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CITI HANDLOWY SIGNS AGREEMENT TO SELL ITS CONSUMER BANKING BUSINESS TO VELOBANK

CITI HANDLOWY LAUNCHES STRATEGY OF A GLOBAL BUSINESS BANK

Citi Handlowy signed an agreement to sell its consumer banking to VeloBank. The sale of this business is consistent with Citi Handlowy's strategy and will contribute to the dynamic growth of the bank as a leading partner for companies and institutions in Poland. Citi Handlowy wants to be the preeminent banking partner for clients with international needs and aspirations and a bank focused on financing the country's strategic priorities.

Upon execution of the exit of its consumer banking business, Citi Handlowy aims to be one of the most efficient financial institutions on the Polish market. By 2027, the return on equity (ROE) is expected to be around 19%, return on assets (ROA) is to be around 2,6%, and cost-to-income ratio (C/I) below 30%. Citi Handlowy also plans to continue its dividend policy by allocating 75%-100% of net profit to dividend payments, subject to regulatory approval.

"With this transaction, we are executing an important step in our strategy to be the preeminent banking partner for clients with international needs and aspirations, with a focus on financing the country's strategic priorities such as defense and energy transition. The announced exiting of the consumer business paves the way for the acceleration of our corporate banking business' goal to enable growth and economic progress of Poland," said Chief Executive **Officer Elżbieta Czetwertyńska**.

"Our consumer banking in turn gains an investor for whom this is a strategic segment. VeloBank intends to grow, increase the market share and deliver the best solutions to the customers. What is very important, our employees are moving to VeloBank. This means that customers will have the same advisors with whom they often have long-term relationships. Our goal is to provide customers with the smoothest transition to their new bank," she added.

Citi Handlowy is the most global bank in Poland, with access to Citi's unrivaled presence in 94 countries. For 155 years Citi Handlowy has been providing services to companies in Poland combined with global expertise and solutions, supporting companies in their multinational journey and in achieving their ambitions.

"After exiting the consumer business, Citi Handlowy will remain a company listed on the Warsaw Stock Exchange. As in the past, we plan to regularly pay dividend to our shareholders. We are also in discussions with our regulator about paying undistributed profits from previous year," **Elżbieta Czetwertyńska** added.

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It is the bank's intention to pay out to shareholders the proceeds from the sale of the consumer business, subject to regulatory approval.

Citi Handlowy expects that by 2027, the net income corresponding to consumer banking operations will be rebuilt as a result of the execution of the institutional banking expansion strategy.

The bank plans to engage in **initiatives that are in line with the country's strategic priorities**, such as energy transition and the growing defense investments resulting from the geopolitical situation. It will leverage Citi's global network to facilitate advanced and innovative transactions in the Polish market. An important element of the bank's strategy is also to support clients in the transformation of their business models towards sustainable development. **Citi Handlowy will allocate PLN 2 billion for the green transformation**, offering its clients a wide range of solutions.

Bank of global business: supporting global ambitions, strengthening Polish businesses (strategic directions for 2025-2027)

The transaction paves the way for strengthening Citi Handlowy's market position in institutional banking, which accounted for more than 70% of revenues in 2024.

The expansion of Citi Handlowy's operations will be based on the competitive advantages of institutional banking.

It includes access to Citi's global network and Citi's presence in 94 countries. This is not only a geographical advantage, but most of all it is access to expertise and know-how in executing and coordinating complex transactions on global markets. The global reach of Citi is accompanied by Citi Handlowy's vast knowledge and experience in the Polish market.

Citi Handlowy expects that stable economic growth and the inflow of European funds to Poland will translate into companies' growing interest in investments.

Defense. From this year, Polish defense spending is expected to amount to 5% of GDP, which is the highest percentage among NATO members. Citi Handlowy expects that defense spending will drive technological innovation and infrastructure development. The bank already cooperates with government institutions and relevant international and national agencies. In the coming years, the bank wants to increase its activity in this area. Citi Handlowy will be involved in defense projects, including providing long-term financing for investments and the entire supply chain in this sector.

The bank will also support **energy transition**, which is the most important element in building Polish's energy security. The necessary spending for this purpose is estimated at PLN 900 billion. Citi Handlowy will provide various forms of financing for energy projects, financial risk management and foreign exchange. It will also share with clients its expertise from other markets.

In its strategy, the bank also focuses on cooperation with **companies from the new economy**. According to the bank's estimates, such companies will grow 22% annually for the next three years. For clients from this sector, the bank will offer secure solutions for instant payments and high-volume transactions processing.

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The bank will strengthen its leading position in foreign exchange. Citi Handlowy's goal is also to maintain its top position in custody services.

The bank already has a strong position in the area of supply chain finance. It will use this potential to offer customers even better solutions that will help them run a stable business in difficult geopolitical conditions. Through new solutions and a global Citi network, the bank will help its clients take advantage of trends such as nearshoring, friendshoring and the emergence of new trade corridors in Europe and around the world.

Citi Handlowy will also continue to be **active in investment banking**, including transactions in the capital and debt markets. The bank provides its clients with access to foreign markets through Citi's global network and offers a wide range of structuring solutions, both in terms of product, and geography. This is a significant competitive advantage for the bank in the Polish market.

The bank's corporate clients have access to Citi's cutting-edge technology. In the coming quarters, the bank will start a new era of foreign exchange with the launch of the Citi Velocity 3.0 platform for managing FX transactions. This solution will enable clients integrate currency exchange applications with financial and accounting systems and will provide access to over 80 markets. Velocity 3.0 also provides access to global expertise and market analysts from around the world.

Click [here](#) to read more about Citi Handlowy's strategic directions.

About consumer banking exit

According to the agreement, VeloBank will take over Citi Handlowy's consumer banking operations, including wealth management, brokerage services, credit cards, consumer loans, deposits, assets under management and branches.

The transaction comprises of approximately PLN 6 billion in loans, PLN 22.1 billion deposits and PLN 8.9 billion of assets under management (on the basis of balance sheet data as of 31 March 2025). The foreign exchange mortgage portfolio will be retained by Citi Handlowy, and its share in the bank's portfolio is marginal.

Citi Handlowy consumer business employees (about 1,650 people) and branches will also transfer to VeloBank. This means customers will be able to continue working with the same advisors with whom they have built relationships over the years. The transition to VeloBank will be smooth and automatic – customers will have access to the same wide range of products.

The shareholder value related to this transaction amounts up to PLN 1.1 billion, which implies P/BV about 0.85x. The shareholder value consists of fixed price component estimated at PLN 432 million, variable price component up to PLN 100 million payable at closing depending on the business volumes of the consumer business at the demerger day, and the released excess capital along with retained net profits generated by the consumer business until closing estimated at PLN 570 million.

In the second quarter 2025, the bank will recognize the one-off net loss on sale of about PLN 380 million.

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Citi Handlowy has received from EY an independent opinion on the fairness of the financial effects of the Transaction for the shareholders of Citi Handlowy as a whole (so called *fairness opinion*). A similar opinion confirming the fairness of the financial effects of the transaction was also obtained from another reputable financial advisor.

VeloBank is a bank with American capital and its shareholders' structure include trusted international financial institutions such as European Bank of Reconstruction and Development. VeloBank will continue to provide high quality service and a wide range of products to the customers.

“VeloBank is known for its technology, agility, innovative products, and top-tier customer service. Citi Handlowy, on the other hand, offers an exceptional product portfolio, including retail banking and one of the most popular offerings in the private banking segment. Both institutions are rooted in a culture of quality and high organizational standards – values that American enterprises are widely recognized for. Our complementary products will allow us to create a unique offering for both retail and affluent clients, while the professionalism and dedication of our combined teams will lay the foundation for a new standard of excellence for current and future customers” – **Adam Marciniak**, Chief Executive Officer of **VeloBank** said.

The merger of consumer banking with VeloBank will take place simultaneously with migration after receiving required approvals, including regulatory, and achieving operational readiness, **which is expected for mid-2026**. The intention of both banks is to carry out the process efficiently so that it has the least possible disruption to customers. Following the migration of the technological systems and simultaneous closing, current Citi Handlowy's customers will become customers of VeloBank.

Until then, Citi Handlowy will continue to provide high-quality services to its customers, and the transaction will not affect the bank's current operations. The bank will inform its customers about the key stages of the transaction in direct messages and on the website.

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About Citi

Citi is a preeminent banking partner for institutions with cross-border needs, a global leader in wealth management and a valued personal bank in its home market of the United States. Citi does business in more than 180 countries and jurisdictions, providing corporations, governments, investors, institutions and individuals with a broad range of financial products and services.

Additional information may be found at www.citigroup.com | X: @Citi | LinkedIn: www.linkedin.com/company/citi | YouTube: www.youtube.com/citi | Facebook: www.facebook.com/citi

About Citi Handlowy

Bank Handlowy w Warszawie S.A. is one of the largest financial institutions in Poland, offering a wide and modern range of corporate, investment and retail banking products and services under the Citi Handlowy brand. Bank Handlowy serves 5.5 thousand corporate clients and approx. 568 thousand individual customers through modern distribution channels and a network of branches. Membership in Citigroup, the world's largest financial institution, provides Bank Handlowy customers with access to financial services in over 100 countries.