
- **Capital markets**
- **Securities Services**

Proven Track Record

Landmark deals executed for our clients



EUR 3.2 Bn

IPO on Amsterdam
Stock Exchange
Co-Bookrunner



PLN 1.77B
EUR 101MM

Syndicated
loan



PLN 1.25 Bn
Climate Awareness
Bond

Lead Manager



European Bank
for Reconstruction and Development

Financing of the strategic
investments in Poland:
Energy sector
transformation,
decarbonization of the
Polish economy, support for
economic growth



EUR 300 MM
PLN 820 MM
Syndicated financing
Underwriter and
Original Lender



elemental

EUR 252MM

Syndicated
loan



EUR 863.5 MM

Syndicated loan



PLN 1.2 Bn

Joint - Structurer



Acquisition of shares
in innovative
American tech
company - Pilot44



Financial agreement
including fulfilment
of the company's
sustainable
development goals



PLN 10.5 Bn

Joint Book Runne



Global Program
of Supplier Finance
Adam Smith Award



PLN 1.5 Bn

Issue of the new
series of shares



EUR 400 MM
Dealer of Eurobonds
issue to be injected in
the Anti-Covid-19
Fund and Ukraine
Assistance Fund



PLN 1.7 Bn

IPO on Warsaw Stock
Exchange

Bank for Global Business 2025–2027 Strategic Directions



PATH FORWARD:

Citi Handlowy expertise and Citi's global network allow us to serve clients in a way others simply cannot. With consumer business divestiture underway, we will accelerate our growth by winning with our institutional clients.

Institutional Business Strategy

Our well-positioned Institutional Business gives us a solid foundation for growth

Vision

To be the preeminent banking partner for clients with cross-border needs and aspirations. As the most global bank in Poland with 155-years experience in the Polish market, we want to enable growth and economic progress of the country

Our strategic pillars



Deliver unique value proposition with access to global markets and track record in helping Polish companies win abroad



Be #1 Bank for international companies investing in Poland (trade corridors, FDIs inflow)



Support country economy in key themes – energy transformation and national security / defense



Partner with clients in their path to green by providing ESG products & solutions tailored to their specific needs

Our journey

Phase 1

(2025)

Signing of the Perimeter sale to VeloBank and build fundamentals for new strategy

Phase 2

(2026)

Close and migrate Sale Perimeter. Accelerate growth of Institutional Business

Phase 3

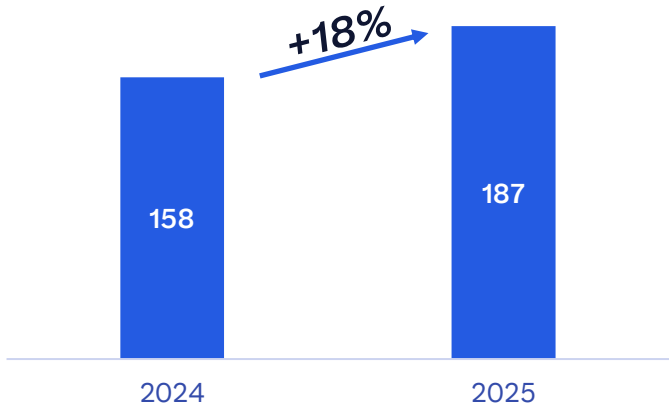
(2027 onwards)

Fully repositioned business model of Citi Handlowy as Institutional Bank

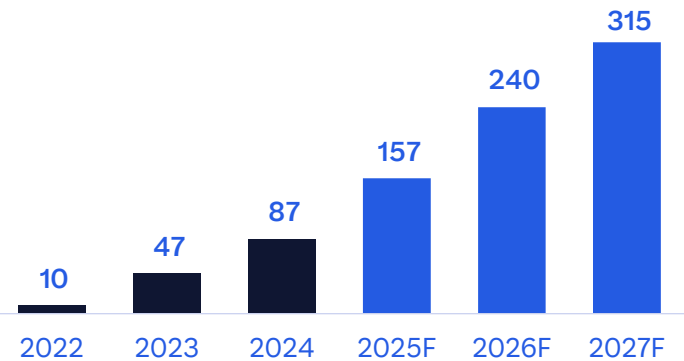
Key Themes – Increased Defense Spending

Given geopolitical situation defense remains the highest priority on the country agenda

Poland defense budget (PLN Bn)



Planned Debt of the Armed Forces Support Fund (PLN Bn)



5%
of GDP in 2025

PLN 300Bn
by 2027

Client value proposition



Solutions for defense related contracts in the form of long-term financing backed by export agency



Financing arrangement for suitable capital structure



Key partner in risk management in military defense financing



Strong engagement in supranational and support Government of Poland and its agencies in raising debt

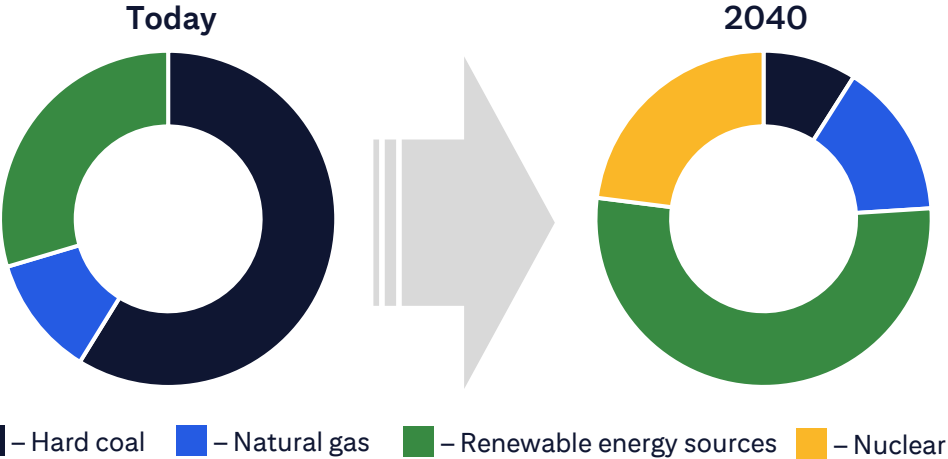


Best in class global Trade Finance capabilities to effectively compete in this area

Key Themes – Energy Transition

Global industry expertise and deep local relationships allow for active participation in Poland’s energy transformation

Transition towards sustainable energy



- Coal as resource to be gradually replaced by renewables, gas, nuclear with the last coal mine to be closed in 2049
- Strong focus on further development of distribution infrastructure and storage capacity

Up to PLN 900 Bn
Investments required for Poland energy transformation

Client value proposition



Global Energy industry expertise



FX and risk management



Trade finance / ECA financing related with large CAPEX financing expected from power sector companies




Capital markets opportunities related to further consolidation of the Polish power sector



Offshore / nuclear related hedging (inflation, long term interest rate)

Key Themes – New Economy Clients

Dedicated solutions for fast growing Tech industries

	Market outlook - estimated 3-year CAGR	Citi Handlowy wallet growth potential	Client value proposition
 Global FinTech & Payments	22%	5x	 24/7 (also high volume) instant payments, including liquidity and real-time confirmations
 eCommerce & Online Services	9%	2x	 Enriched data information for third-party flow
 Software & IT Services	6%	3x	 High-throughput (system capacity for mass STP volumes)
 Gaming	9%	5x	 Flexible approach to adjust solutions to clients' needs (e.g. phone number as replacement for IBAN)
			 Security & transparency in solutions provided
			 Speed & agility to onboard and service clients, including faster and frictionless implementation

Modernize Platforms and Infrastructure

Modern and digital bank of first choice for international and digital native clients

Online Banking

CitiDIRECT



Desktop



Mobile



Tablet

Global online banking portal for cash management and payments

System connectivity

CitiConnect®



SWIFT



API



Files

System-to-system integration via API, file and SWIFT to automate transactions

Trade finance – Citi Trade Portal



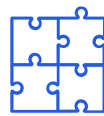
Full Control

- Cost awareness
- Limits availability
- Transactions status
- Customizable reports



Security

- 100% data security



Convenience

- Access to all trade products
- Intuitive navigation
- Trainings
- Libraries of contractors

#1 in corporate FX with state-of-the-art FX platform – Gateway to global financial markets

ANALYTICS

ALERTS CENTER

FX OVERVIEW

ORDER MONITOR

INFINITY CABLE

FASTER DEAL BOOKING

FASTER ORDER PLACEMENT RESPONSE

NEW FX EXPERIENCE

HISTORICAL FX

HOLIDAY & ECONOMIC CALENDAR

CITI HANDLOWY



Technology Strategy Divided into 7 Blocks

Technology rollout to become the bank of first choice for clients with international needs

01

GO TO COMMON – GLOBAL CENTRIC APPROACH

Empower clients & frontline employees with integrated digital Citi platforms for a borderless & international experience



02

PROCESSES & INFRASTRUCTURE EXCELENCE

Unification with Citi of IT infrastructure to further increase the quality of back & middle end processes



03

DIGITAL EMPLOYEES STRATEGY

Digital excellence for our employees, creating an innovative & automated work environment (incl. Generative AI)



04

ARTIFICIAL INTELLIGENCE & DATA ARCHITECTURE

Building an AI data driven bank based on well framed local and global data architecture



05

INNOVATION DNA STRATEGY

Innovative bank through innovative employee's culture



06

TECHNOLOGY SERVICES

High-performance tech services adapting to Citi global standards



07

CYBER SECURITY, DIGITAL & IT RESILIENCE

Secure client, secure bank.
Enhanced digital resilience and IT governance risk & controls

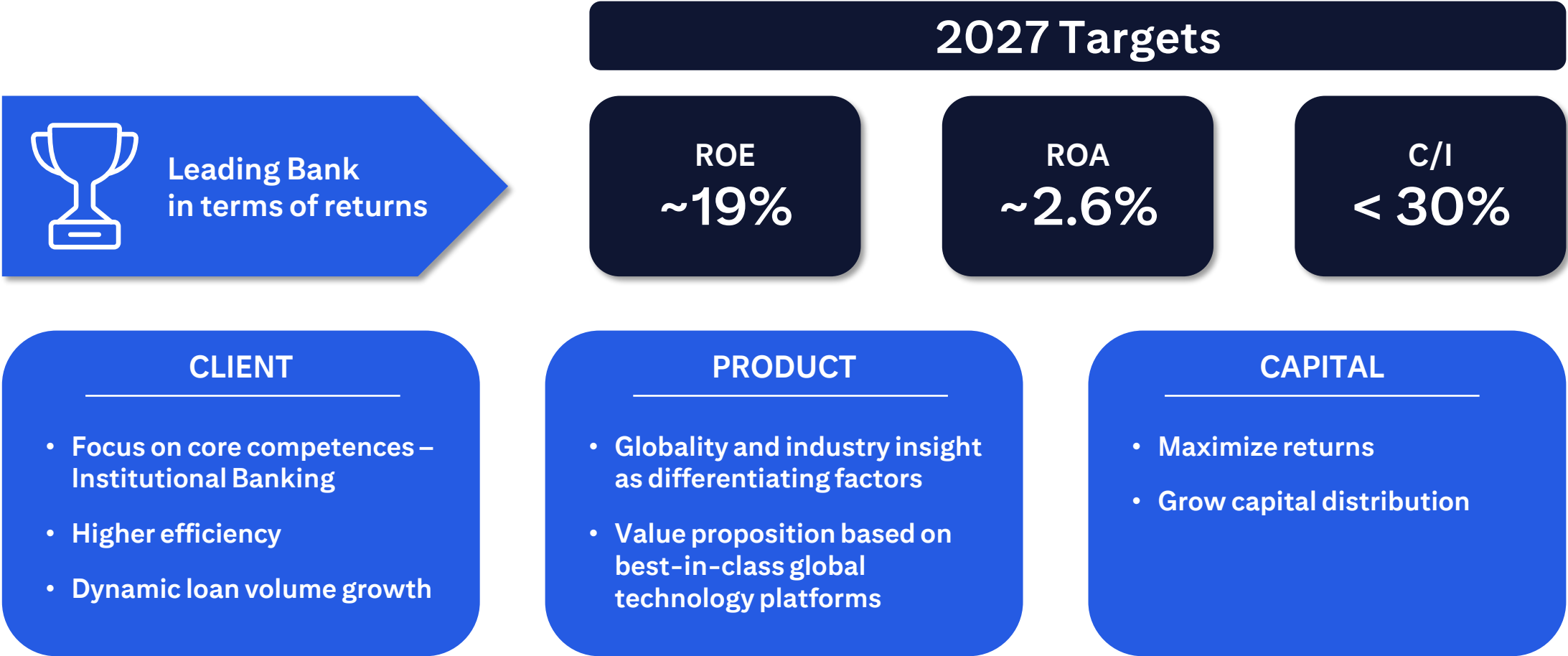


Financial Targets



Path to Higher Returns Profile

Focus on deepening and broadening client relationships, offering unique client solutions with enhanced allocation of resources and capital



Key Financial Highlights

Improved Returns and Higher Dividend Pool

Higher returns for shareholders

- 2027 ROE at ~19% level vs. 15% published in December
- 2027 ROA at ~2.6% vs. 1.8%

Net income

- Consumer Business net income replaced by Institutional Banking by 2027
- Diversified revenue mix and composition of balance sheet of retained business – growing share of client business

Cost efficiency

- Cost base reduced by PLN 0.9 Bn
- Stranded costs to be eliminated by 2027
- Significantly improved C/I ratio thanks to repositioning towards more efficient business model

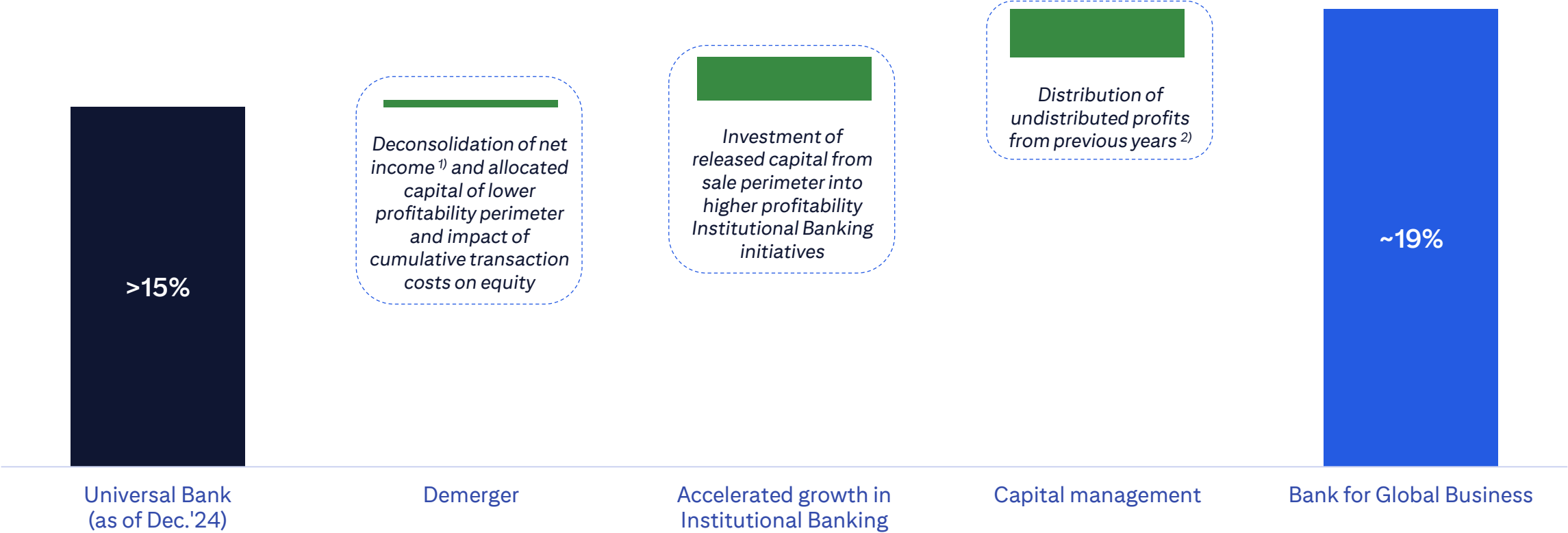
Capital management

- Regular dividend payout ratio target: 75%-100%
- Capital return: Payout of consideration price and undistributed earnings

Unlocked Growth Potential

Accelerated growth, efficient business model and disciplined capital management lead to improved ROE

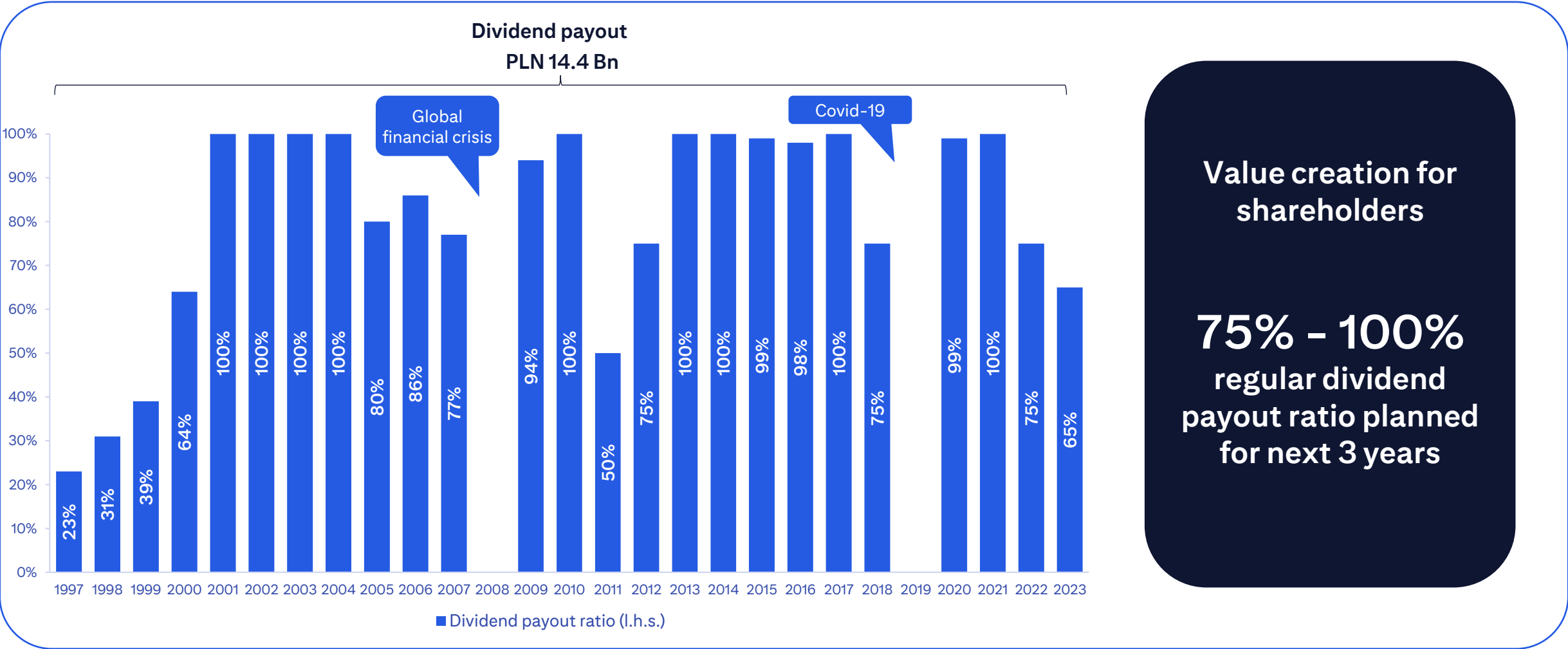
2027 Return on Equity (%)



1) Based on the latest Citi Handlowy interest rates forecast and net interest income sensitivity
2) Subject to regulatory approval

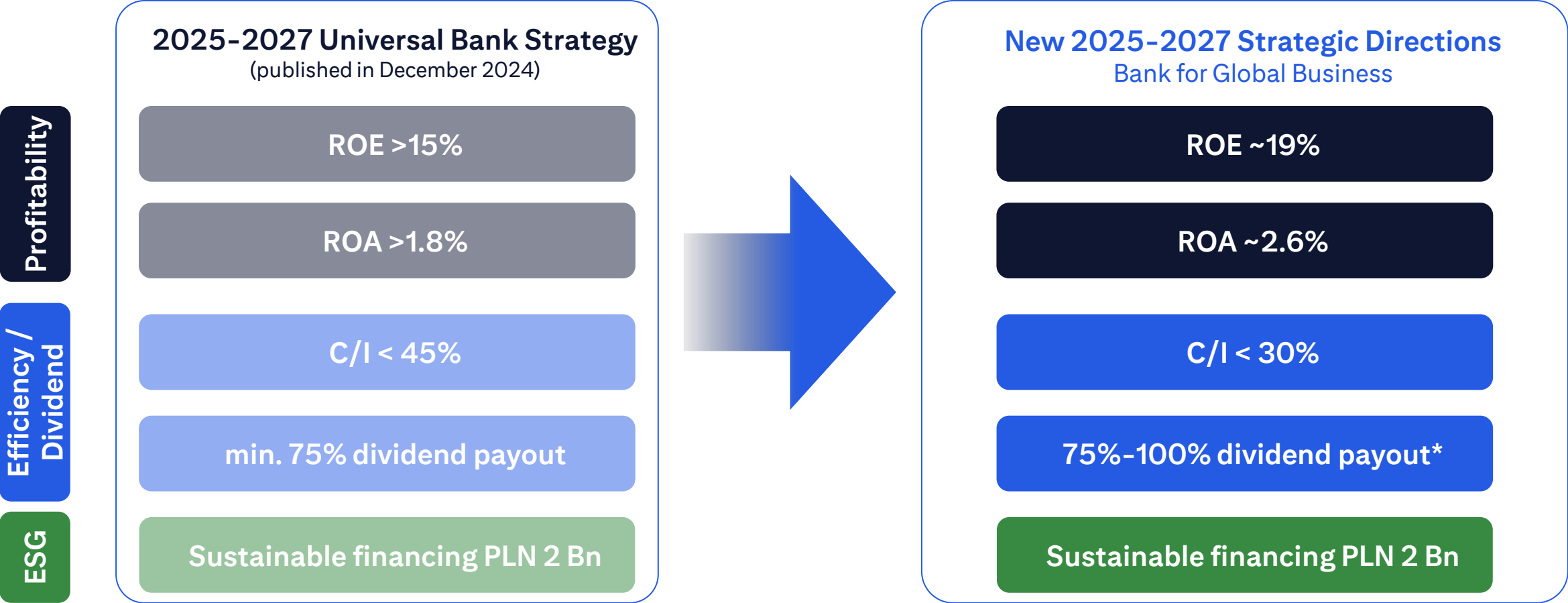
High Payouts for Shareholders

Track record of stable dividend payments



New 2027 KPIs

Our repositioning will shift business mix and allow Citi Handlowy to create more value for shareholders



* Subject to regulatory approval

 citi handlowy