

citi handlowy

2025-2027 Citi Handlowy Strategy

Key Highlights



- Strengthen market position in Institutional Banking
- Institutional segment growth strategy focused on key competences of Citi Handlowy: leveraging global network, Commercial Bank, and cross-border solutions through Markets (FX) and Banking
- Capture opportunities related to key country themes: energy transformation and defense
- Maintain franchise value in Consumer Bank (client and employee retention as priorities)
- Maintain cost discipline with prudent risk management
- Double digit return on equity in 2027 (ROE above 15%)
- Continue dividend payout – minimum 75% of net profit subject to regulatory approval
- Value of the bank will be driven by return on equity, dividends and assets growth



Environment – Assumptions

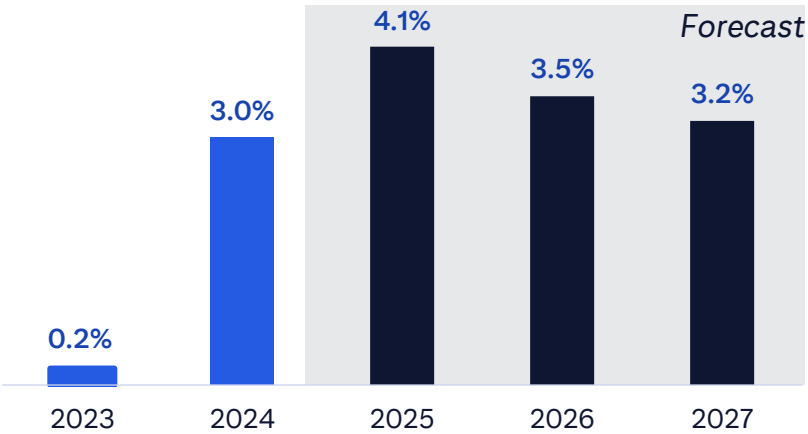
- Economic growth exceeding 3% per annum in 2025-2027 period
- Geopolitical risks likely to shape global growth (uncertainty regarding the war in Ukraine, risk of trade tensions between the US and China / Europe, Middle East crisis escalation)
- Rates expected to go down already in first half of 2025
- Continued international expansion of Polish companies
- EU funds fueling investments in Poland (including energy transformation)
- Very low unemployment affecting ability to attract/retain talent
- Elevated inflation and salaries growth



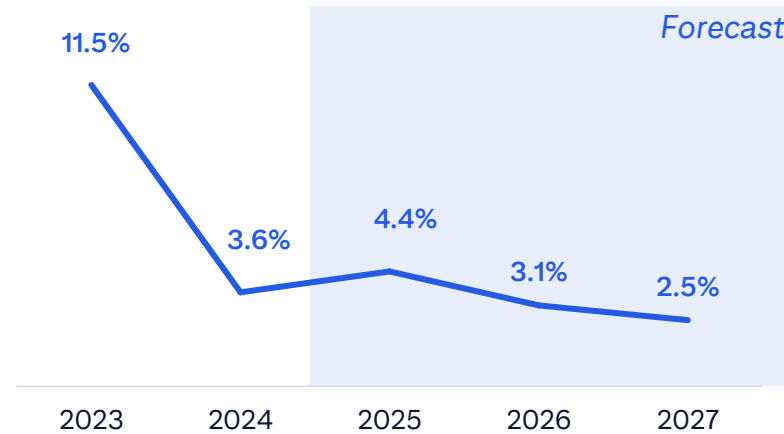
Macroeconomic Environment (1/2)

Solid economic growth expected with inflation heading towards central bank's target

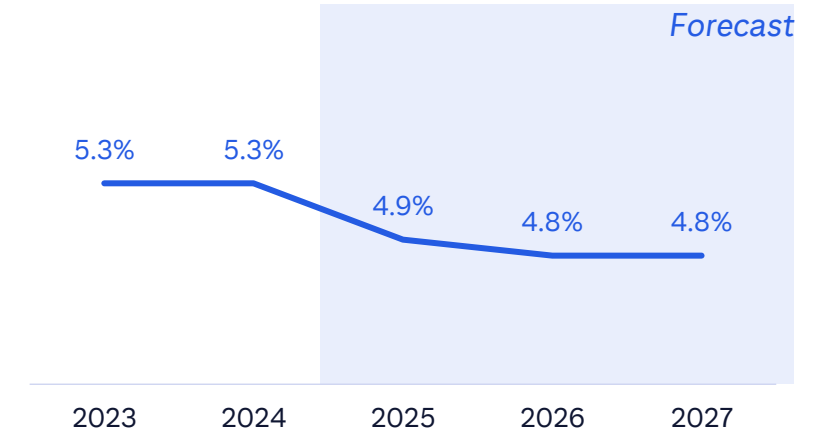
GDP growth in Poland
(YoY)



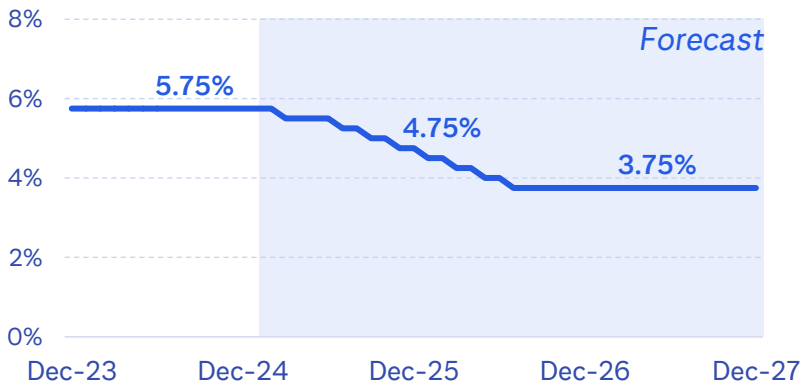
CPI inflation
(YoY, average)



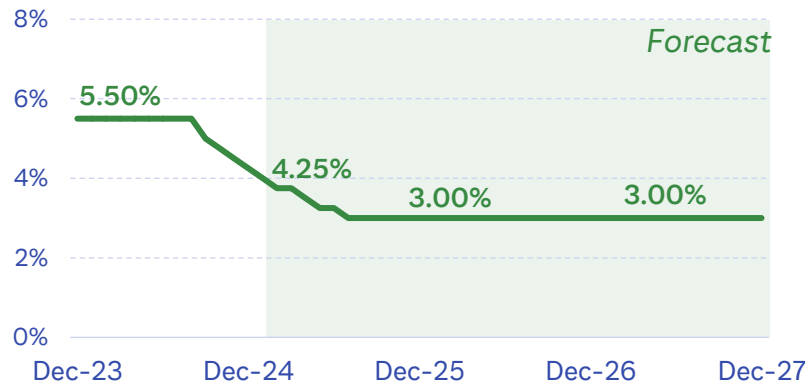
Yield curve
(10Y PLN bonds, EoP)



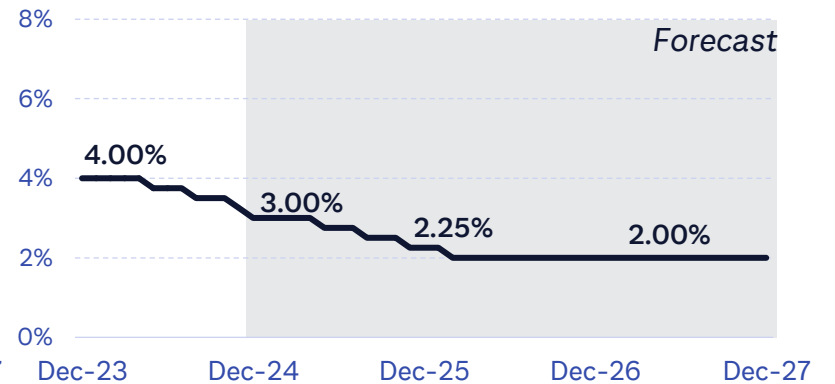
Polish central bank PLN reference rate



Fed funds rate



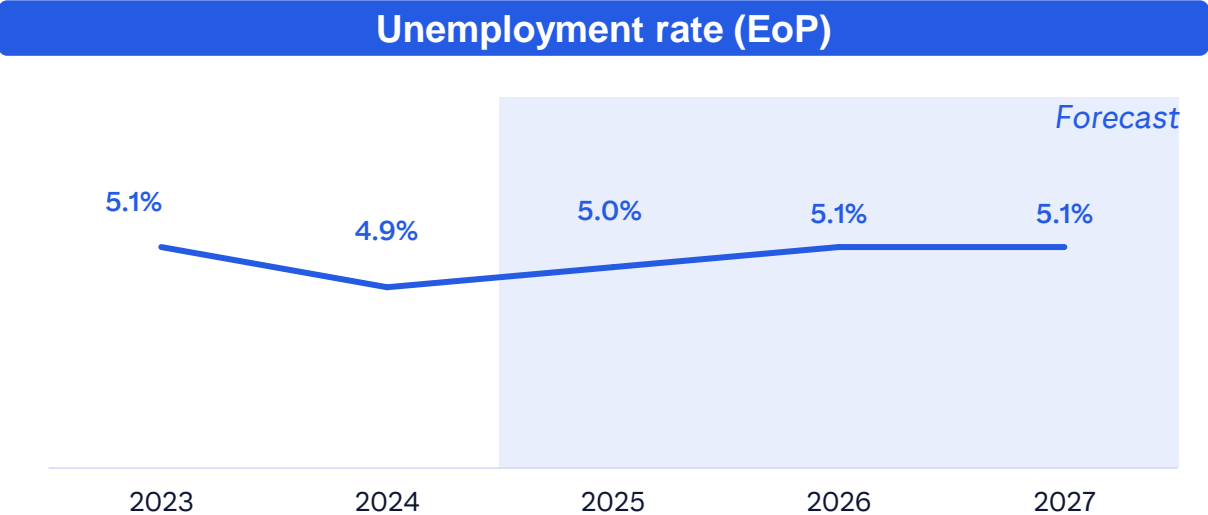
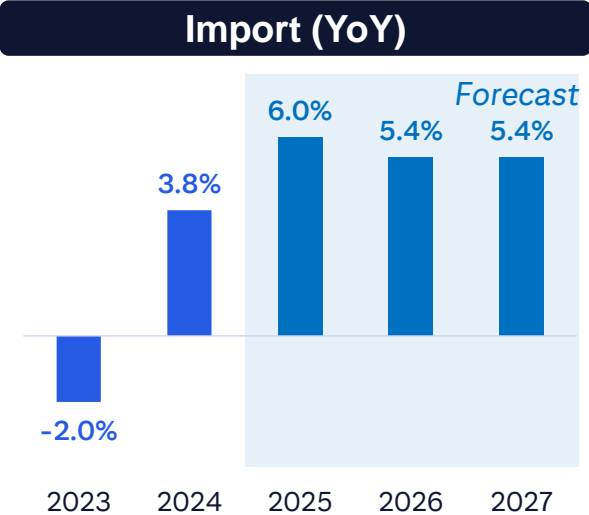
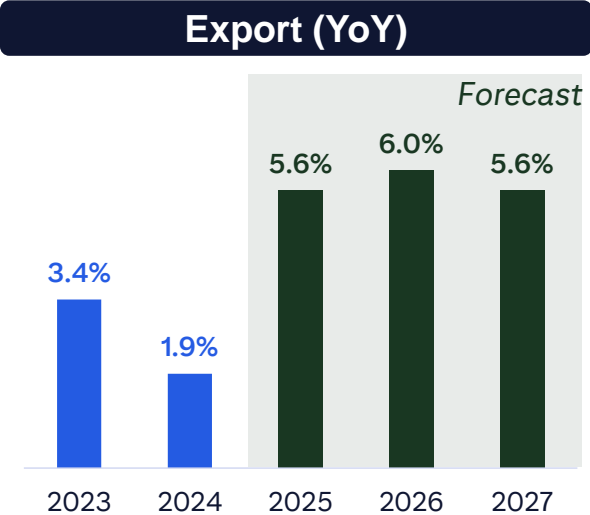
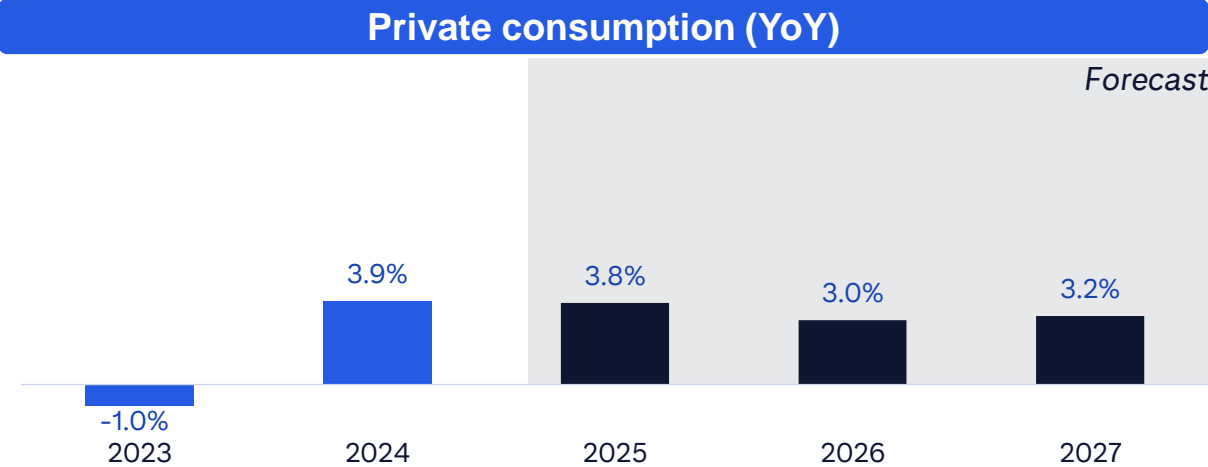
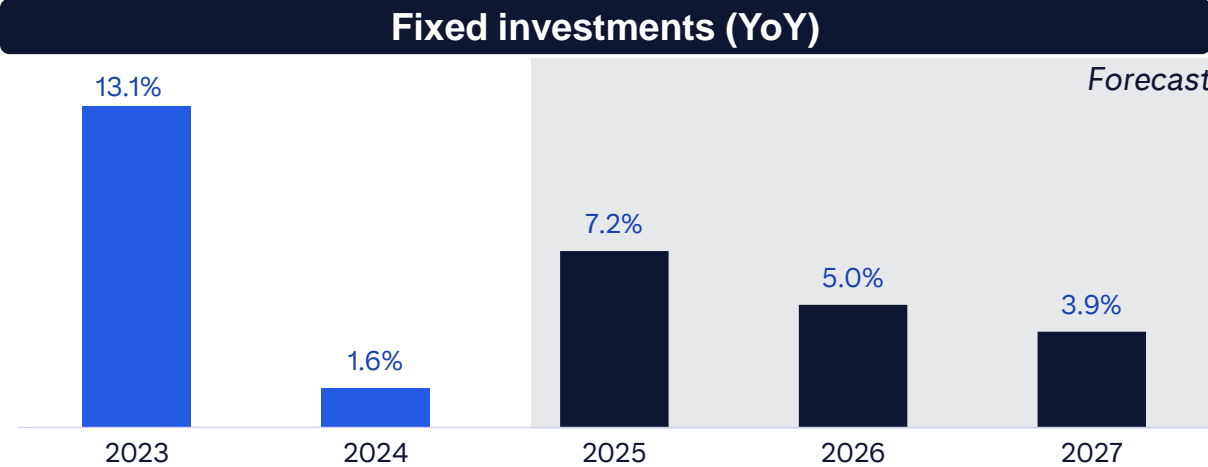
ECB deposit rate



Source: Citi Research as of November 2024

Macroeconomic Environment (2/2)

Expected rebound in fixed investments growth



2025-2027 Strategy – Key Themes

Clearly defined priorities will allow focused execution and adequate allocation of resources

Institutional Banking Bank of first choice for companies with international needs and aspirations

Our Core Competences



Services – leverage global network



Commercial Bank as strategic segment



Markets (FX) and Banking solutions – covering cross border needs

Country Priorities



Energy security and transformation



Defense spending

Consumer Banking Protecting franchise value



Maintain franchise value



Maintain employee engagement








Execute Consumer Banking exit project

Where We Want To Be



Be the bank of first choice
for clients with cross-border needs and aspirations

Key metrics to monitor the 2025-2027 Strategy

Profitability	 Return on equity >15% – above cost of capital (10-12%)
	 Solid return on assets >1.8%
Efficiency / Dividend	 Maintaining cost discipline – mid single digit growth in expenses Efficiency ratio below 45%
	 Continued dividend story – min. 75% payout
ESG	 Increasing sustainable financing to PLN 2 Bn by 2027 (double from 2024)

Corporate Bank

Strengthen market position in Institutional Banking



ESG country transformation



Defense sector opportunities



Continued cooperation with new economy clients



Securitization – helping financial institutions optimize balance sheet



Continue Sponsors and private equity funds exit strategy (Equity, M&A)

Commercial Bank

Strengthen market position in Institutional Banking



High-end episodics in mid-cap across investment banking



Executing structured finance transactions



Industry verticals to drive tailor made solutions



Maintaining high capital returns and further improving bankers' efficiency and productivity



Quality client acquisition within target market

Global Network Banking

Strengthen market position in Institutional Banking



Maintain #1 position for global companies in Poland



Trade corridor-oriented strategy



Participation in the new ecosystems that are emerging in the Polish economy



ESG focus - capturing new renewables players entering the Polish market



Tailored solutions for Data Centers and Digital Natives

Markets

Strengthen market position in Institutional Banking



Bank of first choice in energy related hedging (CO₂, FX)



Continue strong engagement in supranational (EIB) and support Government of Poland and its agencies in raising debt



Key partner in risk management in military defense financing



Creating technological ecosystem allowing for frictionless connectivity between clients and Citi Handlowy



Monetizing market consolidation in Custody services and remaining market leader



Services – Treasury and Trade Solutions

Strengthen market position in Institutional Banking



Using the potential of trade finance solutions (solutions financing exports and investments, as well as products optimizing working capital)



Modernization of platforms supporting payment solutions



Transformation of client engagement to fully digitize client onboarding



Being a partner for clients in ESG activities by developing the product offer in trade finance and supporting enterprises' sustainable transformation



Consumer Banking

Key goal until divestiture - maintain franchise value



Maintain Franchise Value

- Maintain profitability through assets and footings growth
- Drive healthy client growth in wealth management and stabilize credit cards portfolio



Remain Client Obsessed

- Maintain high level of customer satisfaction with NPS in 2025 at CPC/Gold: 55%, Smart/Mass: 55%, Credit Cards: 40%
- Drive further complaints reduction – i.e., continue the plain language initiative



Engage, Retain & Thrive

- Maintain employees' engagement – as the key to employee retention
- Support VOE driven initiatives i.e. open days, gratitude, internal development opportunities



Strong Risk Management and Internal Controls

- Excellence in controls with effective risk management



Enhance Efficiency

- Utilize new partnerships in cards acquisition
- Scale up Structured Notes within new distribution model



Ensure Operational Stability

- Maintain reliability of IT platforms in cooperation with Citi
- Ensure compliance with regulatory requirements

Technology – Strategic Goals

Leveraging the best global solutions



Go To Common (global centric clients) – Empower clients & frontline employees with integrated digital Citi platforms for a borderless & international experience



Processes & infrastructure excellence – Unification with Citi the IT infrastructure to increase the quality of back & middle end processes



Digital employees strategy – Digital excellence for our employees, creating an innovative & automated work environment



Data architecture – Building a data driven bank based on well framed local and global data architecture



Innovation DNA strategy – Continuing to create a culture of innovation



Technology services – Building a high-performance tech services adapting to Citi global standards



Cybersecurity, digital and IT resilience – Secure client, secure bank. Enhance digital resiliency and IT governance risk & controls

Sustainable Strategy for 2025-2027

We will promote sustainable development through sustainable finance, minimizing negative environmental impact and undertaking social and employee initiatives

THROUGH FOCUSING ON STRATEGIC PILLARS:



Sustainable Finance

With our knowledge and experience, we aim to become a trusted partner for our customers in the process of green transformation



ESG Risk Management

By integrating ESG factors and enhancing our ability to adapt to climate change, we are building the Bank's resilience



Sustainable Operations

By transforming our business in the course of sustainable development, we share knowledge and inspire our stakeholders

WE WILL:




continue to develop sustainable financial services




leverage our global expertise to support clients in sustainable transformation




integrate social considerations into sustainable finance framework




develop a Transition Plan




reduce Scope 3 emissions in our portfolio




take ESG risk management to the next level




achieve climate neutrality in our operations by 2030, while decreasing our indirect emissions



further integrate ESG aspects into own operations



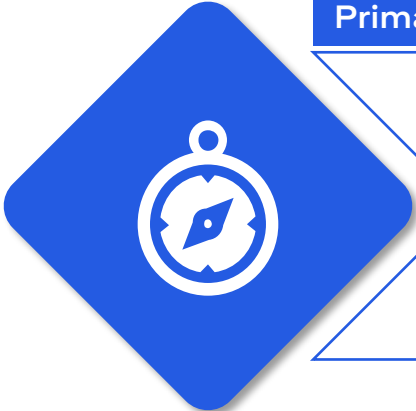
focus on facilitating employee development and well-being



implement social responsibility activities

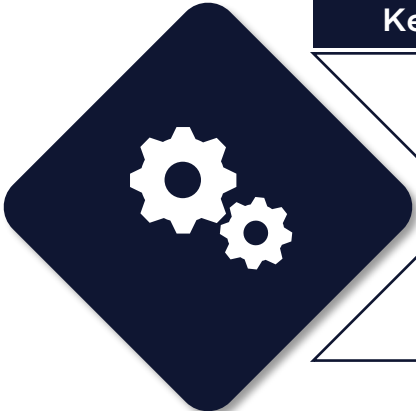


Closing Remarks



Primary objectives

- Deliver financial commitments in a strong control environment
- Institutional Banking strategy focused on strengthening market position
- Be the bank of first choice for clients with cross-border needs and aspirations
- Consumer bank focused on client retention and preserving the value of the business
- Talent retention



Key enablers

- Technology investments to enhance Treasury and Trade Solutions value proposition
- Adequate talent profile to capture new opportunities
- Deliver relevant content to our target market clients

The logo for Citi Handlowy, featuring the word "citi" in white lowercase letters with a red arc above the "i", followed by the word "handlowy" in white lowercase letters.