

2017

Non-Financial Data Report



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Letter of the President of the Management Board

Dear Shareholders and Clients,

Our mission is to support economic growth and the development of our clients and communities worldwide. Our market advantage is based on: diversity, financial education of the society that we continue through the programs of the Kronenberg Foundation at Citi Handlowy, Poland's largest employee volunteering program, as well as the initiative Live Well at Citi, which combines the promotion of the broadly defined "culture of health" among our employees, clients and partners, with a charitable cause.

The values and ethics are Citi Handlowy's priority not only in the area of business. For years, we have engaged our employees in activities that promote diversity and being open to others, and bring them together around common goals. A perfect example of that is our female business mentoring program, which helped increase the percentage of women who work as managers at Citi Handlowy. Today, over 50% of Citi Handlowy managers are female. At Citi Handlowy, remuneration, promotion and development are genderless. We follow the principle that women and men on equivalent positions should receive equal remuneration according to their competences.

We are aware of the fact that qualified and talented employees constitute our strength. It is them who – thanks to their involvement, experience and talents – create this unique organization. Taking care of our employees, we create for them the best working conditions, we notice talents and are concerned with their development at all levels of the organization, offering possibilities of professional development within the global Citi structures. Because of all of this we can boast the opinion of an employer preferably chosen by potential employees. That is why we take into account their opinion, for which we ask them every year in an internal survey called "Voice of Employee" (VoE). In its newest edition the employees again expressed their appreciation for the ethical



Sławomir S. Sikora
President of the Management Board

culture in our organization and for diversity supported by that culture.

An important example of our social involvement is the largest employee volunteering program in Poland carried out by the Bank and coordinated by the Kronenberg Foundation at Citi Handlowy. Each year current and former Citi employees, along with their families and friends, participate in projects which try to solve specific problems of the communities that are close to them. The culminating point of volunteering activities is the Citi Global Community Day, which we celebrated for the 12th time last year. In 2017 alone, Citi volunteers conducted almost 250 social events for more than 37,000 beneficiaries.

We are thus aware that in the today's world our responsibility goes far beyond the business activity, and the decisions we make have social, economic and environmental consequences. In line with our mission, we make every effort to ensure that our decisions lead to creating the best solutions for our clients. In order to ensure that they are the right decisions, each time we need to first answer "yes" to the following three questions: 1) is it in the best interest of our clients? 2) does it create economic value? 3) is it systemically responsible?

We are the largest bank in Poland implementing financial education programs. We believe that the best client from a bank's perspective is a client who is educated in finances and understands the mechanism of the world of banks and of the services they offer; a client who also has knowledge about public finances, monetary policy and social insurance system. "My Finances" (Moje Finanse), a financial education program addressed to the youth carried out in cooperation with the Junior Achievement Foundation, is the largest program in Poland in terms of the number of its beneficiaries: every year, we provide over 100,000 young people with practical competences in personal finance management. A one-year, intense preparatory course of navigating efficiently in the market economy has already been attended by over 1.5 million students from over 1,500 upper secondary schools.

Citi Handlowy as one of two banks in Poland has been constantly present in every edition of the prestigious ranking RESPECT Index since its very beginning in 2009. This list of companies listed on the Warsaw Stock Exchange has recognized companies which operate in line with the best management standards in the scope of corporate governance, information governance and relations with investors, also taking into account ecological, social and economic factors. It is the 11th time that we have been included in the ranking.

In accordance with sustainable development principles, we strive to reduce the environmental footprint in our everyday operational activity and services rendered by the Bank. These activities are supported by, among others, a consistently implemented strategy of digitization of banking operations. The digital world lets us operate not only faster and more efficiently, but also in harmony with the environment. Innovations we have introduced in the area of online services not only ensure the security of our clients' funds, but they are also ecological. We also encourage our institutional clients to use the eForms platform (eWnioski) - a digital channel to exchange documentation between the client and the Bank. This solution will soon allow us to eliminate paper documentation related to banking products almost entirely. Another example of eco-friendly solutions is MobilePASS application, which allows one to access the CitiDirect BE online banking system with a smartphone, without using any additional activation code generators.

Social responsibility is in the DNA of our organization. We are inspired by the activities of Leopold Kronenberg, famous financier, philanthropist and patron of culture as well as one of the founders of Bank Handlowy. Our achievements in supporting communities and our everyday efforts to maintain the highest ethical standards are an integral part of our corporate culture, one of the foundations upon which we build the trust of the Bank's investors, partners and clients. We have implemented these initiatives for over 20 years, with the participation of our employees, through the programs of the Kronenberg Foundation and with the support of the Citi Foundation.

As a financial institution and company listed on the stock exchange, we cautiously observe corporate governance principles adopted by the Polish Financial Supervision Authority and by the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.). As a member of the Polish Bank Association we also observe the standards which bind the Bank to apply a range of principles which govern banks' conduct towards clients, other banks, and bank employees' conduct as well as principles of promotion and advertising, personal data processing and handling clients' claims and complaints. Responsible governance is a philosophy that allows us to operate in harmony with our environment.

In this Non-financial Data Report we presented our activities which were of key importance from the point of view of Bank's environment, our clients and shareholders. You are most welcome to read it.

Sincerely,



Sławomir S. Sikora

President of the Management Board

Bank Handlowy w Warszawie S.A.

About the Report

These Non-Financial Statement of Bank Handlowy w Warszawie S.A. acting under the Citi Handlowy brand (Citi Handlowy or the Bank) and the Capital Group of Bank Handlowy w Warszawie S.A. (the Group) for the year ended 31 December 2017 (the Statement) were prepared on the basis of the requirements set out in the Accounting Act of 29 September 1994 (i.e. J.L. of 2018 item 395), which imposes the reporting obligation.

In regard to the requirement to approach comprehensively the issue of corporate social responsibility management, the Bank identified business activities which were of key importance from the point of view of social and community environments (taking into consideration the specifics of a conducted activity). They are described in more detail in further parts of the Statement and in addition to social engagement they also include activities related to investments and products, secure and accessible banking services, reduction of environmental impacts, concern for people, development of communities, and responsible management.



Chapter	Purpose	Risk	Policies	Ratios
Responsible governance	responsible governance	non-compliance risk	Compliance Policy, Corporate Governance Principles for Supervised Institutions Good Practices for WSE-Listed Companies and Principles of Good Banking Practice, Recommendation H, Code of Good Brokerage House Practice	promotion of internships, observance of principles
RESPECT Index	RESPECT Index	reputation risk	WSE guidelines	inclusion in the index
Stakeholders	identification of and dialogue with stakeholders	operational risk, reputation risk, risk of losing the mandate to act.	Strategy of Corporate Social Responsibility of Bank Handlowy w Warszawie S.A. for the years 2016-2018	incidents concerning stakeholders, employee satisfaction
Projects and products	responsible investments, cooperation with KfW	operational, financial, environmental and social risks in credit products and equity investments, money laundering and terrorist financing risk	ESRM Policy, Policies at Corporate Governance Unit, Due Diligence Policies, i.e. AML and counteracting terrorism	risk monitoring for credit products, risk monitoring in non-strategic entities portfolio, monitoring the risk of infringing counteracting money laundering and the financing of terrorism regulations
Long-term relations based on trust and professionalism	clear and explicit marketing communication, modern and efficient forms of contacting the Bank, digitalization, data security, financial education for Clients	reputation risk, corruption risk	Ethical Standards for Advertising, Personal Data Protection Rules, „Treating Customers Fairly” program, „Tonality” project	number of penalties imposed on the Bank for improper Client data protection, customer satisfaction survey NPS, implementation of MiFID Directive, complaint handling level and time
Safe and accessible banking services				
Limited impact on environment	to implement and sustain energy and environment management systems, minimization of fuel and media consumption, optimization of waste management, minimization of raw materials consumption	reputation risk	Environment and Energy Management System	number of penalties for non-compliance with regulations, media consumption, electro waste, paper consumption and recycling, electronic account statements, hazardous waste treatment, vehicles, fuel cards
Concern for people	provision of diverse work environment, friendly work atmosphere, employee development, remuneration, compliance with ethical standards	risks related to employment, human rights, corruption	The United Nations Universal Declaration of Human Rights, Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work, the United Nations Guiding Principles on Business and Human Rights, ZFŚS (Employee Benefit Fund), Employment Policy, Employee Development Program, Remuneration Policy, Code of Conduct	employees in total, managerial positions, employment contracts, seniority, working time, flexible work conditions, age groups, number of training hours, remuneration
Community development	employee volunteering, commitment through economic education, cultural legacy protection	social risk	realization of the Kronenberg Foundation at Citi Handlowy mission	employee volunteering, breadth of the Kronenberg Foundation at Citi Handlowy programs, number of volunteer hours
Responsibility in the supply chain	ethical clauses in agreements, aspects of vendor cooperation and management	risks related to employment, human rights, corruption	Product and service procurement policy and principles of Bank's vendor management	agreements with an ethical clause, timeliness of invoice payment, diversity and inclusion support (disability)



Bank Handlowy w Warszawie S.A. (Citi Handlowy) is the Group's dominant company with Dom Maklerski Banku Handlowego S.A. acting under the Dom Maklerski Citi Handlowy brand (Brokerage House of Citi Handlowy) as Citi Handlowy's most important subsidiary, whose activities are complementary to the Bank's product offer and give the Bank a competitive edge on the Polish financial services market. The remaining entities do not conduct an activity which would be significant from the Group's perspective. For these reasons, it was decided that in addition to the information concerning the Bank, these statements would refer to that entity only.

In previous years, the information concerning aspects related to the Group's corporate social responsibility management was presented in the Report on the activity of the Capital Group of Bank Handlowy w Warszawie S.A., reports on the activity of the Banking Foundation named after Leopold Kronenberg (The Kronenberg Foundation at Citi Handlowy, the Kronenberg Foundation, or the Foundation) and on the Bank's websites.

The selected examples presented in the Statement reflects the Group's approach to and shows how the Group pursues its objectives in corporate social responsibility and sustainable development.

Works on the Statement were conducted in a formalized way by a task force which gathered at cyclical meetings. The task force was directed by the Vice President of the Management Board responsible for Finance Division, and was composed of the representatives of: Finance Division, Strategy and Investor Relations Department, Corporate Communications and Marketing Department, Support and Services Division, Human Resources Division, the Banking Foundation named after Leopold Kronenberg, the Client Advocate. In the following reporting periods, the Bank's activity associated with corporate social responsibility and other issues presented in the Statement will be coordinated by the appointed Corporate Social Responsibility Committee.

About the Bank

Founded in 1870, Bank Handlowy w Warszawie S.A. is the oldest commercial bank in Poland today and one of the oldest continuously operating banks in Europe. Since 2001, the Bank has been a part of Citigroup, a global financial institution, and has since operated in Poland under the brand name of Citi Handlowy.

www.citihandlowy.pl

Today, City Handlowy is one of the largest financial institutions in Poland offering a wide range of modern corporate, investment and consumer banking products and services. The membership in the largest global financial institution guarantees access to finan-

cial services in more than 160 countries and jurisdictions for the customers of the Bank.

Citigroup provides financial services to ca. 200 million individual customers as well as corporate, government and institutional clients. It offers a wide range of financial products and services including corporate and investment banking, consumer banking, credits, insurance, securities market services and asset management. For more information, please visit www.citigroup.com.



- 1870** Bank Handlowy w Warszawie S.A., which operates today under the Citi Handlowy brand, was established in 1870 by a group of investors led by Leopold Kronenberg. Bank Handlowy is the oldest commercial bank in Poland and one of the oldest continuously operating ones in Europe. It survived two world wars without disrupting its business operations.
- 1914** Before World War I, Bank Handlowy was the largest privately owned bank within the Polish territory and one of the few banks that supported financial processing of the trade with Russia and Western Europe. In order to facilitate such operations, the Bank opened a branch (called a bureau) in St. Petersburg in summer 1871.
- 1945** After 1945, Bank Handlowy became the main Polish correspondent of foreign banks, and in 1964 it was formally granted the monopoly to service Polish foreign trade transactions. This large scale of operations enabled the Bank to build up the largest network of correspondent banks, to open a branch in London, foreign representative offices in New York, Moscow, Belgrade, Rome and Berlin, as well as affiliations in Vienna, Luxembourg and Frankfurt.

- 1989** 1989 was a turning point in Poland's economic history which also started a new chapter in the history of Bank Handlowy. The Bank lost its monopoly on foreign transactions, whereas it was given greater freedom to offer a full spectrum of banking services. A rapid expansion of the branch network and the development of new financial services enabled a significant increase in the volume of both local and international operations of the Bank.
- 1991** Citi entered the Polish market and opened its office in Warsaw as Citibank (Poland) S.A.
- 1997** In 1997, after nearly 60 years of absence, Bank Handlowy returned to the Warsaw Stock Exchange. Citibank launched its first international credit card on the Polish market.
- 2000** In 2000, the Management Boards of Bank Handlowy w Warszawie S.A. and Citibank (Poland) S.A. signed an agreement on the merger of the two institutions. Bank Handlowy, in the year of its 130th anniversary, started a new chapter in its history by becoming a part of the global Citigroup network. After approval from the Extraordinary General Shareholders Meeting, the merger became effective on March 1, 2001.
- 2001** The merger, which followed Citibank Overseas Investment Corporation's acquisition of a majority shareholding in Bank Handlowy, took place through the contribution of all Citibank (Poland) S.A. assets to Bank Handlowy in exchange for the shares in Bank Handlowy issued to Citibank (Poland) S.A. shareholders.
- 2003** As a result of the merger, Bank Handlowy kept its historical name. The Citibank Handlowy brand was introduced. The Bank has continued to be quoted on the Warsaw Stock Exchange.
- 2007** In 2007, the Bank's brand name was changed to Citi Handlowy.
- 2010** In 2010, a new Citi Handlowy Research & Development Center was opened in Łódź.
- 2013** Citi Handlowy was the first in EMEA to have transformed the consumer distribution system towards the Smart Banking Ecosystem. Innovative Smart branches, located in the places frequently visited by customers, are high-tech-enabled places allowing customers to bank at any time and any place using the state-of-the-art mobile and online tools.
- Present** Today, Citi in Poland is present through Bank Handlowy w Warszawie S.A. and Citi Service Center Poland, with more than 7,700 employees in total. Bank Handlowy w Warszawie S.A. is one of the largest financial institutions in Poland, offering a broad range of innovative corporate, investment and retail banking products and services, marketed under the Citi Handlowy brand. As a member of Citi, the leading global financial institution, Bank Handlowy provides its customers with access to financial services in more than 160 countries.



The Capital Group of the Bank

The Capital Group of the Bank (the Group) is composed of **Bank Handlowy w Warszawie S.A.** acting under the Citi Handlowy brand (the dominant company) and the following subsidiaries:

- **Dom Maklerski Banku Handlowego S.A. (The Brokerage House of Citi Handlowy)**
- **Handlowy-Leasing sp. z o.o.,**
- **Handlowy Investments S.A.,**
- **PPH Spomasz sp. z o.o. (in liquidation),**
- **Handlowy-Inwestycje sp. z o.o.**

The Bank is the owner of 100% of the share capital in all subsidiaries.

Dom Maklerski Banku Handlowego S.A. (The Brokerage House of Citi Handlowy) was established to conduct a brokerage activity within the Group in the territory of the Republic of Poland and it does not have any foreign branches.

The Brokerage House of Citi Handlowy is one of the oldest institutions on the Polish capital market. Its activity relies on the sound business integration with the Bank. For many years it has been ranked among its top peers in terms of the share in trades on the Main Market of Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange)

The Brokerage House of Citi Handlowy also offers its clients access to the largest trading floors where they can trade in securities via the Brokerage House of Citi Handlowy and use its investment advisory service.

Handlowy-Leasing sp. z o.o. (H-L) is a subsidiary of the Bank, in which the Bank holds directly 6,000 shares of the total amount of PLN 15,720,000.00, which accounts for 97.47% share in the share capital of the company and indirectly through Handlowy - Inwestycje sp. z o.o. - 156 shares of the total amount of PLN 408,720.00, which accounts for 2.53% of the share capital.

On March 19, 2013 a decision was made to limit the lease activity of the Group. As a result of the decision, on March 20, 2013 the Shareholders Meeting of Handlowy - Leasing sp. z o.o. adopted a resolution to trim the company's activity only to those tasks which were to be performed under existing agreements signed before May 1, 2013. The Group still offers lease products, however they are a part of the so-called open architecture based on the Bank's partnership relation with entities from outside the Group.

Since May 2013, H-L has consistently been downsizing its lease portfolio. The aim of the company

is to maximize efficiency in that process, mitigate the operational risk and sustain those processes which serve the purpose of servicing the existing agreements.

Business Model

Citi Handlowy is the oldest commercial bank in Poland which has been operating uninterruptedly for 147 years. Since 2001 the Bank has been a part of Citigroup - one of the largest financial institutions across the globe. Many years of experience on the domestic market combined with cutting-edge solutions and Citigroup's global footprint make Citi Handlowy's offer unique, enabling the Bank to provide services that meet expectations of the most demanding institutional and individual clients.

In the segment of institutional clients, Citi Handlowy focuses on fostering its leading position among banks which provide services to international corporations and the largest local companies. Small and Mid-Size Enterprises are another group of clients which is significant for the Group. Concentration on acquiring new clients coupled with efforts to strengthen relations with the existing clients from selected industries, as well as support for clients who seek their business opportunity abroad (the initiative Emerging Market Champions) are the key for building the Group's market position.

One of the Group's objectives is to play the role of a strategic partner for Polish enterprises by actively supporting their expansion abroad. This is tangibly reflected in the Bank's product offer with foreign exchange transactions and products associated with trade finance and secure trade transactions being its important and inextricable part. Furthermore, the Bank is still one of the safest venues for keeping institutional clients' savings as well as an institution which delivers many state-of-the-art and useful solutions in operational accounts and day-to-day cash management.

The Bank's sound capital position and its landmark network of international connections, is also appreciated by retail banking clients. The Bank uses its competitive edge in this regard to foster its leader position in net worth clients banking. Aim-driven, the Bank is constantly developing its offer for Citigold clients and Citigold Private Client offer, which was launched at the end of 2015 for the most affluent clients. In the retail segment, the Bank focuses on investment products and unique awards for clients who decide to use the Bank's online wealth management products. The Bank's geographic breadth thanks to its international connections, makes the offer for individual clients more attractive and a unique experience in global banking.

Individual clients, notably emerging affluent clients for whom the Bank develops a special proposition – Citi Priority, also form a very important segment. Citi Handlowy refines its package solutions to foster deposit based relations with clients from that segment and to embrace at the same time their lending needs.

Moreover, Citi Handlowy is an undisputed industry leader in credit cards with access to products from Citi global product range, accepted worldwide and providing exceptional value to the client, such as, among other rewards, loyalty reward schemes. The Bank aims at further strengthening its market share in non-secured credit products by satisfying lending needs and increasing the number of clients relying on its competitive cash loan or installment product offer as well as innovative and agile processes.

Citi Handlowy identified very quickly the latest global trends in customer services and as one of the pioneering Polish banks, it embarked on the process of modernizing client communication and contacts so to provide best services to them through different widely accessible and suitable channels. Driven by the demand for simple and quick payment services, the Bank offers a facilitated mobile and online platform as well as a modified network of retail branches in the form of advanced Smart branches and Citigold Service Centers. Citi Handlowy is going to continue its investments in technological development aimed at enhancing both remote customer service processes and the Bank's internal processes.

A brokerage activity in the Group is conducted by the Brokerage House of Citi Handlowy, one of the most active Polish capital market players over the last few years. A point of interest for the Brokerage House of Citi Handlowy is trading in instruments, being uninterruptedly in the forefront of the best brokerage houses (in terms of market share) which provide transaction services on the Warsaw Stock Exchange. Apart from trading transactions it also concluded many successful operations in blocks of shares and in such transactions as public offers or tender offers for shares. The Brokerage House of Citi Handlowy strives to add to its offer elements which are attractive for both institutional clients who have been its major group of clients since its establishment and individual clients whose dynamically growing share in recent years allows the Brokerage House of Citi Handlowy to minimize the risk associated with a high exposure on one group of clients.

Since the beginning of its almost 150 year presence, in its decision making process the Bank has had regard for social and environmental aspects. This is an institution which lends its attentive ear to expectations of its business and social partners. The Bank acts with

the mission that without responsibility there is no trust and without trust one cannot think of a longstanding development and success. The Bank would not have its 150 year history if not for the Bank's sense of responsibility for environment. The very approach changed depending on historical situations and current needs but the Bank remains the citizen of communities, in which it operates and with the help of which it builds its success.

Acting with this sense of responsibility for decisions made by individual households, the Bank initiated the first Polish financial education program, which helped many persons to avoid consequences of sometimes not well thought on decisions. The Bank's ambition is to remain the leader in social responsibility among banking institutions in Poland. For many years, to a significant extent in reliance on the activity of the Kronenberg Foundation, Citi Handlowy has been the leader in corporate social responsibility, notably social involvement and employee volunteering. The Bank's initiatives gained specialists and experts' appreciation every year, reflected in unchanged for years position in independent rankings and lists, or its presence, since first quotation days, in RESPECT Index – an index of corporations which follow the highest social responsibility standards, listed on the Warsaw Stock Exchange (WSE).

Structure of Shareholding

Citibank Overseas Investment Corporation (COIC) is the Bank's major and strategic shareholder. COIC is the Bank's sole shareholder with at least 5% of shares in the Bank's share capital and at the Bank's General Shareholders Meeting. The remaining shares, which represent 25% of the share capital are the Bank's free float with the lion's share of capital belonging to financial investors (Polish and foreign pension funds and investment funds).

Creation of Shareholder Value Added

One of the Bank's strong points is the Bank's perseverance to conduct a stable and high dividend policy, thanks to capital ratios outperforming requirements defined by the regulator, and high liquidity.

The Bank has paid out its dividend uninterruptedly since 1997, i.e. from the Bank's debut on WSE, except for the 2008 profit, when the Polish Financial Supervision Agency recommended the banks not to pay out dividends.

Awards and Accolades

In 2017, the Bank, the Brokerage House of Citi Handlowy, and the Kronenberg Foundation at Citi Handlowy, were awarded with prestigious titles and rewards:

- For the second time in a row, the Citi Simplicity credit card received the Golden Banker statuette in the **“best credit card” product category**. In the eighth edition of the ranking established by Bankier.pl and „Puls Biznesu”, Citi Handlowy was also recognized for its best practices in the category „security”. The Bank also ranked in the top three in the mortgage loans category
- For the fourth time (and the third time in a row), Citiphone Client Service Department in Citi Handlowy won a prize in the annual competition **„2016 Global Contact Center Top Performing Markets Award Program”**.
- During the **Stock Market Review Gala** organized by the Warsaw Stock Exchange, Citi Handlowy was recognized and awarded with prizes in the category „The first operator of an account for a global member of KDPW in the history of the market” and „Market making leader on Treasury BondSpot Poland”. It also was rewarded with a special prize for supporting Treasury BondSpot Poland market development in 2016. For the ninth time in a row the award for the biggest share in trading in equities on the Main Market went to the Brokerage House of Citi Handlowy.
- The Brokerage House of Citi Handlowy ranked number one in a prestigious global ranking prepared by **Institutional Investor Magazine**. As every year, the magazine asked international institutional investors for their opinion on analytical activity of brokers. As a result, thanks to the votes of customers of brokerage houses, the analytic team of the Brokerage House ranked first in category CE3 (Poland, Hungary, Czech Republic). In the specialist category - energy sector - it was placed second.
- Citi Handlowy was named **“Ethical Company” by Puls Biznesu**. In the third edition of the competition organized by the business daily, 15 companies of the highest ethical standards were selected, which conduct comprehensive and systemic activities for the development and reinforcement of a corporate culture based on values, and demonstrated in this field the most intensive and extensive activity compared to other enterprises in Poland.
- This year’s **15th edition of the report prepared by the Responsible Business Forum features 20 CSR initiatives of Citi in Poland**. The „Responsible Business in Poland. Good Practices” publication is the only elaboration of this kind which sums up the most important CSR initiatives in Poland. As regards longstanding practices, such initiatives were considered, as: Citi Employee Volunteering Program, the survey „Poles’ Attitudes Towards Saving”, Aleksander Gieysztor Award. A good practice having its debut in the report is the ArtSherlock application, which revolutionizes identification of works of art stolen during the war.
- Citi Handlowy was awarded with the title **„The Benefactor of the Year”** in two categories „New technologies in social involvement” and „Employee Volunteering”. In the first category the award has been granted in recognition of the ArtSherlock application, which was created in partnership cooperation of the Communi Hereditate Foundation, the Kronenberg Foundation at Citi Handlowy and the Ministry of Culture and National Heritage. The Employee Volunteering Program at Citi, coordinated by the Kronenberg Foundation at Citi Handlowy, which has been in operation since 2005, was announced the best program of this type.
- In the **Responsible Company Ranking 2017** organized by Gazeta Prawna, Citi Handlowy was ranked at the crystal level which involves CSR mature and active companies.
- Citi Handlowy won the **White Leaf of Polityka**. It is awarded to companies that declare the implementation of all key management categories recommended in the ISO 26000 standard, and those who gradually improve their solutions in the scope of effective management of their company’s influence.

Economic Results

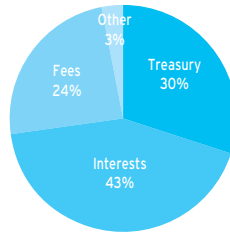
Diversified Revenue Stream



Key drivers:

- cash management
- custody
- brokerage

Institutional Banking



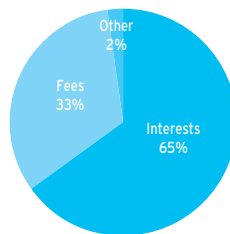
Key drivers:

- customer results
- AFS
- professional markets

Key drivers:

- customer business
- debt securities

Retail Banking

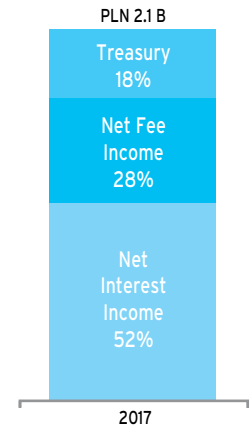


Key drivers:

- credit cards
- investment & insurance products

Key drivers:

- credit cards
- cash and mortgage loans
- operating accounts



Institutional Banking



Local corporates
 Servicing 75 out of Top 100 companies in Poland

Global Subsidiaries
 Access to Citi global network, products, relationships and expertise

Local Commercial
 Focus on operating accounts and clients acquisition

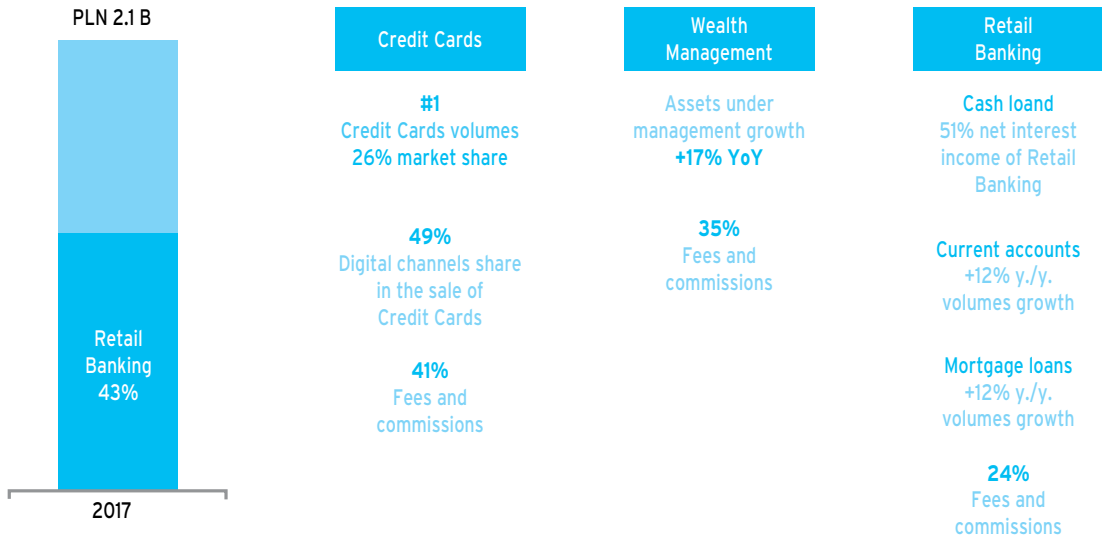
Products

Transaction services	Markets	Investment Banking
<ul style="list-style-type: none"> • Cash • Trade 	<ul style="list-style-type: none"> • FX & Derivatives • Debt Securities • Custody 	<ul style="list-style-type: none"> • Equities • ECM • M&A advisory

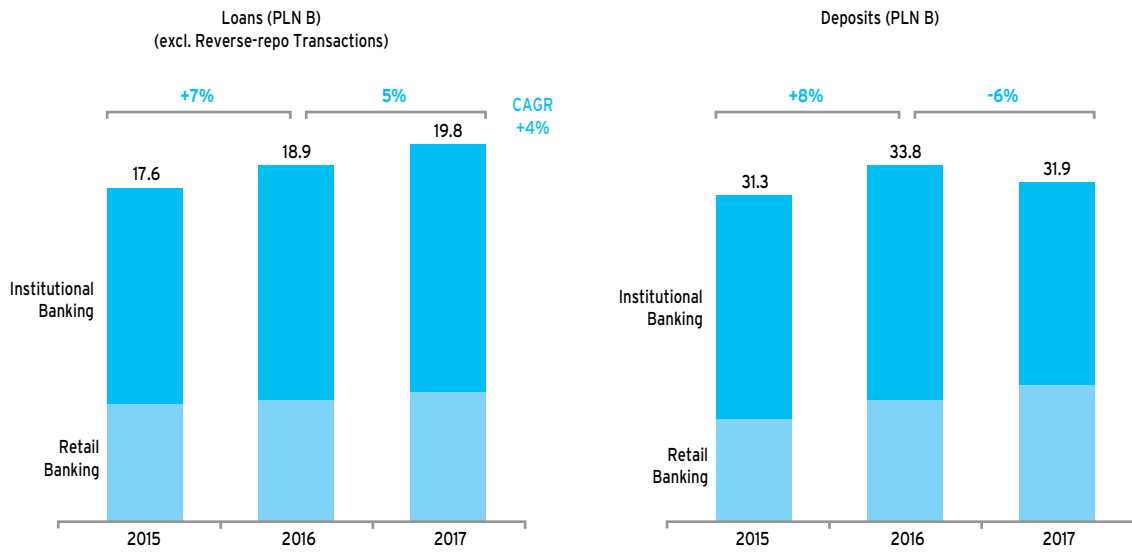
Emerging Markets Champions Initiative
 Global footprint and expertise to support clients in international expansion



Retail Banking - Revenue Share

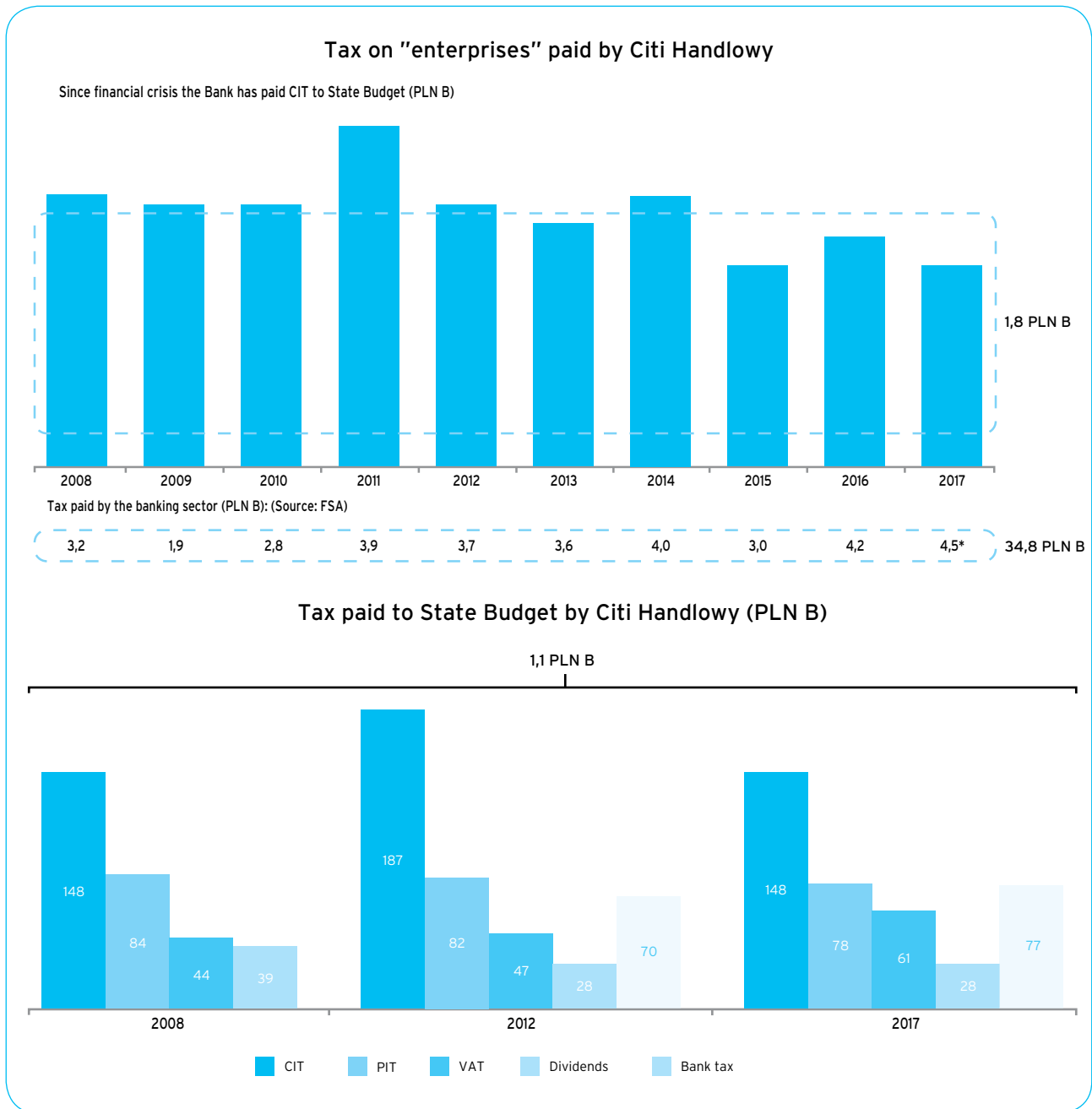


Volumes



In 2017, Citi Handlowy contributed to the Polish budget PLN 148 million of the corporate income tax, PLN 78 million of the personal income tax, 51 million PLN of the value added tax, PLN 26 million of the dividend tax, and PLN 77 million of the banking tax.

In aggregate, since 2008 Citi Handlowy has contributed to the Polish budget as much as PLN 1.8 billion in taxes. To illustrate, it corresponds to the annual amount of subsidies from the budget allocated to public nursery schools all over Poland in 2016.



Responsible Governance

Corporate Governance

Responsible management in the Bank is a mission of and a plan for sustainable growth, in other words, an approach which allows the Bank to conduct its activity in harmony with its business environment. The overall activity of the Bank is subordinated to [corporate governance principles](#).

Through its engagement in issues which are important for the industry and stakeholders, Citi Handlowy promotes good practices and actively participates in the ongoing debate.

Citi Handlowy, being an institution operating on a regulated market, abides by legal regulations applicable to banks. It ensures a high sense of business and social responsibility, observes corporate governance principles adopted by the Warsaw Stock Exchange in the form of the document [„Best Practice of WSE Listed Companies 2016”](#) (DPSN) which can be found on WSE website.

The Polish Financial Supervision Authority in a resolution of 22 July 2014 issued a document entitled [“Principles of Corporate Governance for Supervised Institutions”](#) (“Principles”). The principles are a set of rules governing internal and external relations of institutions supervised by the KNF, including their relationships with shareholders and customers, their organization, the operation of internal oversight as well as of key internal systems and functions, and of corporate bodies and their cooperation. The purpose of the Principles is to enhance corporate governance in financial institutions and transparency of their operations, which is designed to promote public confidence in the Polish financial market.

On December 9, 2014 the Bank’s Management Board declared that the Bank’s intention was to observe the Principles. Next, on December 18, 2014 the Bank’s Supervisory Board approved the observance of the Principles which remain within the competence of the Supervisory Board. With regard to three Principles, the decision not to apply them was made:

1) § 8.4 (A supervised institution, when this is justified by the number of shareholders, shall aim at making every shareholder easily able to participate in the meeting of the decision-making body of the supervised institution, among others by making it possible to actively participate in the meetings of the decision-making body electronically.) - the currently available IT solutions do not guarantee a secure and efficient electronic form of General Meeting. However, the Management Board does see

the importance of such form of shareholders’ participation in the Bank’s General Meeting, and therefore an individual decision on that matter shall be made before each General Meeting.

2) § 11.2 (Transactions with related parties, which significantly influence the financial and legal standing of the supervised institution or which lead to buying or selling or other disposing of significant assets, require consulting the supervising body.) If the members of a supervisory authority present a different position, in the minutes a record is taken concerning such different position and reasons. - this principle shall not be used with respect to contracts tied to current operations, in particular to contracts tied to liquidity, due to the nature of transactions and the number of contracts being concluded.

3) § 16.1 (It is appropriate for meetings of the management body to be held in the Polish language. If required, the aid of the interpreter should be provided. - meetings of the Management Board attended by foreigners, and especially foreigners who are members of the Management Board and do not speak Polish, are held in the English language. Simultaneously, motions submitted to the Management Board, all materials and minutes of meetings are drafted and kept in Polish.

[„Good Banking Practice Principles”](#) bind the Bank to apply a range of principles which govern banks’ conduct towards clients, other banks, and bank employees’ conduct as well as principles of promotion and advertising, personal data processing and handling clients’ claims and complaints. The text of the principles can be found on the website of the Polish Bank Association.

The Bank’s environment is subject to strict regulations and it expects that key issues are addressed to accomplish corporate governance which in basic terms pinpoints principles and standards for a broadly understood corporate governance.

Regulators

Financial Ombudsman
rf.gov.pl

National Bank of Poland (NBP)
www.nbp.pl

Inspector General for Personal Data Protection (GIODO)
www.giodo.gov.pl

Polish Financial Supervision Authority (FSA)
knf.gov.pl

National Depository for Securities S.A. (KDPW)
www.kdpw.pl

The Office for Competition and Consumers Protection
(UOKIK)
www.uokik.gov.pl

National Labor Inspectorate (PIP)
www.pip.gov.pl

General Inspector of Financial Information (GIIF)
www.mf.gov.pl

To avoid the reputation risk, the operational and financial risk, the high employee turnover risk, the risk of losing the mandate to act, the Bank consistently pursues compliance with regulations. It transposes existing guidelines into internal regulatory acts for particular organizational units in the Bank so that the risk of falling short within compliance with legal and supervisory regulations could be eliminated

Compliance Management

Compliance Department (CD) is a unit responsible for compliance risk management. The compliance risk management process consists in identifying, assessing, controlling and monitoring of the compliance risk between the Bank's activities and legal provisions, internal regulations, and market standards as well as presenting reports in this regard. The CD presented „Business Continuity Plan 2017” for the Bank, which constitutes a base for the performance of compliance responsibilities in the Bank.

For the purpose of planning activities related to compliance, the CD conducts, accordingly, due diligence in respect of: the market environment, the regulatory environment, changes in the regulatory and legal environment as well as business plans. Annually, the CD designates key areas for a given calendar year in respect of which it plans activities of educational nature, additional reviews of internal regulations as well as inclusions of key areas to the CD's control activities and monitoring, also by attending meetings of the Bank's Committees. In 2017, the CD carried out the tasks defined in internal regulations according to the “Compliance Plan for the Bank and its Subsidiaries in 2017” approved by the Management Board, as well as with the “Policy of Compliance and Risk Management

at Bank Handlowy w Warszawie S.A.” approved by the Management Board and the Supervisory Board of the Bank, as well as with relevant resolutions and recommendations of the Polish Financial Supervision Authority (FSA).

On 1 May, the Regulation of the Minister of Development and Finance on risk management system and internal control system, remuneration policy and detailed methods of internal capital assessment at banks came into force (“Regulation”), and in April 2017, the Polish Financial Supervision Authority issued revised Recommendation H on internal control at banks with the expectation that it would be implemented at banks by no later than 31 December 2017. The CD has aligned its internal regulations with the above and will present quarterly reports to that effect to the Bank's Management Board and the Audit Committee of the Supervisory Board of the Bank.

Responsible Governance in the Brokerage House of Citi Handlowy

The Brokerage House of Citi Handlowy is a member of the Chamber of Brokerage Houses (Izba Domów Maklerskich) () and when conducting its activities it observes the [Code of Good Practice of Brokerage Houses](#).

„The capital market is vital for the development of a market economy and market growth. Brokerage Houses play an important role in the development of a capital market, therefore they must create and enhance standards of conducting business activities in a manner which makes them transparent and increases market participants' security. The use of confidential information and market manipulations may obscure the expected full market transparency which is a condition precedent for all entities willing to trade on integrated financial markets. The term „brokerage house” should be associated with competence, fairness and righteousness sought by observing laws and ethical norms applicable to a business...”).

„Introduction to „The Code of Good Practices of Brokerage Houses”

Alike the Bank, the Brokerage House of Citi Handlowy must adhere to the „Principles of Corporate Governance for Supervised Institutions”.

RESPECT Index

RESPECT Index project was initiated by the Warsaw Stock Exchange with an aim to recognize companies which were managed in a responsible and sustainable manner. The Index looks at companies' investment attractiveness demonstrated by, among other features, high reporting standards, investor relations or corporate governance. As the eligibility criteria also include a liquidity factor, the RESPECT Index is a real reference for professional investors, similarly to other stock market indices. The Index is composed of only those WSE listed companies which act in accordance with the best management standards in corporate governance, information governance and investor relations, taking into consideration ecological, social and employment factors.



In 2017, Citi Handlowy was ranked in RESPECT Index for the eleventh time thus it fulfilled the assumptions of the “Strategy of Corporate Social Responsibility of Bank Handlowy w Warszawie S.A. for the years 2016-2018” (“the Strategy”). The Bank has continuously been amongst the most socially responsible WSE-listed companies since 2009, namely when its first portfolio was announced.

ESG Performance by Companies in Poland

In 2017, Citi Handlowy was in the group of companies which disclosed ESG (Environmental, Social, Governance) information. This project is delivered by Stowarzyszenie Emitentów Gieldowych (the Polish Association of Listed Companies), EY and GES. Compared to the industry and all audited companies, the Bank's results outperform results obtained in analyzed groups.

Membership in Organizations

The Bank is an active member of industrial organizations which act regionally, nationally and internationally.

In 2017, Citi Handlowy belonged to the following associations, chambers of commerce and foundations:

- ACI Polish Financial Markets Association
- American Chamber of Commerce
- Association „Klub 500 - Łódź”
- Association for the Development of Szczecin and Western Pomerania „Business Club Szczecin”
- Forum Okrętowe (Maritime Forum)
- Francuska Izba Przemysłowo-Handlowa w Polsce (CCIFP) (French Chamber of Industry and Commerce in Poland)
- Fundacja Warszawski Instytut Bankowości (Warsaw Institute of Banking Foundation)
- Information Systems Audit and Control Association ISACA
- Instytut Finansów Międzynarodowych (Institute of International Finance)
- Israel-Poland Chamber of Commerce
- Małopolski Związek Pracodawców LEWIATAN (Małopolski Employers' Association LEWIATAN)
- Polish and Chinese Chamber of Commerce
- Polish and German Chamber of Commerce (AHK)
- Polish Association of Listed Companies
- Polish Bank Association
- Polish Donors Forum
- Polska Konfederacja Pracodawców Prywatnych Lewiatan, Polski Związek Pracodawców Prywatnych Banków i Instytucji Finansowych (Polish Confederation of Private Employers Lewiatan, Polish Association of Private Banks and Financial Institutions)
- Polska Rada Biznesu - Klub (Polish Business Roundtable - the Club)

- Polski Komitet Narodowy Międzynarodowej Izby Handlowej (Polish National Committee of the International Chamber of Commerce)
- Polski Komitet Normalizacyjny, PKN, Komitet Techniczny nr 273 ds. Mechanicznych Urządzeń Zabezpieczających (Polish Committee for Standardization, Technical Committee no. 273 for Mechanical Protection Device)
- Regional Chamber of Commerce and Industry in Bielsko Biala
- Responsible Business Forum
- Scandinavian and Polish Chamber of Commerce
- Stowarzyszenie Audytorów Wewnętrznych IIA Polska (Institute of Internal Auditors (IIA))
- The Organisation for Economic Co-operation and Development - financial education group

The President of the Bank's Management Board is also a member of the Emerging Markets Advisory Council of the Institute of International Finance (IIF) in Washington, a member of the Trilateral Committee, a member of the Board of the Polish Bank Association and a member of AmCham's management board.

In 2017, the Brokerage House of Citi Handlowy belonged to the following organizations:

- Izba Domów Maklerskich (Chamber of Brokerage Houses)
- Polskie Stowarzyszenie Inwestorów Kapitałowych (Polish Private Equity and Venture Capital Association).

Membership Policy

The membership policy is set out in the Regulation issued by the President of the Bank's Management Board. It defines rules according to which the Bank and its employees participate in associations, unions and other organizations which unite business entities or their employees if an employee joins them on the Bank's initiative.

In the context of these Statements, key associations and organizations are as follows:

Polish Bank Association (ZBP)

Is a local government organization of banks, acting on the basis of the chambers of commerce act of 30 May 1989, established in January 1991. Membership in the ZBP is voluntary and open for all banks operating in Poland, incorporated and operating under the Polish law. The ZBP's statutory tasks include representing and protecting common interests of member banks,

inter alia, with respect to legal regulations related to banking and issuing opinions and specialist opinions as well as delegating representatives to participate in the works of banking operations advisory and evaluating bodies, participating in legislative works of commissions of the Sejm (the Parliament lower chamber) and the Senate, cooperating with the National Bank of Poland, the government and the competent ministries in the area of operation of legal regulations applicable to the Polish banking system, organizing the exchange of information between banks, promoting the banking sector and financial services, building an inter-bank infrastructure, supporting the standardization of banking products and services, disseminating knowledge in the area of banking, conducting conciliatory proceedings and amicable judicature for banks, promoting good banking practice rules, supporting professional education and coordinating training programs for banking staff.

Polish Confederation Lewiatan

The most important Polish business organization, which represents employers' interests in Poland and the European Union. It strives for competitive business conditions. Their concerns are economic growth, better laws, fair competition, increased employment and the reinforcement of social capital. It is a voice of business. 4,100 companies which employ in aggregate above 1 million persons are members of Lewiatan. It is a member of the Social Dialogue Council. As the only representative organization of Polish employers it has its representative office in Brussels and belongs to Business Europe, the largest European organization which represents interests of entrepreneurs and employers before the European Commission, the European Parliament and other EU institutions. Lewiatan acts efficiently to improve laws for Polish entrepreneurs, and is involved in activities aimed at building their reputation. It monitors entrepreneurship barriers and issues own macroeconomic specialist opinions.

Polish Association of Listed Companies (SEG)

Is a prestigious organization concerned with the development of the Polish capital market, representing interests of companies listed on the Warsaw Stock Exchange. It provides knowledge and advisory services to issuers in the field of legal regulations applicable to the stock market and rights and duties of listed companies. As an expert organization, it is oriented on the promotion and exchange of knowledge conducive to the development of a capital market and a modern market economy in Poland. The Association has been in existence since 1993 and offers its members assistance and consultations within legal requirements, market regulations, and investor rela-

tions. The Polish Association of Listed Companies is a self-government organization of issuers, in which the membership is voluntary. Ordinary Members of the Association are presidents, members of management boards of listed companies, however, the companies themselves, as legal persons, have the status of Supporting Members. Its statutory activity is financed by members' contributions. Presently, SEG includes about 300 companies listed on the Warsaw Stock Exchange and alternative NewConnect market, which represent over 80% of domestic issuers' capitalization. The Association takes works conducive to the development of capital market mainly through regulatory and educational activities.

Responsible Business Forum (FOB)

Is a non-government organization which supports businesses in developing their social responsibility. Its mission is to promote the concept of a responsible business as a standard generally applied in Poland to increase business competitiveness, improve social welfare and environment. It was established in 2000 on the initiative of business, academic and self-government environments. Presently, it cooperates with 36 strategic partners, including the largest Polish companies. Citi Handlowy, which is represented by the Kronenberg Foundation at Citi Handlowy, has been a strategic partner since October 2007. The President of the Management Board of the Kronenberg Foundation is a member of FOB's Management Board.

Polish Donors Forum

This Forum hosts organizations, institutions and companies, which grant subsidies to different non-government initiatives conducted for a public good. The donors associate with the aim to improve their competencies and propagate good practices in granting subsidies in support of non-government organizations' initiatives. The Kronenberg Foundation in City Handlowy is the member - founder of the Polish Donors Forum.

International Network of Financial Education OECD

The Kronenberg Foundation at Citi Handlowy (the Foundation) since 2011 has been a member affiliated with the OECD unit responsible for financial education: International Network on Financial Education (INFE). Affiliate Member status as held by the Foundation is granted to organizations which are not institutions or government agencies in the OECD member states. On this account, the Foundation holds all the member's rights, excluding voting rights. Other Polish members of the INFE are the Finance Ministry, the NBP and the KNF. Membership in the OECD unit strengthens the position of the Foundation as the leader of financial education in Poland.

Polish Business Council (PRB)

Is an organization which unites owners and key managers of the Polish largest enterprises and international companies operating in Poland. Members of the PRB represent most of the economic sectors. PRB acts for the reinforcement of the Polish economy and promotion of entrepreneurship, creates space for cooperation among business communities and their participation in a public debate, is a partner to social organizations and public administration institutions as regards initiatives for the development of a robust economy and an efficient state.

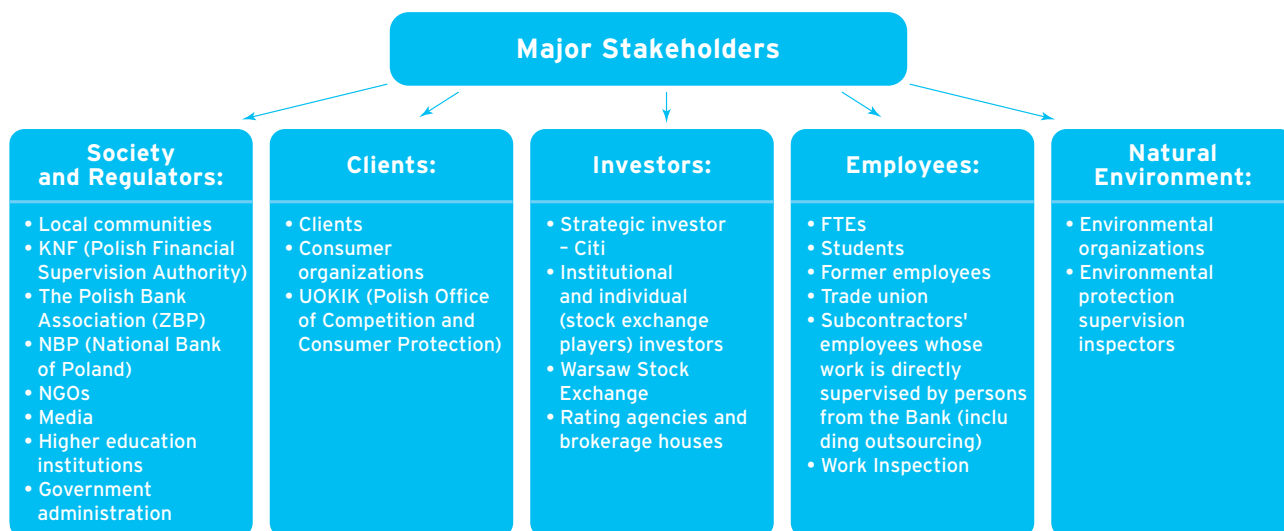
Stakeholders

Identification

Underlying groups of stakeholders were defined on defining the Strategy and next, areas, in which the Bank is willing to implement key aspects of social responsibility were indicated.

Communication with Key Stakeholders

The Bank contacts capital market investors and analysts on a regular basis. It pays special attention to the fairness and transparency of delivered information, treats equally all stakeholders, and observes laws as regards reporting obligations.



In addition, the Bank's stakeholders were identified taking into consideration their presence in stock exchange indices comprising socially responsible companies.

The Bank's obtaining of the Diploma „Transparentna Spółka 2016” (Transparent Company 2016) in 2017 in the competition organized by Instytut Rachunkowości i Podatków (the Accountancy and Taxes Institute) and „Parkiet” – a Stock Exchange and Investors daily, speaks for the fact that the Bank did use the above principles.



Citi Handlowy is quoted in MSCI Global Sustainability Index, a prestigious index of high corporate governance, environment protection and social business responsibility standards and in FTSE4Good Index Series, which is made up of a series of ethical investment stock exchange indices including corporate social responsibility criteria.

On the Bank's website (www.citihandlowy.pl), the Bank publishes on a regular basis information on its activity as well as displays all current and periodical reports; the website is also a convenient venue for contacting the Investor Relations Unit (BRI), which is a source of comprehensive knowledge and information concerning the Bank and the Group.

Dialogue

The Bank sets itself the goal of becoming familiar with the stakeholders' expectations and it strives to solve potential problems through a constructive dialogue with them.

In 2017, representatives of the Management Board and the Investor Relations Unit held over 50 individual, group meetings and teleconferences with investors. At the same time, representatives of the Bank took part in investor conferences organized in Poland and abroad.

The group of stakeholders comprises key investors, employees, trade unions, clients, regulators and the mass media, whose clout and capability of exerting influence on the Bank is tangible.

Also, at the end of each quarter, the Bank organized in its headquarters meetings with capital market analysts and representatives of investors concerning the publication of financial results.

Questionnaire Among Capital Market Players

The Bank disseminated, via an e-mail communication, a questionnaire among capital market players to find out what non-financial aspects mattered when analyzing companies from an investment point of view.

The research showed that the capital market players took into consideration first and foremost:

- company's strategic objectives and a description how they are to be accomplished;
- companies' client relation management (maintaining transparent communication with clients, regular surveys of satisfaction, concern for client privacy and protection of clients data);
- companies' social engagement (employee volunteering programs, concern for relations with an environment and stakeholders).

At the same time, managerial and corporate governance criteria are the most valued when making investment decisions in the context of ESG (environment, social responsibility and corporate governance) elements.

Dialogue with Employees

A dialogue with employees is an important part of the Group's activity. Every employee has access to an internal intranet network, where he or she can find the latest information concerning all the Bank's areas of operation. The most crucial information concerning the Bank and changes which take place in the organization is sent directly to the employees' inboxes in an internal newsletter „Puls CitiHandlowy”.

Senior management organizes special meetings with employees called Town Halls. At such meetings the most crucial information is provided concerning particular business areas, the Bank's financial results as well as information on new products or organizational changes. Every employee can ask directly the hosting Member of the Management Board and invited guests questions.

The employees can also use the internal social platform „Citi Collaborate”. Its wide accessibility allows for exchanging information and building close cooperation between employees and management.

The dialogue with employees is further intensified by means of the annual survey „Głos Pracownika” (Voice of Employee - VoE), which serves the purpose of surveying employee satisfaction and commitment. The participation in the survey is voluntary and an employee decides for himself or herself whether he or

she will take part in it. Questions asked in the survey concern, i.a., communication, professional development opportunities, meritocracy, relations with the supervisor and co-workers, participation in a decision making process, balance between professional and personal life, diversity, and values and ethics.

In the VoE survey conducted in 2016, the employees assessed the Bank's ethical index at 89%.

In the Brokerage House of Citi Handlowy, the ethical index 2016 was assessed at 90%.

Since 2015 both employees' participation and satisfaction have been assessed in the VoE survey in the Bank and the Brokerage House of Citi Handlowy at a stable high level.

Participation index in the Bank's VoE survey was:

- In the year 2015 89%
- In the year 2016 88%

Participation index in the Brokerage House of Citi Handlowy's VoE survey was:

- In the year 2015 88%
- In the year 2016 93%

Bank's overall satisfaction index was:

- In the year 2015 84%
- In the year 2016 82%

The Brokerage House of Citi Handlowy's overall satisfaction index was:

- In the year 2015 86%
- In the year 2016 80%

In 2017, driven by Citi best practices and market trends in employee satisfaction surveys, the Bank deepened its dialogue with employees by conducting VoE surveys three times a year.

The next regular employee satisfaction survey in the Bank is scheduled for autumn 2018.

Dialogue with Trade Unions

In the Bank there are two trade organizations:

- NSZZ „Solidarność” - Międzyzakładowa Organizacja Związkowa nr 871 w Banku Handlowym w Warszawie S.A. (an intercompany independent trade organization);

- NSZZ Pracowników Banku Handlowego w Warszawie S.A. (an independent trade union of Bank Handlowy w Warszawie S.A. employees)

As of this reporting date, the general unionization level is 46.57%.

The Bank collaborates with trade organizations in both collective matters (such as for instance the rate of increment in average pay for a given year) and individual matters (e.g. trade organizations are to ensure participation in proceedings concerning complaints in connection with adverse incidents).

The long-lasting, free of conflicts collaboration with trade unions is worth underlining. This dialogue has a special place in Citi Handlowy's Strategy. It is conducted on a regular basis in a formalized manner.

Dialogue with Universities and Job Candidates

The Bank has developed a comprehensive professional development offer for students and graduates at every level of their professional career. The Bank looks for people who will develop themselves alongside the Bank's evolution. It supports active attitudes and responsibility for building own professional paths. It takes on challenges, innovation and independence.

As part of cooperation with universities, the Bank develops strategic relations with 12 universities at which it conducts its Ambassador Program. These are: Uniwersytet Warszawski (University of Warsaw), Szkoła Główna Handlowa (Warsaw School of Economics), Akademia Leona Koźmińskiego (Leon Kozminski Academy), Uniwersytet Warmińsko-Mazurski (University of Warmia and Mazury), Politechnika Warszawska (Warsaw University of Technology), Uniwersytet Łódzki (University of Lodz), Szkoła Główna Gospodarstwa Wiejskiego (Warsaw University of Life Sciences), Uczelnia Łazarskiego (Łazarski University), Warszawska Akademia Techniczna (Military University of Technology in Warsaw), Polsko-Japońska Akademia Technik Komputerowych (Polish-Japanese Academy of Information Technology), Uniwersytet Marii Curie-Skłodowskiej (Maria Curie-Skłodowska University), Vistula. In addition, we collaborate with about 30 universities by providing information on available offers designed for students.

The Bank also collaborates on a regular basis with student organizations. It acts as an all year long partner to CEMS organization, it takes part in AIESEC, BEST projects or other university-based Science Clubs (Business Student Science Club, Investor Student Science Club).

In 2017, Citi Handlowy won recognition for the campaign „Unlock your potential” and was rewarded with the „Employer Branding Excellence Award”.

Citi Handlowy invites students of the third, fourth and fifth year of their studies to take part in the **Summer Internship Program**, which is organized every year. This is a two and a half months paid internship, during which the participants gain knowledge and experience with support from their individual tutor. The participants begin their adventure in the Bank by going for a trip combined with volunteering.

Student Ambassador Program

The Bank also invites students to participate in the ambassador program, which is an opportunity for them to organize events and represent Citi at universities as well as exchange experience with students all over Poland. Ambassadors intermediate in contacts with universities and support the company in building its image. All participants also attend nation-wide meetings at which they can get acquainted with other ambassadors and participate in attractive and various training sessions. At present, the Ambassador Program is conducted at 12 universities, in Warsaw, Olsztyn and Łódź.

Ambassadors may take their own initiative and develop their own project, for which the company will allocate a special budget.

Projects concern the concept and organization of events at the Ambassadors' universities. This can be an independent event, such as a recruitment stand, developed and delivered by an ambassador or a recommended project organized by a university or student organization. The Ambassador's task is to identify the Bank's needs, find the best opportunity of promoting the Bank's offers and next, to coordinate and organize an event attractive for students at a given university.

The Bank provides students with a chance to participate in development programs. **Rozwój na Bank Citi Handlowy Program** is an excellent beginning of a career. In the course of the Program the participants will implement, on the basis of a six month rotation, strategic projects in Corporate Banking and Operations and Technology under the supervision of experienced managers. Program participants can also gain international experience. Tasks are carried out with regard to

strictly defined objectives and responsibilities and the program itself allows for gaining knowledge and skills in, among other areas, project management, process enhancement and streamlining, as well as state-of-the-art IT systems

Clients

The Bank invites its clients for a dialogue in multiple ways, by contacting the Employee Advocate or via a website. Citi Handlowy is also active in social media, where clients can contact the Bank through, among other channels, Facebook, including Messenger.

Meetings with entrepreneurs are another opportunity for a dialogue with clients, in addition to the due fulfillment of legal requirements and concern for good and long-lasting relations with clients reflected in client satisfaction surveys and best standards when considering claims and complaints.

UOKiK (Polish Office of Competition and Consumer Protection)

At the turn of 2016 and 2017, the President of the Office of Competition and Consumers Protection conducted proceedings against 18 banks in matters concerning their policies and processes applied by them to inform their clients of changes in terms and conditions of financial agreements. The UOKiK's allegations concerned the issue of informing the clients of changes in agreements through an electronic banking system and introducing changes without indicating a legal basis or circumstances which caused that their terms and conditions were modified, however according to the information made public by the UOKiK, the first allegation concerned not only Citi Handlowy but also other banks. In the course of proceedings, in desire to meet changing expectations regarding the content of information letters for clients, the Bank declared its readiness to make them more specific for the future and expressed its desire to cooperate with the Bydgoszcz Regional Office of Competition and Consumer Protection to clarify concerns about the Bank's practices. The Bank provided the UOKiK President with proposed commitments to change its practices and to provide public compensation, and asked for a binding decision, as referred to in Article 28(1) of the Act of 16 February 2007 on competition and consumer protection, taking into account the proposals submitted by the Bank. The UOKiK accepted the Bank's proposal and issued the binding decision in November 2017.

Media

The mass media is one of Citi Handlowy's key groups of stakeholders. As part of internal regulations, the Bank defines and informs its employees of terms and forms of media communications. Press Office and Press Office Head are responsible for contacts with the media, and contact details can be found [on the Bank's website](#).

The Bank follows the rule that media communications should be transparent, and issues related to the Bank and important for external recipients should be promptly delivered to the media. In consideration of the above, updated information concerning the company's and the industry's activities as well as new solutions, products and events are sent to journalists on a regular basis in the form of press information and publications on the Bank's website.

The Bank makes every effort so that answers to questions received from the media are delivered on dates indicated by journalists. In its efforts to create the best conditions for a deeper dialogue with journalists, the Bank also organizes regular press conferences, invites journalists to bank events and provides an opportunity of contacting directly bank experts.

Taking into consideration the latest trends in media, the Bank systematically enhances its channels of communication. Since 2009 the Bank has had a channel on the social portal Twitter, used for streaming highlights and latest information from the Bank, accompanied with comments of the Bank's experts. The media can ask questions via this channel. The Bank's expertise and knowledge are also made available to the media in video materials displayed in YouTube. Although the Bank's fanpage on the Facebook social portal is predominantly addressed to Clients, the Bank also provides there communications which meet the media needs.

Projects and Products

Projects and Products

Project Finance - Implementation of ESRM Policies (Environmental and Social Risk Management)



Ensure sustainable consumption and production patterns



Take urgent action to combat climate change and its impacts

Environmental and social risk management, which is reflected in the ESRM policies implemented in the Bank, is an area of importance from the point of view of responsible investment. The Bank monitors credits so that Citi’s standards and good practices of the Inter-

national Finance Corporation (IFC) Performance Standard could be followed consistently and coherently.

Guidelines on the environmental and social risks assessment have been specified in the following documents:

- „Credit Procedures of Corporate Banking Clients”
- „Credit Procedures of Commercial Bank Clients”

In these two procedures, which apply to strategic, global, and commercial bank clients, we have inserted provisions which impose a duty on Relationship Manager and Credit Manager to analyze the social and environmental risk when preparing Credit Package for the Client.

WE DIVIDE TRANSACTIONS INTO THE FOLLOWING CATEGORIES:	
Category	Explanation
A	financing a transaction which carries a potential significant environmental or social risk and/or adversely and irretrievably affects the natural environment or society,
B	financing a transaction which carries a potential limited environmental or social risk and/or insignificantly affects the natural environment or society, and its effects are retrievable and neutralizable when risk mitigating methods are used.
C	financing a transaction which carries the minimum environmental or social risk, or such risks do not occur and/or do not affect / affect at the minimum the natural environment or society.

Product Offer

KfW / EU funds



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

On the basis of an agreement concluded with the bank Kreditanstalt für Wiederaufbau (KfW) and by use of European Union funds, the Bank offered its clients refundable and nonrefundable (grant) financing within ELENA Program (European Local Energy Assistance), which was conducted by KfW also in other EU member states as part of a broader community initiative - IEE II Program (Intelligent Energy Europe). The Program supported local and regional governments and other public entities which fulfilled statutory tasks of local and regional authorities, in attaining assumptions of the EU „20-20-20” Strategy and aimed at facilitating the financing of self-government units' undertakings related to energy efficiency. In 2016 and 2017, a project was conducted consisting in the thermal modernization of multi-family residential buildings belonging to one of municipalities - the Bank's client. The implementation of the undertaking brought about annual energy savings for the facilities being subject to thermal modernization at the level of 5326 MWh.

The Emerging Market Champions Initiative



Strengthen the means of implementation and revitalize the global partnership for sustainable development

The format initiated by the President of the Bank's Management Board in 2014 distinguishes positive examples of investments made by foreign companies on the Polish market and local enterprises, which successfully grow their business also abroad.

The Emerging Market Champions Award is granted by the Kronenberg Foundation at Citi Handlowy in two categories: "Polish foreign investments" and "Foreign investments in Poland". The first category promotes Polish companies which extend their business activities on the outside of our state, whereas the second one is addressed at foreign enterprises deriving from emerging markets which carry out significant investments projects in Poland, thus creating new jobs and stimulating the development of our state.



Emerging Market Champions Award

citi handlowy

citihandlowy.pl/emergingmarketchampions

The Group's objective is to play the role of a strategic partner to Polish enterprises, who actively supports the expansion of the Polish industry. This is tangibly reflected in the Bank's product offer with foreign exchange transactions and products associated with trade finance and secure trade transactions being its important and inextricable part.

Capital Investments

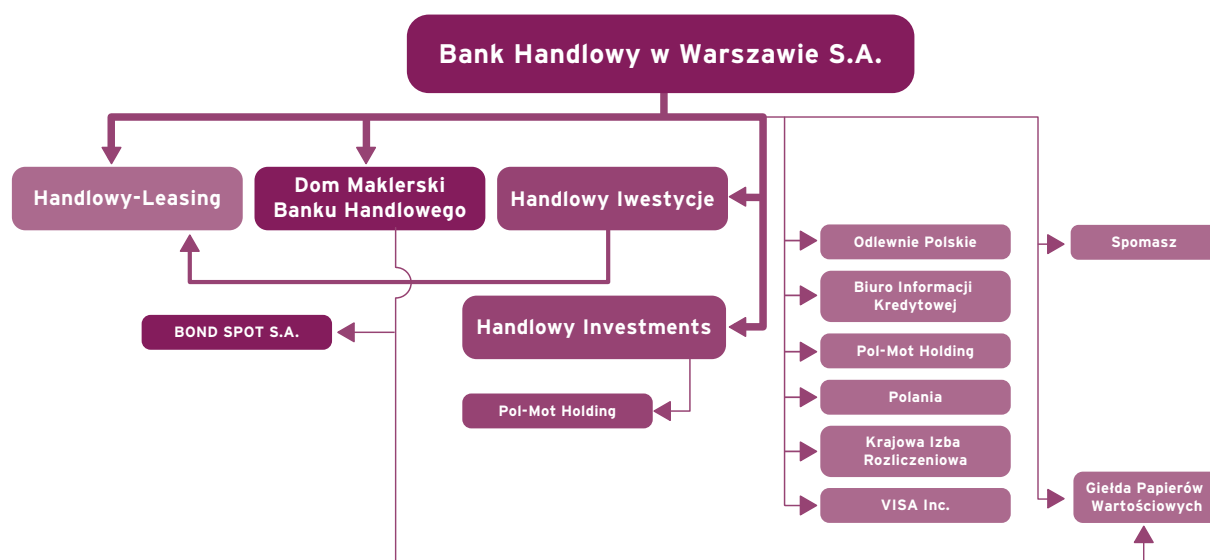
The Bank's capital investments are divided into a strategic companies portfolio and companies held for sale portfolio. Classification of companies to the individual portfolios is made by way of resolutions of the Capital Investments Committee.

Strategic companies include entities which conduct their activities in the financial sector and through which the Bank enlarges its product offer, raises prestige and fosters its competitive position on the Polish financial services market. Strategic companies also include infrastructural companies which operate for the financial sector. The Bank holds non-controlling interest in such companies but they of strategic importance for the Bank given their operations and collaboration with the Bank, e.g. Krajowa Izba Rozliczeniowa (the National Clearing House), Biuro Informacji Kredytowej (Credit Information Bureau).

Companies held for sale include entities in respect of which the Bank's interest is not of strategic nature. They include both companies held by the Bank directly and indirectly as well as special purpose investment vehicles which the Bank uses for Capital operations.

The basis of the capital investments policy is the attempt to optimize financial result on Capital transactions, and to minimize the risks tied to these transactions. The Bank's strategic assumptions regarding companies held for sale provide for a gradual reduction of its interest in these companies on the best possible conditions. We intend to keep our interest in companies from the strategic portfolio.

Structure of the Group



The Bank’s investment strategy does not assume the involvement of the Bank in new capital investments for sale. It is however possible that restructuring exposures, coming from conversion of receivables into stocks or shares, would be included into the portfolio of companies held for sale.

The Bank actively exercises and uses its ownership title it is entitled to, to subsidiaries and entities in which it holds non-controlling interest by, among other actions, active participation in decision-making processes and controlling authorities (General Meetings and Supervisory Boards) as well as ongoing monitoring and corporate governance over key social and environmental risks which occur in those companies.

Monitoring and corporate governance is provided by Corporate Governance and Investor Relations Unit. Its work is coordinated by the Capital Investments Committee and is governed by numerous bank regulations, including but not limited:

- “Terms and Conditions of Capital Investment Committee”,
- “Rules of capital investments management, acquired by the Bank as a result of the conversion of debt to capital interests and the acquisition of security in the form of capital interests”,
- “Rules of determining values of capital investments for the needs of financial reporting”,
- “Rules of cooperation among the Bank’s organizational units within capital transaction services, in the scope of reporting and accounting”,

- “Policy of capital investment risk management in Bank Handlowy w Warszawie S.A.”.

Review of Clients

The mitigation of the risk of loss on the part of institutions which finance a business activity, notably banks, is of the utmost importance for each country’s stability and sustainability of economic growth. Due to its specifics, it is the bank sector where we most often see financial crime taking place, like obtaining a credit under false pretences, forging documents or other financial crimes. Such crimes, which can especially be harmful for the whole financial sector, also include money laundering and terrorism financing. This crime destabilizes the financial situation of the bank which is used directly or indirectly in such crimes, and can lead to the loss of its reputation and trust among its clients and counterparties.

Citi Handlowy takes activities aimed at counteracting the use of the Bank in an activity connected to money laundering or terrorism financing. To preclude any such crimes, the Bank developed Anti-Money Laundering and Combating the Financing of Terrorism Program, with the main assumption thereof being the mitigation of the risk of opening and keeping accounts, and of maintaining economic relations with persons or entities in respect of which the Bank suspects that their funds are obtained in an illegal manner.

The Anti-Money Laundering and Combating the Financing of Terrorism Program is reviewed at least annually from the point of view of compliance with binding Polish laws and Citi Group standards for combating money laundering and terrorism financing.

AML Policy (Anti-Money Laundering and Combating the Financing of Terrorism)

All employees of the Bank must make every effort not to allow the use of Bank products and services for money laundering or terrorism financing and to ensure that all suspicious activities are immediately reported to the Anti-Money Laundering ICG Unit at the Compliance Department.

All Bank employees are required to read and follow anti-money laundering provisions and procedures of their business unit, including those requiring due care in accepting client relations and individual transactions. No client relation or transaction justifies a breach of Bank security provisions on anti-money laundering, terrorist financing or other crimes. The Bank endeavors to effectively support security initiatives within the limits set by applicable law. The provisions specify with whom the Bank enters into business relations, „Know Your Customer“, the parties involved in a transaction as well as the rules for monitoring operations on client accounts in order to detect unusual activity on a client account.

AML Policy at the Brokerage House of Citi Handlowy

The Brokerage House of Citi Handlowy's internal regulations are to preclude and identify various types of risk related to investment activities. Employees take part in regular training in fraud counteracting rules and client's funds and data security. „Counteracting Money Laundering and Terrorism Financing“ regulations are considered by the Brokerage House of Citi Handlowy as one of the most important internal regulations. The Anti-Money Laundering and Combating the Financing of Terrorism Program followed in the Brokerage House of Citi Handlowy serves the purpose of identifying threats which the crime of laundering money can pose. As part of the program, the company applies financial security measures for clients, depending how it assesses the money laundering risk, such as keeping registers, producing reports and typing suspicious transactions. Internal procedures and policies, organizational solutions and approaches as well as monitoring systems, all coupled with training organized for employees, ensure the correct operation of the program in the company.

Sanctions and Embargos

The Bank's rules of dealing with entities subject to international economic and trade sanctions are set out in the „Rules for proceeding with organizations subject to international economic and trade sanctions“.

The Bank complies with international economic sanctions and embargoes that prohibit business relations with certain countries and entities covered by the sanctions, including organizations associated with terrorism and drug trafficking.

It is prohibited to maintain economic relations with the authorities of sanctioned countries, as well as with individuals or entities acting on their behalf, as well as SDN-listed persons. Any uncertainties must be presented to an employee in Anti-Money Laundering and Combating the Financing of Terrorism Unit in Compliance Department.

In addition, the „Comprehensive Compliance Control Procedures for the Client service and trade financing products offered to Clients of the Corporate Banking and Commercial Bank Division and related rules of conduct“ applies in the Bank.

Due to observing effective money laundering and terrorism financing risk monitoring procedures, in 2017 the Bank avoided infringements in this regard

Long-term Relations
Based on Trust and
Professionalism

Long-term Relations Based on Trust and Professionalism

Client Relations - Market Practices

The establishment of client relations based on trust and a shared vision of growth is the Bank's mission and the biggest ambition. A strategic goal is to attain such level of client satisfaction, which will naturally translate into unwavering loyalty to the Bank. Therefore a range of activities is taken, on the basis of surveys and feedback from clients, which are to enhance and elevate the quality of our customer service standards and product offer on an ongoing basis. Following changing clients' expectations, one of such activities is the adaptation of brick- and-mortar customer services to new technologies. At present, over 95% of bank transactions are concluded individually via Citibank Online. The network of modern Smart Banking Ecosystem allows the client to conclude individually financial transactions, pay in/withdraw cash from FX ATMs, obtain a credit card and on an interactive screen learn about special rebates for holders of Citi Handlowy card.

Customer Satisfaction Surveys

The Bank conducts regular customer satisfaction surveys among both Institutional and retail clients. NPS (Net Promoter Score) is the key measure of quality. NPS measures clients' propensity to recommend the Bank and thus their satisfaction regarding provided services. Surveys cover the Bank's key client segments, products and processes as well as the most

important channels of communication (i.e. Citibank Online, Citiphone, branches). Scores and comments are analyzed by a team which analyzes clients' experience and results of such analyses and proposed enhancements are discussed at a monthly meeting with the Bank's management.

On the institutional part of the Bank, the existing quality management system is based on ongoing measurements of expectations and opinions as well as clients experience management at every stage of their cooperation with the Bank. Work with such feedback resulted in, among other advantages, a better Citiphone service quality and deeper client - account manager relations. Processes of opening an account in the Bank were shortened and simplified, and processes related to submitting applications for products were streamlined. New solutions launched by the Bank are tested with clients at the implementation stage so to ensure that they address all their needs. Meetings with account managers are a natural platform for a dialogue with clients and open conversations, as well as an opportunity to see from a broad perspective challenges which a given business client faces, and to specify in more details the client's expectations as to products and services offered by the Bank.

When addressing issues invoked by our clients we strive to actively participate in the client's education as regards cybercrimes and secure electronic payments by showing them real mechanisms of fraud and risk mitigating measures.

Thanks to the Bank's disciplined approach to that aspect, scores in each of the key NPS retail client measures rose in 2017. The Bank maintained its leader position in the credit card segment and remained one of the two best banks in the High-Net-Worth clients.

Citi Handlowy credit cards are the first choice as it comes to recommendations made by Retail Clients

In 2017, 20,000 Retail Clients said they would recommend Citi Handlowy, which accounts for 60% of all Clients participating in the research.

(Benchmarking NPS survey conducted by an external research agency to the order of Citi Handlowy.)

One of the key activities taken following the retail clients' feedback, was the release of a new [Citibank Online](#). The new release offers a more attractive layout, additional functionalities, with much more simple and intuitive navigation. The present version of the application offers functions, which the clients mentioned in the whole life of the project in focus groups as well as all comments presented to Account

Managers and on the official fanpage Citi Handlowy on Facebook. The system was developed in the Responsive Design technology, which means that it is an easy-to-use application for all devices, including tablets and smartphones.

The Bank's sound position in providing customized solutions for retail clients was confirmed by many awards and recognitions won in 2017.



Communication with Clients

For more than six years the Bank has consistently pursued its transparent client communication strategy, systematically aligning its offer with the clients' needs. As part of such projects as „Treating Customers Fairly” requirements were defined regarding communication, which were necessary for conducting product campaigns. Given the above, despite of dynamically changing market conditions, clients are assured that they will be informed of the Bank's products in a fair and transparent manner.

At the same time, the Bank ensures that its agreements are explicit and its information concerning costs, risks and potential advantages is transparent. All employees who are responsible for a product offer are also trained in transparent communication standards and are obligated to abide by them. In addition, policies and standards concerning high quality customer service, complaint processes and responsible marketing in the Bank are regulated in, among other documents, „The Code of Ethics for Advertising”.

For institutional clients, a monthly newsletter is published called „Aktualności CitiService” (CitiService News), the contents of which are also displayed on the following Bank's sites.

MiFID

The Bank must adhere to the provisions of MiFID Directive (*Markets in Financial Instruments Directive*). The Directive was introduced with an aim to increase transparency in financial instruments markets and the level of consumer protection.

The Bank consistently pursues the guidelines taking into consideration the following:

- Investment companies must act honestly, fairly and professionally, in accordance with the in the best interests of clients;

- Information provided to clients must be fair, clear and not misleading as to features, fees, risks related to investment.
- Every client willing to purchase investment products must sign a framework agreement with the Bank, which sets out terms and conditions of providing investment services.
- The Bank must assess whether investment products are suitable to the client taking into consideration the client's investment knowledge and experience. Client's investment knowledge and experience must mandatorily be assessed for every client before the commencement of talks concerning specified investment products.

Complaints and Inquiries Received from Clients

Institutional clients

Information on the submission of claims and complaints is made available on the Bank's website under the [Complaints](#) tab.

Clients can submit complaints through a few forms of communication. It is possible to submit comments:

- by email to the address: citIService.polska@citi.com;
- by telephone in CitiService (+801 24 84 24 for land-line phones in Poland or +48 22 690 19 81 for land-line and mobile phones from any place in the world) or by calling directly a dedicated CitiService Relationship Manager;
 - Business Cards: +800 12 00 78 (for land-line phones in Poland), +48 22 692 24 36 (for land-line and mobile phones from any place in the world);
 - Pre-paid Cards: +800 12 00 78 (for land-line phones in Poland), +48 22 692 24 39 (for land-line and mobile phones from any place in the world);
- in person - at any unit of the Bank that serves clients of the Corporate and Commercial Bank Sector,
- in writing - to the address indicated on: www.citi-handlowy.pl/strefaklienta, in section: Important addresses:

www.citihandlowy.pl
Bank Handlowy w Warszawie S.A.

citi handlowy®



CitiService News

October 2, 2017 | Edition No. 10

In this edition

- Bank documentation - data update
- eGuarantee - new way of delivering bank guarantee to beneficiary
- Bank holidays in October and November 2017

Bank documentation - data update



In the interest of the security and to ensure the continuity of CitiService banking services, Bank Handlowy w Warszawie S.A. reminds you to periodically update the documents listed below in order to maintain current of ongoing changes within your companies:

- Signature Specimen Card
- Authorization to communication with Bank
- Password Specification/Change Form
- Authorisation for Bank contact via CitiService cards used for telephone banking services as provided for the Account Holder - IVR Cards

Service Shortcuts



Extract from the Table of Fees and Commissions



Foreign Exchange Rates



CitiService News



Market Analyses



Contact with CitiService:
tel.: 801 24 84 24; 22 690 19 81

Missing or out of date information may result in difficulties in communication between your company and the Bank, particularly in the cases requiring the filing of inquiries or the confirmation of instructions.

We recommend that you periodically verify and change your passwords and the PINs of your IVR cards, used to receive confidential bank account information, depending on your needs but at least once every 6 months.

The forms must be signed according to the Commercial Register rules of representation of your company by the persons whose signatures are kept in the Signature Specimen Cards Banking files and delivered to:

Bank Handlowy w Warszawie S.A.
Strefa Dokumentacji Klienta / Customer Documentation Zone
ul. Senatorska 16
00-923 Warszawa

Should you have any questions, please contact the CitiService Department.

Bank Handlowy w Warszawie S.A.

**Strefa Dokumentacji Klienta
[Client Documentation Service]**

ul. Senatorska 16
00-923 Warsaw

Bank Handlowy w Warszawie S.A.

**Biuro Operacji Dokumentowych i Finansowania
Handlu w Regionalnym Centrum Rozliczeniowym
[Documentary and Trade Finance Operations Unit,
Regional Processing Centre]**

ul. Żołnierzy 5. Wileńskiej Brygady Armii Krajowej 16
10-602 Olsztyn

If claims related to a complaint are not accepted, the Bank informs of a possibility to present the claim to the Court of Arbitration at the KNF in accordance with its rules or to a common court, and in the case of clients who are natural persons conducting a business activity individually or as a partner in civil partnership, also of a possibility to submit a motion to the Financial Ombudsman. Information regarding the above options is made public [on the Internet](#).

An important quality-related element, is the time taken to respond. The Bank considers 67% complaints submitted by corporate clients within 5 days, 25% of complaints within 15 days, 6% of complaints within 30 days, and 2% above 30 days. The complete analysis of clients' complaints along with the review of the source of error and potential risks is presented to the Board of Operations and Technology Quality on a monthly basis. The key indicators applicable to customer claims and complaints are presented on a quarterly basis to Operational Risk Committee, Control and Compliance System of Corporate Banking Sector. Based on the prepared analyses, corrective action plans are specified to reduce errors on the part of the Bank.

Retail Clients

Information on the possible forms of submitting claims, complaints and grievance is easily accessible on the Bank's website. To facilitate the process of submitting complaints, a few forms of communication are made available to the client. It is possible to submit comments:

- Electronic form on [Citibank Online profile](#),
- In writing to the Bank's address or orally at the Bank's Branch,
- Email to the address: listybh@citi.com,
- By phone, by contacting CitiPhone: 22 362 2484.

The Bank informs of a possibility to resolve amicably disputes in relations with clients and this information is made public on the Internet. An important quality-related element, monitored in the complaint handling process is the time taken to respond. The standard time for consideration of the complaints filed by Citigold and Citigold Private Clients is one working day, whereas for clients from other segments is 4 working days. In 2017, complaints with regard to which the Bank was the source of error, did not exceed 35% of total complaints. Analyses of complaints and clients' comments, manners of handling them and drawing conclusions for the needs of the Bank's operations, are presented at the Client Experience Board meeting held on a monthly basis. Based on the prepared analyses, corrective action plans are specified to reduce errors on the part of the Bank in the future. This year, in the strategic area, which is online banking, the Bank reduced the number of submitted claims by 17% compared to the previous year, which is a very good result given the implementation of a new platform for clients at the beginning of the year and time required by the clients to adapt themselves and learn the introduced changes.

Clients of the Brokerage House of Citi Handlowy

Information on possible submissions of claims, complaints and grievance is made available on the Citi Handlowy's [Brokerage House's website](#).

Clients can submit their comments:

- In writing (by letter) to the address of the headquarters
- In person through Citi Service Center or the Order Acceptance Point,
- By telephone,
- In electronic form, using electronic communication methods, e.g. electronic mail.

Customer Service Centre

ul. Senatorska 16
00-923 Warsaw
Tel.: +48 22 532 32 32
+48 22 532 32 33

Citi Handlowy's Brokerage House's call centre

Tel.: +48 22 690 11 11
+48 22 692 24 84

If a complaint is not submitted by letter, the Brokerage House of Citi Handlowy provides by the client's order, confirmation of the submission of complaint, in a form agreed with the client. Complaints submitted to the Brokerage House of Citi Handlowy are considered without delay and not later than within 30 days of receipt of the complaint by the Bank.

Client Advocate

Institutional clients

In August 2017, a new function was created at the Bank: Corporate Client Advocate. The main duties of the advocate include: coordination of the process of examining complaints and grievances submitted by institutional clients to the Bank, analysis and monitoring of the process of complaints and grievances from clients, providing the Management Board of the Bank with information regarding the scope and scale of complaints and grievances submitted by institutional clients to the Bank, cooperation with units of the Bank in order to improve the quality of services and products offered to institutional clients of the Bank, and to increase client satisfaction and loyalty. The client has also the option of contact with the Client Advocate by sending a message through an [online form](#) available on the Bank's website.

The clients may also send their opinions and comments to the Corporate Client Advocate, which will help us to improve our products and services. By the end of 2017, the Corporate Client Advocate did not receive any direct notification from a corporate client.

Retail clients

The function of Client Advocate was created to both strengthen the cooperation between the Bank and the clients and increase client satisfaction as far as the products and services offered by the Bank are concerned. The Bank invites its clients to dialogue, through contact with the Client Advocate. This way, the Bank invites its customers to share their opinions, comments and suggestions about functioning of the Bank. Customers can contact the Client Advocate by sending an enquiry to the Client Advocate's e-mail address: rzecznik.klienta@citi.com. In 2017, the Client Advocate received 249 issues for consideration.

An additional channel of communication, through which clients can request help or present their comments is a social media channel, also administered by the Client Advocate. 250-300 queries submitted through this channel are handled monthly

Client Education

A different type of activity, which is not obligatory but perfectly fits into the overall effort to provide security and accessibility of banking products, is financial education of existing and potential clients.

Through the Kronenberg Foundation at Citi Handlowy the Bank pursues programs designed with the aim to build Poles' financial awareness leading to more reasonable and aware credit and investment decisions, as well as to preclude financial exclusion of specified social groups. The activities of the Kronenberg Foundation focus on the activity in the area of financial education, within which a particular emphasis is put on building competences in personal finance. The support for entrepreneurship by preparing young people to launch their own businesses and enhancing the potential of existing companies - this is our contribution to the development of the Polish economy. We pay particular attention to startups, with regard to their innovativeness.

We supplement our activities with competitions for micro-entrepreneurs and Polish companies conquering international markets, as well as entities from emerging markets investing in Poland (Emerging Market Champions Initiative).

The Foundation implements its tasks also through a program of surveys, under which it investigates, inter alia, Poles' attitudes towards saving, or various aspects of activity of Polish companies abroad.

In addition, the Bank develops its internet sites to include the most important educational materials concerning transaction security and use of products and mobile access.

Gaining assurance that clients understand the mechanism of a product and that they know how to use it in the most suitable way, is also of importance to the Bank. For this purpose the Bank created on its sites [Most Frequently Asked Questions](#) sections.

Also educational materials are prepared for clients, from which they can learn how to manage their credit and credit history, observe current credit repayment dates and why it is important.

Examples of Educational Materials for Clients

Assigning card to foreign currency account

If you make a transaction using a card assigned to a foreign currency account, remember that:

1. Cash withdrawals from all Citi ATMs over the world are free of charge. In Citi ATMs, withdrawals of currencies other than the account currency to which a debit card is assigned, are translated first into USD and next into the account currency.
2. Withdrawals from ATMs other than Citi's: holders of Citi Priority, Citigold and Citigold Private Client can withdraw cash from ATMs in the whole world with no commission charged by Citi Handlowy. In certain situations, a commission may be charged by the owner of an ATM - information about the amount of commission will be displayed on the screen before withdrawal.
3. In some foreign points of sale, ATMs or on the Internet, a payment may be offered in PLN (the so-called DCC service). DCC service is not offered by Citi Handlowy and may result in the double currency conversion of transaction, hence we do not recommend this service and advise to make transactions in the currency of the account to which a card is assigned.

Please link your card to an account in PLN when transactions will no longer need to be settled directly in the currency of a given account. It is easy to do it on the internet banking Citibank Online (Settings > Payment Cards > Manage) or in mobile banking Citi Mobile (Menu > Link my card to account).

Examples of settlements for a card linked to an EUR account

Transaction in the account currency: You withdraw EUR 100 from an ATM (or pay using a card in shops or on the Internet) - the account will be debited with the amount of EUR 100 - no currency conversion.

Transaction in a currency other than the account currency:

You withdraw CHF 100 from an ATM (or pay using a card in shops or on the Internet) - on the account an amount in EUR will be blocked such amount being initially converted at the fx rate as of transaction day. Next, after the transaction has been settled by the merchant, the amount of the operation will finally be booked in EUR at the FX rate set in the Exchange Rates Table as of the transaction booking day. For this reason, the value of the initially blocked amount may differ from the value of the finally booked amount.

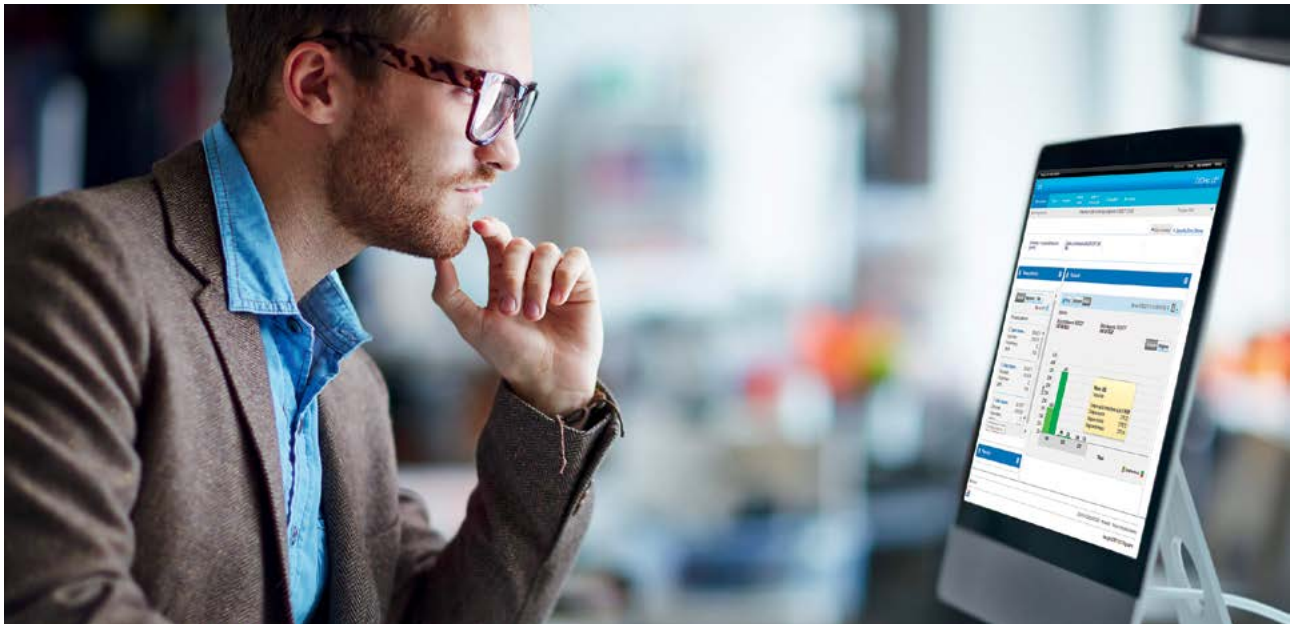
In 2017, the Tonality project was implemented to ensure that a reply to the client's complaint contains an educational part for the client so to preclude the

future occurrence of similar situations disadvantageous to the client.

Secure and Accessible Banking Services

Banking Services Access Channels

Institutional client



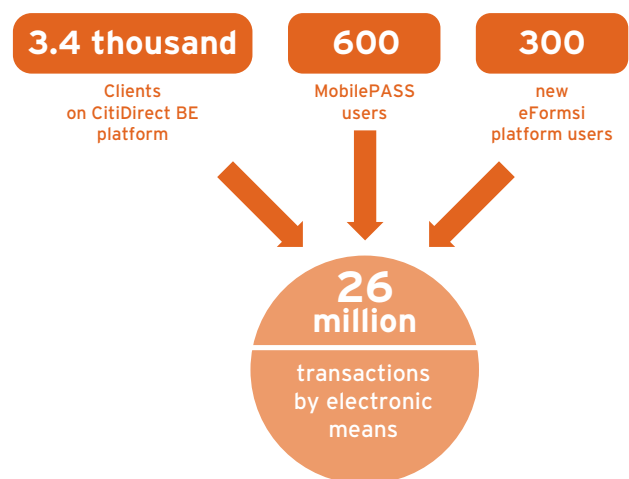
The innovations implemented by the Bank in the area of on-line services provide safety of our clients' funds, and make us operate faster and more efficiently, and also in harmony with the environment.

The Bank provides access to its services via electronic channels as well as the Bank's branches.

The Bank offers institutional clients access to the CitiDirect BE electronic banking system. This is a comprehensive solution tailored to the needs of clients acting both locally and globally. The **CitiDirect BE** platform allows for managing accounts on-line and makes it possible to create payments in more than 200 currencies from any place in the world. CitiDirect BE is available in Polish, English and 22 other language versions.

Citi Handlowy consistently executes its digital banking strategy. The main focus point in 2017 was first and utmost the simplification of the process of creating and authorizing payments, and a new mechanism was designed for mass payments services. Citi Handlowy encourages its institutional clients to use its electronic document exchange platform eWnioski (eForms) will soon almost completely eliminate paper documentation from the banking product handling process.

Citi Handlowy promotes the MobilePASS application which provides secure access to the CitiDirect BE electronic banking system with the use of a smartphone. It is an alternative solution to traditional devices generating access codes to the platform.



Institutional clients may use CitiFX Pulse, a modern platform of online foreign currency exchange. It enables clients to make transactions on their own, on the Internet, in a simple and secure manner. On the electronic Platform CitiFX Pulse, clients individually conclude transactions 24/7, have access to market information before concluding a transaction and to functionalities which facilitate the analysis of a foreign exchange exposure.

Citi Handlowy executed the market's first QLIK transaction.

At the end of June, Citi Handlowy launched a QLIK service with invoice issuers and has already executed the first interbank transaction initiated on the side of the creditor. Thus, the Bank finds itself among the sector's leaders as regards the implementation of QLIK - a service of electronic bills presentation and payment, made available through the cooperation of the National Clearing House (KIR) and the Polish Bank Association (ZBP).

Retail clients

The Bank provides access to its services via electronic channels as well as through its traditional network of retail branches. In its retail branches, Citi Handlowy offers access to its facilities dedicated to its target client groups.

For the ultra-net-worth clients from the Citigold Private Client segment, the Bank offers dedicated facilities or selected spaces in its branches in Warsaw, Kraków and Gdańsk. Citigold clients can use the Bank's services in Citigold Hubs located in 9 Polish biggest towns.



Following the cutting edge trends in banking, Citi Handlowy introduces new technological solutions in internet banking. In February 2017, a new release of the electronic banking service Citibank Online was made available. The extended functionality of the system enables the clients to manage individually products held by them, acquire additional services, edit contact details, send documents in a secure way or contact the Bank without visiting a branch.

Clients have access to the mobile application Citi Mobile, which features such functions as viewing balances in accounts without signing in (Snapshot), free Push notifications, which keep the client updated of changes in accounts or credits, and a possible log in activation using a fingerprint.

CitiPhone, including free Automatic Banker service is also available. Contact with CitiPhone account managers is possible 24/7 throughout the whole year.

Citi Handlowy is also active in social media - this is another channel, where clients can contact the Bank through, among other applications, Facebook, including Messenger.

Our mass clients can use the Bank's services in SMART branches located in the largest commercial centers in Poland. Modern SMART facilities available seven days a week and opened in working hours of particular commercial centers, are further supported by mobile SMART mini points introduced in 2016, which can be moved to any place in Poland just in a few hours.

All Citi Handlowy clients have at their disposal the network of automated teller machines and cash deposit machines owned by the Bank located at the Bank's branches all over Poland. Most of the machines enable the payment and cash withdrawal in EUR and USD as well as allow for making transactions, including the repayment of debt in a credit card.



Clients of The Brokerage House of Citi Handlowy

The Brokerage House of Citi Handlowy provides access to its services in a traditional way through Client Service Centers and via electronic channels.

The Brokerage House of Citi Handlowy makes its ePromak Plus application available to clients who want to [handle their brokerage account via the Internet](#).

Retail clients can perform brokerage activities on the transactional platform - [CitiFX Stocks](#), where stocks and instruments of ETF type quoted on the largest foreign floors as well as foreign exchange market instruments on OTC markets using financial leverage can be traded.

Secure Banking

The Bank ensures that the Bank's clients can use secure banking services at every stage of their interaction with the Bank. Global security standards, multi-layered transaction authorization, SMS messages to confirm transactions or inform of a failed log in attempt, specialists who monitor the system 24/7 - all this to ensure full security while using Citibank Online at every stage of interaction.

Our site is secured with a security certificate issued by VeriSign. Security certificate is a digital signature of a site which confirms that you are in a service owned by our Bank. The certificate ensures that all confidential transactions executed via Citibank Online are protected with the use of SSL encryption. Before you log in to the service, check if the certificate is valid and verify its issuer.

Transactions using debit and credit cards are secured by the „Confirm your transaction” sms service. Using this service, clients will be informed by sms of a transaction, which may be suspicious from the point of view of the Bank.

The Internet and new technologies, which simplified to a significant extent our lives, can pose certain threats. As a bank, we want our clients to be aware of existing threats and to be able to eliminate on their own some of such threats, hence we educate the Clients on our internet sites in warnings and recommended actions, which can increase security when using electronic banking services.

In mobile banking the security of connection is additionally ensured by an Extended Validation SSL (EV SSL) certificate. Data transmission is secured by the TLS protocol with an AES-256 encryption algorithm and a 2048-bit RSA key. The Citi Mobile® application does

not record any financial data or any information on the Client's products. The application is being updated and tested in respect of security on an ongoing basis. We recommend to always use the newest version of the application and the newest available versions of the operating system (Android or iOS) for the phone.

Client Data Protection

The Bank undertakes to protect private and confidential information about its clients and to properly use that information. Those rules are described in the „Rules for Personal Data Protection at Bank Handlowy w Warszawie S.A.”

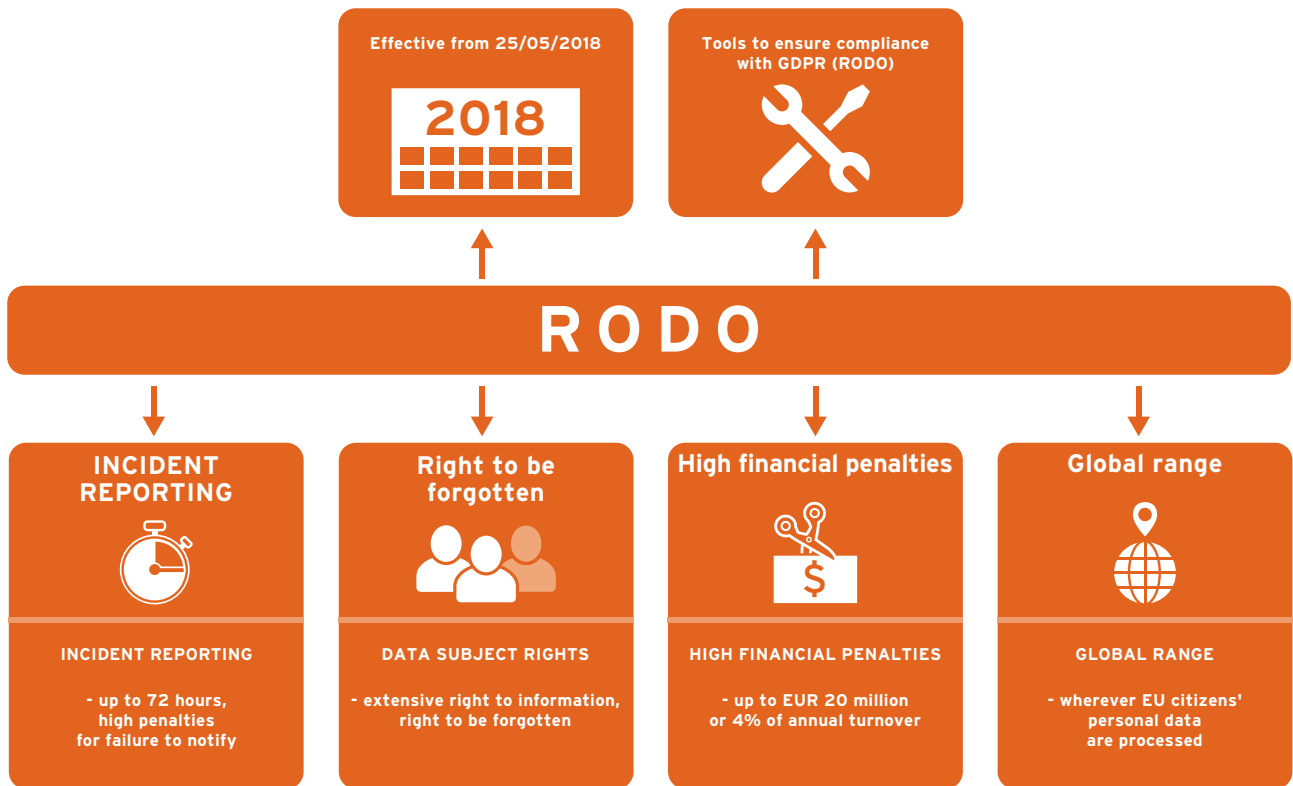
The Bank gathers, keeps and processes clients' personal data in manners prescribed by national laws so that products and services offered to clients could be more efficient in meeting clients' financial needs and in supporting them in attaining their financial goals. With this in mind, the Bank makes every effort to implement and maintain appropriate systems and technology, and to properly train employees who have access to such information.

The suppliers whose services are used by the Bank also have an obligation to protect confidentiality of information, including personal data and confidential information they receive from the Bank. The Bank also observes its own stringent internal standards and regulations concerning the confidential nature and security of information and personal data (standards concerning information systems management, information security standards, general provisions on security). Concerned about the issue of security the Bank applies the best standards and uses such information only for justified reasons related to the performance of business duties, makes it available only to authorized persons and organizations, and keeps it in a proper and secure manner. Regular audits are conducted in this regard, validated by the Bank's certificates such as certificates of compliance with ISO 27001 and ISO22301 for all processes, products and services provided by the Bank to its clients.

That the Bank fulfills its task to ensure protection for clients' personal data at the highest level, is proven by the fact that no penalties were imposed on the Bank related to the infringement of client's data protection in 2016 and 2017.

In 2017, the key project RODO (the General Data Protection Regulation (GDPR)) was kicked off aimed at

ensuring the Bank's compliance with the Union regulations on personal data protection.



Limited Negative
Impact
on Environment

Limited Negative Impact on Environment



Ensure access to affordable, reliable, sustainable and modern energy for all



Take urgent action to combat climate change and its impacts

Environment Protection Management Systems

Jednym z istotnych aspektów zawartych w Strategii dla Grupy jest dbałość o środowisko naturalne. Citi One of the significant aspects included in the Strategy for the Bank and also addressed for the Brokerage House of Citi Handlowy, is showing concern for the natural environment. The Bank committed itself to conduct its activity in accordance with sustainable development principles.

When reviewing our impact on the environment we identified two main areas affected by our activity in terms of environment protection. The first impact is of direct nature and ensues from the Bank's activities, such as water, energy, paper consumption, waste and air pollution.

The second is of indirect nature and ensues from services rendered by the Bank.

As early as 2007 Citi Handlowy introduced the complex Environment Management Plan. In 2012 the Bank adopted the Environmental Policy and introduced the Environmental Management System (SZŚ). In 2013 the Bank introduced the Energy Policy and implemented Energy Management System (SZE). In 2015 both systems were integrated into one Environmental and Energy Management System (SZŚiE).

The efforts made by the Bank resulted in obtaining:

- SZŚ Certificate of compliance with ISO 14001: 2004
- SZE Certificate of compliance with ISO 50001: 2011
- SZŚiE Certificate of compliance with ISO 14001: 2015

Environmental and Energy Management System is subject to annual reviews as part of supervisory audits conducted by an independent certifying office.

In 2017, we were subject to another supervisory audit within compliance with ISO 50001 in energy management and we obtained a positive audit opinion regarding the adaptation of the Bank to the requirements of new ISO 14001: 2015 in environmental management.

Advantages of the implementation of ISO 50001 and 14001:

- reduction of the environmental risk due to identified threats and mitigating measures,
- fulfillment of legal requirements concerning environment protection,
- improvement of efficiency in natural raw materials and energy consumption, improvement of infrastructure, reduction of waste,
- raising ecological awareness among employees.

As part of the introduced policies, the Bank defined the following objectives:

- increased level of waste segregation and recycling,
- reduction of CO2 emission,
- seeking the most efficient media management,
- minimize consumption of natural resources,
- manage power consumption as effectively as possible,
- minimize consumption of energy resources,
- support the purchase of energy saving products and services,
- ensuring improved energy-related result.

Smaller Direct Environmental Footprint in Operational Activity

As part of integrated Environmental and Energy Management System, the Bank's locations are monitored on an ongoing basis for their consumption of electric power, water, gas, thermal energy, amount and type of waste and greenhouse emissions.

Consumable resources management is understood by us as:

- ongoing registration and monitoring of the use and costs of media,
- identification of areas of significant use,
- identification of aims which are achievable and planning projects which enable us to reduce media consumption and costs and improve the energy-related result.

RESOURCES CONSUMPTION IN CITI HANDLOWY IN YEARS 2015-2017				
Year		2015	2016	2017
Power consumption	MWh	15,718	14,921	13,635
Thermal energy consumption	GJ	22,380	25,765	24,980
Gas consumption	m3	48,014	47,631	50,076
Water consumption	m3	33,933	31,375	31,516

Waste management consists of:

- adapting itself to the selective collection of municipality waste in accordance with the requirements of the law,
- monitoring amounts of generated waste,
- providing contracts with suppliers for paper, metal, electro waste and hazardous waste,
- participating in all-Poland campaigns concerning hazardous waste and paper recycling, conducted by suppliers.

AMOUNT OF ELECTRO WASTE DELIVERED IN CONNECTION WITH MOJE MIASTO BEZ ELEKTROŚMIECI (MY CITY WITHOUT ELECTRO WASTE) CAMPAIGN			
Year	2015	2016	2017
Amount of electro waste (Mg*)	2,884	4,843	2,460
Number of points obtained for schools for the purchase of educational aids	1,229	2752	2661

* Mg - megagram i.e. one ton.

KILOGRAMS OF PAPER DELIVERED BY CITI HANDLOWY FOR DESTRUCTION AND RECYCLING			
Year	2015	2016	2017
Kilograms of paper delivered by Citi Handlowy for destruction and recycling	320,805	287,545	212,072

Złoty Dudek reward with charitable accent

In 2017, Citi Handlowy as one of the most efficient business partners in „Ekoaktywni.com” campaign obtained the certificate and Złoty Dudek statuette from Rhenus Data Office Polska Sp z o.o. Rhenus company provides services consisting in shredding and destroying confidential and classified documents. For every kilogram of documents delivered by the Bank for destruction the Bank receives points. These points are converted by Rhenus into zlotys which are delivered to charity organizations: Synapsis Foundation and Ogólnopolskie Towarzystwo Ochrony Ptaków (The Polish Society for the Protection of Birds (OTOP)).

NUMBER OF LETTERS AND ACCOUNT STATEMENTS SENT TO CLIENTS			
Year	2015	2016	2017
Number of letters and account statements sent	3,012,527	2,963,372	2,531,143

PAPER CONSUMPTION IN SHEETS / REAMS UNDER THE CONTRACT WITH THE SERVICE PROVIDER			
	2015	2016	2017
delivered / used cards	7 994 000	7 276 000	6 243 663
delivered / used reams	15 988	14 552	12 487

AMOUNT OF UTILIZED HAZARDOUS WASTE		pieces
the amount of technical equipment disposed of in the period 2015-2017		826
the amount of used toner disposed of in the period 2015-2017		1200

HAZARDOUS WASTE DELIVERED FOR TREATMENT, INCLUDING BUT NOT LIMITED TO, IT EQUIPMENT AND TELECOMMUNICATION DEVICES: COMPUTERS, PROCESSORS, SCREENS, KEYBOARDS, PRINTERS, TELEPHONES, FAX MACHINES			
Rok	2015	2016	2017
Mg*	5,467	5,624	5,094

* Mg - megagram i.e. one ton.

Vehicles

Over the years, the Bank has changed its vehicle policy and thus reduced successively the number of company vehicles and introduced pool vehicles. Over

the recent years, Cit Handlowy has reduced its vehicle fleet by 8%.

AMOUNT OF FUELLED FUEL USING BUSINESS FUEL CARDS			
Rok	2015	2016	2017
Fuel from fuel cards (liters)	557,400	546,700	520,425

Implemented Pro-Environmental Projects

Over the recent years, the Bank has actively implemented an array of projects and was involved in numerous pro-environmental activities:

- Modernization of elevation in Warsaw buildings at Goleszowska street and in Olsztyn - new elevations in the latest technology, for example glazing units have the coefficient u below $1 \text{ W/m}^2\text{xK}$ (thermal isolation by 2.5 times better compared to the dismantled ironmongery). In addition, the improvement of thermal isolation will positively affect the use of energy necessary for heating the building in winter and cooling the building in summer. Both buildings have also gained a more aesthetic look.
- Installation of a system which uses treated rain water in the facilities in Warsaw at Senatorska 16 street. Rain water is detected by rain drains located on the roof of the building and channeled to a rain water basin located at level -1. Water from the basin is used for watering the green area behind the building.
- Modernization of ice water installation in the building in Warsaw at Senatorska 16 street. Replacement of two more than twenty years old chillers working on gas R22, cooled by water towers Baltimore by two modern Carrier aggregator units which work on ecological factor, cooled by air and equipped with the internal freecooling function. Savings related to those investments include lower consumption of electric energy required to produce cool air, free cool air production in winter and no use of water for the purpose of cooling the equipment.
- „Włącznik światła i klimatyzacji na kartę” project - installation of card readers for light and air conditioning in conference rooms in the buildings.
- Implementation of Led type projects to replace traditional lightning systems in the buildings with energy saving LED standard. Projects implemented in years 2013-2017 included the modernization of lightning installations in kitchen rooms, social rooms, common areas, stairways, parking lots and the installation of facade lighting. Projects were implemented in buildings owned by the Bank and in newly built branches.
- Modernization of elevators in the facilities - the installation of an elevator with energy storage and recovery system.
- Modernization of ice water installation and the replacement of the ice water aggregator in the building in Katowice at Sokolska 29 street. The new ice water aggregator is equipped with the freecooling function which enables the free production of cool air in winter (we cool ice water using external temperatures without compressors). The new unit is much more efficient as regards the production of cool air, has much better energy efficiency parameters. Combined with the freecooling system, based on the experience gained on installing similar units. The Bank assumes annual electrical energy savings possible due to the production of cool air, at the level of gross PLN 40 thousand annually.
- Modernization of UPS units in the facilities in Warsaw at Senatorska 16 street. Gradually depleting IT environment has drastically lowered the demand for the work of UPS units. Loading UPS scarcely by a few or several percent generated high costs related to capacitive reactive power. The main objective of the project was to load down UPS by replacing old and large units with smaller ones, adjusted to present requirements, with a view to generating annual

savings at the level of gross PLN 70-80 thousand annually. The project was implemented in September 2017 and consisted of the purchase and delivery of two redundant UPS 2x80 kVA units and the modernization of the so-called Fliter which provides power for computer equipment,

- Configuration of printing environment by means of Printwise - two-sided, black and white mode is set in multifunction equipment and the implementation of a new printout system Follow Me Print, which enables printing, scanning, copying on any Xerox device using an identification card with the holder's photograph for authorization purposes.
- Digitalization of processes - transition to electronic documentation:
 - Electronic Receipt Confirmation - a convenient alternative for a paper form of confirming the receipt of a registered letter,
 - Electronic version of the form „request for sales invoice - correction”,
 - Electronic invoice in CTE application,
 - Business trips - electronic version of business trip order,
 - Your invoices on Citibank Online,
 - Electronic account statement - quickly, conveniently, always around,
 - Citi Handlowy digitalizes its bank guarantee process.



only PLN 1 and the first 20 minutes are free. Only in one week from making the bikes available, they were used by almost 55 thousand users. In 2017 above 445 thousand persons used the city bikes in Warsaw and on average they were rented every 10 seconds. Over 2017, bikes with Citi Handlowy logo appeared in 8 towns: Łódź, Opole, Poznań, Szczecin, Warsaw, Wrocław, Białystok, Lublin, Katowice.

City Bikes and the Citi Handlowy Bikes Application



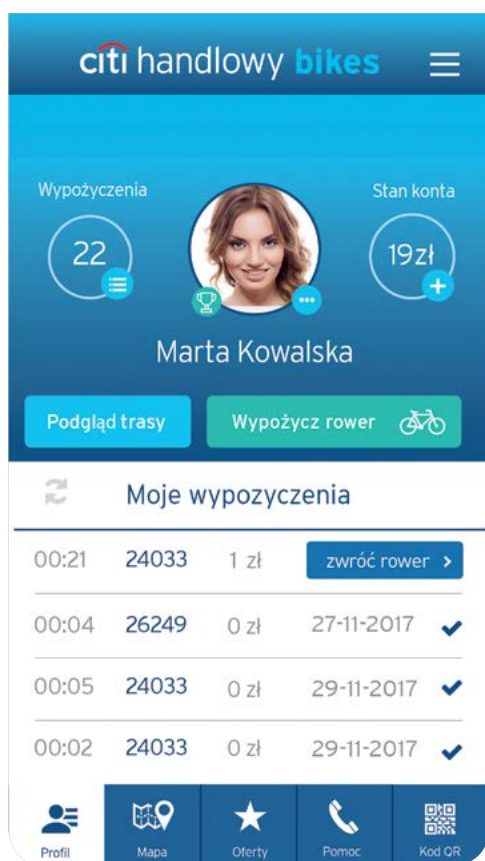
Make cities and human settlements inclusive, safe, resilient and sustainable

In 2017, Citi Handlowy launched Citi Handlowy Bikes - the first release of a banking bike app for fast searching and renting town bikes, tracking the route and time, calculating burned calories and saved CO₂, which otherwise would have been burned if the same route had been taken by car. In the app it is also possible to plan training or a route and next share it in social media, mostly on Facebook. The app also encourages saving. How is it possible? Taking a bus from any place in Warsaw to the city center costs about PLN 5 while going by car or taxi - several dozen zlotys. At the same time one hour of biking by city bike costs

Citi Handlowy Bikes Application Educates, Entertains and Motivates

Citi Handlowy invites cyclists from Warsaw to use the Citi Handlowy Bikes application. It is the first version of this banking-biking application, which at the moment makes it possible to quickly find available bikes, as well as to quickly borrow them and track the travelled route. The application also includes a complex algorithm of calculating the calories burned. It is however only the beginning - the application will be soon enriched with new functionalities, among others, location-based games, tracking the time of the travel, push communications confirming that we have borrowed and returned a bike. The application will even inform us that the time of the free ride will soon come to an end. It will also make it possible to collect medals for completing challenges set in the application, or send invitations to friends through social networks to use the app.

The Citi Handlowy Bikes application is equipped with a plethora of unique functionalities, which facilitate the usage of city bikes to an even greater extent. At the same time, it is an invitation for bikers to join a joint game - competitions which will be organized via the application. The app users will be also able to use banking products from special offers.



Citi Handlowy Bikes consists today in:

- recording the travel route and a possibility to publish the number of covered kilometres on Facebook
- tracking and recording, in the account's history, the detailed travel route based on the GPS of a phone
- an advanced system of calculating burned calories, working on the basis of the profile data of a user
- a complex user's account, allowing users, among others, to insert a profile photo
- guidelines for safe cycling.

In order to borrow bikes through Citi Handlowy Bikes, once the application is downloaded, one should create a new account in the system and pay an initial fee of at least PLN 10. At the moment, the app does not offer the possibility to integrate the account with the Veturilo account in order to use the funds paid in there. The operator of the application is the Polish company Nextbike Polska.

The Bank's Engagement in Pro-Environmental Projects

Earth Week - participant of the global action since 2009; promotion of pro-ecological activities and behavior among employees, such as: Eco advice and Eco health food recipes, advice how to properly segregate waste, training in secure driving, testing hybrid cars, collection of electro waste and batteries among the Bank's employees, promotion of habits which can reduce our consumption of natural resources, by internal communications in the intranet.

Earth Hour - active participant since 2011, switching off lights in the Bank's selected facilities and encouraging employees to take part in actions organized by WWF „Godzina dla Wisły” (Vistula Hour), „Godzina dla Wilka” (Wolf Hour), „Godzina dla Morświna” (Porpoise Hour). WWF Earth Hour is the largest ecological action which connects people irrespectively of their nationality, religion or political views. This year, over 187 countries on 7 continents participated in the action. Lights were switched off for an hour in Bydgoszcz, Katowice, Łódź, Olsztyn, Poznań and Warsaw.

Electro waste - initiator of an information campaign or an active participant of environmental actions related to electro waste collection.

My city without electro waste - participant, collection of electro waste in the Bank's buildings and exchange for educational aids for elementary schools.

Autumn tidying up - initiator of information campaign and collection of electro waste among employees.

Warsaw Recycling Days - participant, communications via the intranet to encourage employees to take part in the action.

Good advice for Electro waste - participant, communications via the intranet to encourage employees to take part in the action.

Protection and recultivation of natural environment - For some years, the Bank has changed the look of its green areas near its facilities: Senatorska 16 street, Goleszowska 6 street in Warsaw and Sokolska 29 street in Katowice.



Concern for People

Our priority is to promote a culture which attracts the best of the best, in which people are promoted for their competencies and skills, in which other people are appreciated and mutual respect is expected, and in which development opportunities are available to everyone -regardless of differences.

To attain the best bank in Poland position, Citi Handlowy focuses on clients' needs and services tailored to their expectations. Every day we use our global footprint and highly qualified staff to provide bank products and services which are one step ahead the clients' expectations. What distinguishes our Bank from the competitors is innovation and quality.

Commitment to Defending Human Rights

The Bank supports protection and observance of human rights worldwide by adhering to the fundamental principles enshrined in the Universal Declaration of Human Rights of the United Nations, Declaration on Fundamental Principles and Rights at Work of International Labour Organisation and the United Nations Guiding Principles on Business and Human Rights.

Citi Handlowy takes seriously its duty to observe human rights. Its support for those principles is reflected in our policies and rules of conduct against

employees, suppliers, customers, communities and countries in which we operate.

Social Activity

Citi Handlowy fulfils the statutory requirement and conducts the Employee Benefit Fund (ZFŚS).

In Citi Handlowy the base ZFŚS contribution is higher than the statutory requirement. (The statutory base contribution - 37.5% of the average monthly salary in the national economy in the previous year or in the second half of the previous year, if the average salary in that second half was higher, however this contribution is presently „frozen” in accordance with the law at the level of the average monthly salary in the national economy in 2012.)

Citi Handlowy, together with the Brokerage House of Citi Handlowy and H-L conducts a common social activity and pays in an annual contribution to ZFŚS in the amount of 50% of the average monthly salary in the national economy in the previous year or in the second half of the previous year, if the average salary in that second half was higher.

The Bank calculates the base contribution without „freezing” the contribution at the level of the monthly average salary in the national economy from the year provided for in the law.

THE BASE CONTRIBUTION IN 2017	
Statutory	In the Group
37.50% of the average monthly salary in the national economy in the year 2012	50% of the average monthly salary in the national economy in the year 2017

Citi Handlowy includes a broad range of persons to its ZFŚS

In addition to its employees, the following persons are entitled to ZFŚS benefits:

- spouses, pensioners and persons who use early retirement benefits,
- dependents of the entitled person, own children, the spouse's children and adopted children:
 - until they reach the age of 18 years,
 - until they complete their education at school, if they are over 18 years old, however not longer than until they reach the age of 25. If the child reached the age of 25 years and is in his or her final year of studies at a university, the entitlement to the benefits is extended until the completion of the final year of studies,

- regardless of the age of the children, due to their total inability to work and exist independently, or their total inability to work in the time period indicated in item 1 or 2,

- parents of the employee, pensioner, person who uses early retirement benefits, if they remain their dependents (they do not obtain own income) and together with the employee, pensioners or person who uses early retirement benefits live in a common household.

Citi Handlowy boasts a wide range of social benefits

The Bank is involved in social activities in many forms provided for in the law, i.e. by co-financing different forms of leisure activity, cultural and educational events, sporting and recreation events, crèches and nursery schools, granting non-refundable material assistance and also refundable aid for housing needs on terms and conditions defined in a loan agreement.

We also co-finance individual and group recreation and sporting activities.

We are distinguished by amount of co-financing

An employee with the lowest income threshold may receive benefits in their maximum amount up to:

- PLN 1625 - for a leave;
- PLN 1300 - for the child’s leave;
- PLN 1200 - as individual co-financing for sporting and recreation activities, cultural and educational activities, and childcare at crèches and nursery schools;
- PLN 10 000 - non-refundable financial aid;

Social Activity for Pensioners:

Citi Handlowy takes seriously the issue of pensioners care. Benefits under ZFŚS are allocated not only to pensioners (as envisaged in the ZFŚS act) but also to persons who take early retirement benefits, in respect of whom the Bank is their last employer.

Such persons may benefit from co-financing for leisure activities, non-refundable material assistance (non-refundable allowances or financial aid, an annual social benefit) and refundable aid for housing needs on terms and conditions defined in a loan agreement, however loans from ZFŚS for such entitled persons are zero interest.

They may also purchase a private medical care package on preferential conditions.

Year	2015	2016	2017
Number of pensioners and persons who use early retirement benefits, who used ZFŚS	922	939	864

Citi Handlowy provides severance grants on conditions, which are more favorable compared to the rules defined in the labor code:

- Single severance grant not only for employees in case of the termination of employment relationship in connection with gaining the right to retirement or pension due to inability to work but also for former employees of the Bank, when employment relationship was terminated for reasons not related to the employees and until they gained the right to pension, they had not taken up a job. The right to apply for a severance grant in this case expires only 6 years after the termination of work relationship for reasons not related to the employee.
- We are distinguished by amounts of severance grants:
 - after 5 years of service - 300% of the employee’s monthly salary calculated as in the case of a leave equivalent;
 - after 10 years of service - 500%;
 - after 15 years of service - 800%;
 - after 20 years of service - 1100%;
 - In all other cases - 100%;

As provided for by the law, this severance grant should have amounted to one month salary and should have been only granted in the case of the termination of employment contract due to retirement.

When calculating the length of service for the needs of severance grant, the Bank considers not only years of service at the company but also years of service at the Bank’s legal predecessors, and at other entities in Citi Group or at subsidiaries, falling directly before the termination of employment relationship with the Bank due to retirement.

Higher Severance Grants when Contracts are Terminated for Reasons on the Part of the Company

If an employment contract is terminated for reasons not related to the employees, the Bank provides a severance grant to the employees in a double amount of the amount referred to in the Act of 13 March 2003 on special principles for terminating employment with employees for reasons not related to employees. The above rules were reflected in the Corporate Collective Labor Agreement in the Bank.

Additional Day Off for Job Seeking

The generally applicable length of a leave for seeking a job by employees whose contracts are being terminated for reasons not related to them, is extended by two days. When a contract is terminated by mutual agreement for reasons not related to the employees, the above term covers two days.

„Live Well at Citi” Campaign



Ensure healthy lives and promote well-being for all at all ages

The global program „Live Well at Citi” has been successfully introduced to Citi Handlowy. The initiative promotes “the culture of health” among the employees,, and the Bank’s clients and partners are invited to join projects that embrace charity.

Live Well at Citi

Minds at Citi

Another global initiative implemented in Citi Handlowy is the program Minds at Citi, promoting mental health issues among the employees.

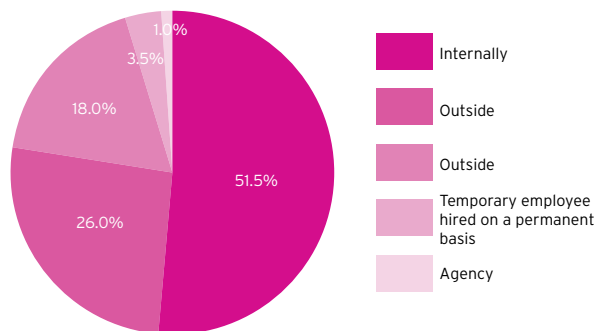
Employment Policy

Recruitment

Organization’s success is created by people. Being aware of these values, for years Citi Handlowy has consistently been in the group of the best employers on the market. Its coherent policy of acquiring external talents alongside the promotion of internal talents, allowed for gaining in the reporting period a satisfactory level of employment in internal candidates.

Employees supported by the Bank may plan and pursue their development paths in Citi Handlowy itself as well as in the whole Citi group in the world. They often take developmental challenges by getting involved in multidisciplinary projects. Internal employee satisfaction surveys show how an internal development path with possible career building in the global’s structures is important to them.

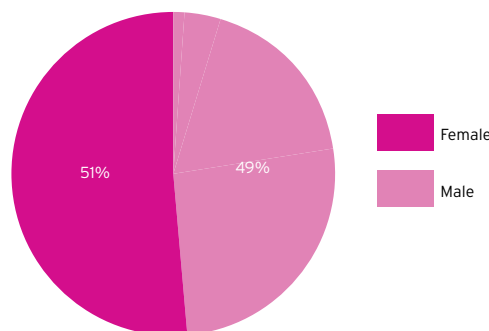
Employed per source



The key program in this respect which is still being rolled out and supported by the Bank is a candidate referral program, which at the end of the fourth quarter of 2017 reached 18%, corresponding to 182 candidates employed as a result of referrals made by the Bank’s employees. The attainment of such a result would not have been possible without trust and commitment on the part of our employees who believed in our organization. It is them who organically build human capital and create a work environment, in which they can and want to develop themselves.

In its policy, the Bank strongly supports diversity, and being committed to talent development it takes on career and development of female employees who manage vital organizational units in Citi Handlowy. In 2017, 51% of persons employed through recruitment processes were women compared to 49% of employed men.

Employed per gender in 2017



Employment Structure

GENERAL EMPLOYEES				
Total		Gender		Total
Year		Female	Male	
2015	employees	2614	1497	4111
2016	Employees	2406	1365	3771
2017	Employees	2249	1321	3570

Total %		Gender		Total
Year		Female	Male	
2015	Employees	63.59%	36.41%	100%
2016	Employees	63.80%	36.20%	100%
2017	Employees	63.00%	37.00%	100%

GENERAL EMPLOYEES at the Brokerage House of Citi Handlowy				
Total		Gender		Total
Year		Female	Male	
2015	Employees	36	47	83
2016	Employees	38	46	84
2017	Employees	46	42	88

Total %		Gender		Total
Year		Female	Male	
2015	Employees	43.37%	56.63%	100%
2016	Employees	45.24%	54.76%	100%
2017	Employees	52.27%	47.73%	100%

Most of the managers employed at the Bank are women.

MANAGERIAL POSITIONS				
		Gender		Total
Year	Position type	Female	Male	
2015	Manager	297	273	570
2016	Manager	266	255	521
2017	Manager	258	249	507

		Gender		Total
Year	Position type	Female	Male	
2015	Manager	52.11%	47.89%	100%
2016	Manager	51.06%	48.94%	100%
2017	Manager	50.89%	49.11%	100%

MANAGERIAL POSITIONS at the Brokerage House of Citi Handlowy				
Year	Position type	Gender		Total
		Female	Male	
2015	Manager	11	15	26
2016	Manager	9	13	22
2017	Manager	10	13	23

Year	Position type	Gender		Total
		Female	Male	
2015	Manager	42.31%	57.69%	100%
2016	Manager	40.91%	59.09%	100%
2017	Manager	43.48%	56.52%	100%

In Citi Handlowy 100% of employees is employed on the basis of a contract of employment.

TYPES OF WORK CONTRACTS				
Year	Contract type	Gender		Total
		Female	Male	
2015	for a definite period	258	229	487
	for an indefinite period	2326	1247	3573
	substitute	30	21	51
Total		2614	1497	4111
2016	for a definite period	194	175	369
	for an indefinite period	2198	1177	3375
	substitute	14	13	27
Total		2406	1365	3771
2017	for a definite period	154	144	298
	for an indefinite period	2078	1165	3243
	substitute	17	12	29
Total		2249	1321	3570

Year	Contract type	Gender		Total
		Female	Male	
2015	for a definite period	52.98%	47.02%	12%
	for an indefinite period	65.10%	34.90%	87%
	substitute	58.82%	41.18%	1%
Total		63.59%	36.41%	100%
2016	for a definite period	52.57%	47.43%	10%
	for an indefinite period	65.13%	34.87%	89%
	substitute	51.85%	48.15%	1%
Total		63.80%	36.20%	100%
2017	for a definite period	51.68%	48.32%	8%
	for an indefinite period	64.08%	35.92%	91%
	substitute	58.62%	41.38%	1%
Total		63.00%	37.00%	100%

TYPES OF WORK CONTRACTS at the Brokerage House of Citi Handlowy				
Contract types		Gender		Total
Year	Contract type	Female	Male	
2015	for a definite period	1	2	3
	for an indefinite period	35	45	80
Total		36	47	83
2016	for a definite period		3	3
	for an indefinite period	38	42	80
	substitute		1	1
Total		38	46	84
2017	for a definite period	4	3	7
	for an indefinite period	42	38	80
	substitute		1	1
Total		46	42	88

Contract types %		Gender		Total
Year	Contract type	Female	Male	
2015	for a definite period	33.33%	66.67%	4%
	for an indefinite period	43.75%	56.25%	96%
Total		43.37%	56.63%	100%
2016	for a definite period	0.00%	100.00%	4%
	for an indefinite period	47.50%	52.50%	95%
	substitute	0.00%	100.00%	1%
Total		45.24%	54.76%	100%
2017	for a definite period	57.14%	42.86%	8%
	for an indefinite period	52.50%	47.50%	91%
	substitute	0.00%	100.00%	1%
Total		52.27%	47.73%	100%

Average length of service in the Bank over the last 3 years has been about 8 years, however in women the average length of service in the last two years was above 9 years. Average length of service in the Bank has been growing for the last 3 years.

Length of service			
Average length of service (in years)	Gender		Total
Year	Female	Male	
2015	8.34	6.44	7.65
2016	9.15	7.12	8.41
2017	9.66	7.56	8.88

LENGTH OF SERVICE at the Brokerage House of Citi Handlowy			
Average length of service (in years)	Gender		Total
Year	Female	Male	
2015	9.47	7.32	8.25
2016	9.39	7.76	8.50
2017	8.57	7.81	8.20

Working Time

As our data show, most of the Bank's employees work on a full time basis. Women more often use shortened working time.

WORKING TIME				
Working time		Gender		Total
Year	Working time basis	Female	Male	
2015	full time	2498	1463	3961
	part time	116	34	150
Total		2614	1497	4111
2016	full time	2277	1333	3610
	part time	129	32	161
Total		2406	1365	3771
2017	full time	2142	1293	3435
	part time	107	28	135
Total		2249	1321	3570

Working time %		Gender		Total
Year	Working time basis	Female	Male	
2015	full time	63.06%	36.94%	96%
	part time	77.33%	22.67%	4%
Total		63.59%	36.41%	100%
2016	full time	63.07%	36.93%	96%
	part time	80.12%	19.88%	4%
Total		63.80%	36.20%	100%
2017	full time	62.36%	37.64%	96%
	part time	79.26%	20.74%	4%
Total		63.00%	37.00%	100%

WORKING TIME DM Citi Handlowy				
Working time		Gender		Total
Year	Working time basis	Female	Male	
2015	full time	15	27	42
	part time	21	20	41
Total		36	47	83
2016	full time	16	28	44
	part time	22	18	40
Suma		38	46	84
2017	full time	18	26	44
	part time	28	16	44
Suma		46	42	88

Working time %		Gender		Total
Year	Working time basis	Female	Male	
2015	full time	35.71%	64.29%	51%
	part time	51.22%	48.78%	49%
Total		43.37%	56.63%	100%
2016	full time	36.36%	63.64%	52%
	part time	55.00%	45.00%	48%
Total		45.24%	54.76%	100%
2017	full time	40.91%	59.09%	50%
	part time	63.64%	36.36%	50%
Total		52.27%	47.73%	100%

Some employees are employed at the Bank and at the same time at the Brokerage House of Citi Handlowy. It explains the high share of part-time employees in the Brokerage House of Citi Handlowy. The formula of joint employment at the two companies makes it possible to engage common human resources to support operations of the Brokerage House.

Flexible Work Conditions

The Bank provides flexible work conditions to its employees. This is a business strategy, which allows for using the most efficient work conditions taking into consideration work time and place. Employees and their supervisors can work out Flexible Work Conditions Schemes, namely different approaches to how, where and when work can be performed. Thus

the Bank enables its employees to work more efficiently for the Bank and for themselves.

Our data show that over the last 3 years more and more employees in the Bank has used such flexible forms of employment. This number is notably growing among women.

FLEXIBLE WORKING CONDITIONS				
Work conditions		Gender		Total
Year	Type	Female	Male	
2015	flexible	266	173	439
	standard	2348	1324	3672
Total		2614	1497	4111
2016	flexible	317	198	515
	standard	2089	1167	3256
Total		2406	1365	3771
2017	flexible	349	215	564
	standard	1900	1106	3006
Total		2249	1321	3570

Work conditions %		Gender		Total
Year	Type	Female	Male	
2015	flexible	60.59%	39.41%	11%
	standard	63.94%	36.06%	89%
Total		63.59%	36.41%	100%
2016	flexible	61.55%	38.45%	14%
	standard	64.16%	35.84%	86%
Total		63.80%	36.20%	100%
2017	flexible	61.88%	38.12%	16%
	standard	63.21%	36.79%	84%
Total		63.00%	37.00%	100%

LENGTH OF SERVICE at the Brokerage House of Citi Handlowy				
Work conditions		Gender		Total
Year	Type	Female	Male	
2015	flexible	0	2	2
	standard	36	45	81
Total		36	47	83
2016	flexible		2	2
	standard	38	44	82
Total		38	46	84
2017	flexible		2	2
	standard	46	40	86
Total		46	42	88

Work conditions %		Gender		Total
Year	Type	Female	Male	
2015	flexible	0.00%	100.00%	2%
	standard	44.44%	55.56%	98%
Total		43.37%	56.63%	100%
2016	flexible	0.00%	100.00%	2%
	standard	46.34%	53.66%	98%
Total		45.24%	54.76%	100%
2017	flexible	0.00%	100.00%	2%
	standard	53.49%	46.51%	98%
Total		52.27%	47.73%	100%

Employees' Age Groups

Most of our employees are persons aged 31-50.

EMPLOYEES' AGE GROUPS				
Age		Gender		Total
Year	Age bracket	Female	Male	
2015	<= 30 years old	777	501	1278
	31-50 years old	1669	946	2615
	> 50 years old	168	50	218
Total		2614	1497	4111
2016	<= 30 years old	608	391	999
	31-50 years old	1617	914	2531
	> 50 years old	181	60	241
Total		2406	1365	3771
2017	<= 30 years old	462	338	800
	31-50 years old	1618	915	2533
	> 50 years old	169	68	237
Total		2249	1321	3570

Age %		Gender		Total
Year	Age bracket	Female	Male	
2015	<= 30 years old	60.80%	39.20%	31%
	31-50 years old	63.82%	36.18%	64%
	> 50 years old	77.06%	22.94%	5%
Total		63.59%	36.41%	100%
2016	<= 30 years old	60.86%	39.14%	26%
	31-50 years old	63.89%	36.11%	67%
	> 50 years old	75.10%	24.90%	6%
Total		63.80%	36.20%	100%
2017	<= 30 years old	57.75%	42.25%	22%
	31-50 years old	63.88%	36.12%	71%
	> 50 years old	71.31%	28.69%	7%
Total		63.00%	37.00%	100%

The Brokerage House of Citi HandlowyEMPLOYEES' AGE GROUPS				
Age		Gender		Total
Year	Age bracket	Female	Male	
2015	<= 30 years old	1	6	7
	31-50 years old	26	38	64
	> 50 years old	9	3	12
Total		36	47	83
2016	<= 30 years old	2	6	8
	31-50 years old	26	37	63
	> 50 years old	10	3	13
Total		38	46	84
2017	<= 30 years old	5	3	8
	31-50 years old	30	35	65
	> 50 years old	11	4	15
Total		46	42	88

Age %		Gender		Total
Year	Age bracket	Female	Male	
2015	<= 30 years old	14.29%	85.71%	8%
	31-50 years old	40.63%	59.38%	77%
	> 50 years old	75.00%	25.00%	14%
Total		43.37%	56.63%	100%
2016	<= 30 years old	25.00%	75.00%	10%
	31-50 years old	41.27%	58.73%	75%
	> 50 years old	76.92%	23.08%	15%
Total		45.24%	54.76%	100%
2017	<= 30 years old	62.50%	37.50%	9%
	31-50 years old	46.15%	53.85%	74%
	> 50 years old	73.33%	26.67%	17%
Total		52.27%	47.73%	100%

Employee Development

Citi Handlowy takes leadership standards as a foundation for building its values and vision. One of such six standards is employee development. The Bank supports development in a partnership model among an employee, the manager and the organization which provides opportunities and stimulates ongoing professional and personal growth, through, among other methods, the 70: 20: 10 model for learning and development.

The Bank not only wants to be the best for its clients and offer the best services and products to them but also, what is of key importance to the Bank, it wants to be a learning organization using modern development solutions and technologies.

In Citi Handlowy there are as many career paths as people. Everyone decides how his or her path to development will look like and opportunities are numberless. The Bank is keen on creating a culture of development and growth and includes employees to its wide range of programs, schemes, tools, initiatives and campaigns so that each employee could find something for himself or herself. In addition, it cares for a proper development of its managers and leaders believing in their tremendous role in accomplishing business and managerial success. The Management Board and its members share their experience and knowledge not only by patronizing many developmental programs and activities but what is even more important, by participating in them, showing commitment and contributing an added value to a culture of development and growth and including it to its business strategies.

Training

Citi Handlowy journey from training to a culture of continuous learning (CitiLearning)

Contemplating on changing work environment vibes and particular changes in the global financial sector,

Citi Handlowy decided to build its future in a new way. In 2014, together with Citi, it embarked on a journey to change the manner in which it encourages and supports employee development in the organization. From the beginning, the journey was characterized of complex changes with a long-term strategy.

So far, the process has brought about positive results in internal and external terms. The Bank was able to implement new attitudes which helped transfer the way of thinking of development from „training” to „campaigns”, from thinking of development at the moment of participating in training conducted by a tutor to thinking of broadly understood development, including the acquisition of a „learning habit” which would be embedded in the organization’s and employees’ DNA. In the whole HR and education industry, Citi Handlowy became a recognized leader in innovative approaches to learning. Transition to the approach based on campaigns with the basic principle 70:20:10, opened access to resources required by employees and when they require them, as well as improved their work and personal development. Development in the new dimension was defined a bit different, as an individual creation of own development path by supporting business and personal goals in a friendly and innovative work environment.

Over the last three years we have strived to support the creation of a sound attitude and we designed a suite of practices in learning and development (L & D), which are to support human capital in Citi Handlowy in the future. The new suites of skills are to prepare employees for facing needs of changing markets and challenges in the financial sector, so to be more open to the client by using modern technologies. This undoubtedly requires new skills from employees and at the same time embeds the organization and employees firmly in leadership standards, which guide us and provide values according to which we act and pursue our vision. One of them is employee development, hence such serious and holistic approach to a change, believing in its inevitability and value.

NUMBER OF TRAINING MAN-DAYS* IN THE BANK						
Form of training	2015	2015%	2016	2016%	2017	2017%
Class room	6915	84%	6255	89%	2916	82%
Virtual	1269	16%	764	11%	652	18%
Suma	8184	100%	7019	100%	3568	100%

* Training man-days: product of training and persons.

Citi Handlowy’s change of the approach to development also changed dramatically the dynamics of statistics related to the use of „Class room” training.

Employees are absolutely more willing to use online

resources, where subject matters, formats and levels are so diverse that everyone can find his or her proper direction, time or format best fitting his or her individual needs. A growing number of development supporting technologies, such as mobile applications which enable

the user to learn at any time, support a learning culture and „learning habit“ in our organization.

The Bank’s business variety and specific needs determine directions and requirements concerning professional knowledge necessary to preserve best quality services for, be it, an internal or external client. Therefore, Citi Handlowy preserved the obligatory specialist training package for specialists and experts in a given area as part of their professional development path (e.g. compliance). Every employee who undergoes an onbo-

arding process also undergoes „orientation“ training, when he or she gets familiar with the organization, its values, culture, leaders, ethical and developmental aspects, which give a sense of the nature of the Bank, its structure, management approaches and attitudes, and the dynamics of the employee lifecycle. An all day long meeting on the first day allows the employee to familiarize himself or herself with many uncertainties, concerns or issues. In 2017, about 330 persons joined Citi Handlowy and underwent such training.

Number of training hours	2015	2016	2017
Total	18 5016	16 9117	122671
Per 1 employed person	52.8	44.8	34.4

The number of training hours registered per 1 employed person is falling every year. However this does not mean that there is a lack of opportunities for development in the Bank.

This is a consequence of a different way of thinking of development over 3 years. How to express in statistics learning through experience so much promoted and prioritized as key by Citi Handlowy. How to translate learning from colleagues while working over similar projects, experience sharing, sessions with mentors or sharing new technologies and knowledge of such new technologies with colleagues from the team, into a number of training hours. Development in Citi Handlowy underwent a certain transformation. These are no longer training hours, these are development paths, individual development plans, limitless resources of knowledge, every employee can use: applications, platforms, online training, multimedia articles and materials. This requires a decision to be made by an employee that he or she is the owner of his or her development, and his or her manger and the organization are his or her partners in attaining the highest business and individual results.

Learning supporting campaign #BeMore

The Bank launched the campaign #BeMore for the first time in 2016. #BeMore was designed to support the development of behaviors required for the creation of a learning culture at a work place in a highly, multinational and multicultural organization such as Citi Handlowy.

Activities within the campaign #BeMore consisted in:

- frank and regular development oriented conversations with direct managers (1:1),
- propagating communication which underlines the culture of continuous learning at a work place based on the model 70:20:10 known in the Bank as 3Es (experience, exposure, education),

- working over Individual Development Plans as an integrated element of employee’s HR cycle during a year.

The #BeMore campaign pushed for simplified access to the global set of tools and resources available in the organization.

#BeMore campaign’s overriding principle was to align its aims with business aims, thus become a supporting tool in raising employees’ awareness in the field of individual development and at the same for the benefit of the organization. #BeMore provided an integrated place for employees which supported navigation in learning resources.

The #BeMore initiative was aimed at attracting people to developmental activities. The campaign was planned as a very original, authentic and humorous program, a coherent whole based on activities taken by people engaged in the campaign. Since its first edition in 2016, the campaign has been continued to date and has become a fixed mindset whenever people in the organization think of development.

So to provide a wide range and two-directional engagement, a social approach was adopted. We wanted to make an employee the final owner and heart of the campaign. Instead of building a new thing, #BeMore used the internal social platform Citi Collaborate (based on Jive technology). Thus #BeMore could take advantage of the existing users base and root the campaign in the technology which was promising for the organization, and always accessible to every employee. This was a space for discussions on issues related to the campaign’s development and program, which turned out to be a wellspring of new ideas come up with by employees themselves.

In the #BeMore campaign we considered the leaders’ power and clout by including them to the campaign. We also took advantage of the power of the most

influential persons in Citi Collaborate. This latter intention was fulfilled by including influential persons in the campaign and winning their support in disseminating key communications and activities, also in playing roles of incubators and ambassadors. The owner of the campaign was not its creator but rather an employee who propelled the whole campaign. Different communication formats were used. They

included video films displayed to build engagement, invitations for external guests who presented inspiring experience and stories (e.g. Jerzy Dudek, Kinga Baranowska, Mateusz Kusznierevicz) coherent with the new development philosophy and showing why it is important, how it can be pursued and what value it brings not only for the organization but also for an employee and his or her individual development.

Example - how one can learn in a new Citi way - a 30 day developmental challenge

A 30 day developmental challenge required employees' engagement throughout 30 days. Every day they received 30 micro tasks. Every task was to last not longer than 10 minutes and required from the employee different challenges in order to do every day activities in a different way. Micro activities are anything that can be done at home or at a work place.

To ensure maximum engagement, such daily challenges were reinforced by gamification, produced in many languages, supported by original marketing actions. In Poland, this initiative has been rolled out only twice to date with strong involvement on the part of employees. Almost 400 Citi Handlowy's employees in 2017 took an active part in the challenge, including the President Sławomir Sikora who blogged on learning lessons from failures and encouraged the employees to draw conclusions and instantly pull oneself up again in case of failure.

Managers as an Integral Part of Employee Development Partnership

Citi Handlowy furnishes its managers with tools which are of help in promoting development and discussion on learning in an organization and its impact on performance. Development programs for managers are built in accordance with managers' progress paths so to furnish them with necessary skills of a good partner to employees at any moment of their development.

In 2015-2017 in different types of training prepared by the Bank for managers participated 186 managers.

Training for managers consists not only in acquiring new skills necessary for efficient employee management but it also includes meetings conducted by senior managers and leaders in the organization which are to build and raise leadership awareness according to the 6 leadership standards promoted in Citi.

Dialogue with Employees on Matters Related to Development

Our aim is to involve our employees in co-designing educational tools and solutions. With this in mind, we organized meetings with employees at which ideas presented by the employees themselves were

collected. During a Jam session - highly vibrant dynamic sessions organized for employees, we worked in a focus method in a modern form - social cafe.

During that session different questions were asked which helped the organization to collect opinions from employees as to how they see their development and learning in the organization, what they need to be better for himself or herself and for the company, how, in their opinion, working and learning methods change.

This dialogue showed that the holistic support of innovative development and learning also needs technologies which are one step ahead the employees' present expectations and requirements.

Citi Handlowy has offered so far many platforms and systems for learning and using different types of knowledge in both specialist and business areas, and soft skills.

However the greatest success of the organization is providing an employee with opportunities of broadly understood development in the organization in the 3Es approach, which prepares the employee for defining and taking challenges related to the changing market conditions and at the same time to the nature of work, by allowing the employee to influence

literally his or her individual development by defining by himself or herself development goals in his or her role, and delivering tools necessary to gain knowledge of and get familiar with trends which support business and interpersonal development.

Assessment Process in Citi Handlowy

Employee development is our common duty, which is supported by such activities as: training, involvement in challenging projects as well as an assessment process when employees gain information on their strong points and areas which need to be developed.

As part of employee development supporting efforts, the following processes are conducted in Citi Handlowy: definition and presentation of goals, annual assessment, semi-annual assessment, 360 degree assessment (Multi-Perspective Feedback) for all managers.

In the assessment process we refer to the attainment of goals, asking „WHAT” and „HOW”. In this process we apply Leadership Standards designed for all employees, which are a catalog of expected attitudes and behaviors which we are expected to demonstrate and promote in our day-to-day duties. Our mission and values explain what we do. Leadership Standards explain how we do it.



Develops Our People



Delivers Value to Clients



Works as a Partner



Champions Progress



Lives Our Values



Delivers Results

Talent Management Process

One of the key values in our organization is Talent Development, i.e. the development of persons who have tremendous developmental potential and can in a short time period take managerial positions, and persons who have knowledge or competence unique for the organization. The strengthening of our competencies and the acquisition of new skills and experience are inextricable elements of personal and professional development, necessary for the development, growth and efficiency of the organization.

Talent Management Programs assume orderly attitudes, transparent rules, diverse and practical developmental activities and strong commitment on the part of management and Talents themselves. Talent Management Programs promote a proper attitude and values, create a culture oriented on development and ensure the continuity of employment regarding key positions as well as best persons retained in its structures.

Support of Employee Initiatives

In the Bank we continuously support initiatives of our employees. We support commitment to other organizations and our organization. An example of such support are organizations which bring together the Bank’s employees involved in different types of activities. Below we present two largest and oldest organizations in Citi Handlowy.

CitiClub

CitiClub is an organization which brings together on a voluntary and general basis Citi Handlowy’s employees. It provides a special offer to the Bank’s employees which covers cultural, sporting, tourist and social activities. CitiClub pursues its goals by: organizing sporting events, cultural and educational events, conducting hobby sections and providing and exchanging information among the employees.

CitiClub’s activities are possible thanks to voluntary involvement on the part of employees who act as organizers. Every employee can join CitiClub at any time. There is no limit as to kicked off new initiatives of new groups or a number of events in a given year, in which an employee can take part. Its activity is financed with funds from the Company Social Benefits Fund, from CitiClub budget and the members’ own funds. In practical terms it means that any sporting trips are financed in 2/3 by the employer and only in 1/3 by the employee. Hence the employees have an opportunity to take part in an interesting event which they could not afford without support in the form of co-financing.

CitiClub was established 13 years ago with an aim to give a chance to employees from different units and locations in Poland to integrate and build communities around different themes, such as leisure activities: running, photography, board games, chess, biking, driving, fishing, sailing or skiing.

The activity of CitiClub in Poland, which for many years has been unique, has become a benchmark, which defines standards of activities dedicated to employees not only within Citi in the world but also among different companies and corporations - Polish and foreign.

CitiClub fosters wide employees integration, boosts work satisfaction, and in the opinion of the members, is one of the factors which motivates and fosters ties with the company. Hence a place of work is not only associated with hard work but it is also associated with an environment, in which employees can get known each other, inspire others and develop themselves, as well as pursue their passions by sharing them with colleagues, exchanging experience and learning from each other.

CitiClub inspires co-operation, creation of a network of contacts with persons known only from e-mails or telephone conversations and persons, who are not in a reciprocal business relation.

CitiClub's initiatives are a precious platform for exchanging experience, views, skills or emotions, a consequence of which are strong ties which are precious also from the point of view of day-to-day business duties.

CitiClub's offer is diversified. Many employees learned for the first time downhill or cross-country skiing, learned to sail, or began their adventure with running as amateurs. Also a group of employees who initiate the establishment of communities around new themes is growing.

Over these 13 years, CitiClub has been evolving. On the one hand, as a result of employees' changing expectations and, on the other hand, thanks to their willingness to co-participate in the organization of different events. Changes in the offer are made on the basis of regular questionnaires disseminated among participants. Presently, the most popular sphere are sporting events, including first and foremost, integration and sporting trips, which combine healthy rivalry with the development of new skills, including culture and science.

Every year, three main cyclical events take place and are booked in CitiClub's calendar: skiing and snowboarding competitions, Yacht Race for the Cup of the President of Bank Handlowy w Warszawie S.A. Management Board, and canoeing. In 2017, 510 persons from the Bank's different units took part in these three events. Total cost of organizing the events for Citi Handlowy, the Brokerage House of Citi Handlowy and H-L employees who participated in the events amounted to PLN 461,880.69. Funds for the events originated from the above mentioned sources.



#dzialamzpasja:

Show your strong points and win 5 thousand zlotys in the competition Citi for Women's Day!

Availing itself of the opportunity, Citi Handlowy together with Citi Service Center Poland prepared a special image campaign for Women's Day with the participation of real women working in Citi in Poland. The spine of the campaign is diversity, which can be found in the histories of women displayed on the dedicated site www.dzialamzpasja.pl and in the competition #dzialamzpasja on Facebook, which rewards and promotes women's different approaches to self-realization.



CitiWomen

CitiWomen initiative has been rolled out in Citi Handlowy since 2004. It was kicked off as a part of the wider Citi Diversity program implemented by Citi on the whole world. Diversity or in other words variety, is the landmark of Citi's corporate culture and its philosophy. The main idea is to attract the best employees to our organization and provide them with an opportunity of their full professional development respecting their dignity, regardless of their sex, race, religion or sexual orientation.

The purpose of CitiWomen initiative is to draw attention to the situation of women who work in the Bank, provide equal chances of professional development and realization of ambitions connected to their career in the Bank.

CitiWomen mission:

- Creation of encouraging professional development conditions for women and support in overcoming barriers.
- Provision of conditions which enable the fulfillment of own ambitions while keeping balance between professional work and private life

CitiWomen inspires women to take care of themselves by taking part in training, mentoring, meetings with successful people, integration meetings. organizes women's participation in training in soft skills (e.g. presentation skills, the role of emotional intelligence, effective and efficient performance). conducts mentoring for female colleagues who need friendly advisory in professional career development. supports women in establishing new and close contacts, propagates a pro-feminine approach in the organization and outside the organization, helps women to find life balance between work and private life.

Employment Conditions

Remuneration

When building its remuneration policy, Citi Handlowy hinges it on the best market practices taking into consideration corporate governance requirements, market trends and the organization's standing and potential.

When defining remuneration we refer to experience and competence required for a given job position, performance, present remuneration, and position juxtaposed with a new group of employees on the market. Based on such information we define a new level of remuneration.

Through the lens of the market, we understand similar

positions from the point of view of the scope of responsibilities, skills, liability, which we compare to positions in other organizations on the basis of data from a consulting firm.

Levels of remuneration are reviewed on a regular basis annually, taking into account the employee's annual assessment, his or her skills and scope of responsibilities juxtaposed with data obtained from market research concerning the level of remuneration in the industry.

The remuneration of women employed in the Bank is comparable to the remuneration of men. In December 2017 women's remuneration amounts to 98% of men's remuneration.

GROSS AVERAGE MONTHLY REMUNERATION (PLN)		
2015		
Employees	Total gross average monthly remuneration (Total with variable remuneration)	Gross average base remuneration (Base without variable remuneration)
Person on a bonus scheme	7 129	5 068
Person NOT on a bonus scheme	9 652	8 596
Grand Total	8 588	7 108

2016		
Employees	Total gross average monthly remuneration (Total with variable remuneration)	Gross average base remuneration (Base without variable remuneration)
Person on a bonus scheme	7 598	5 264
Person NOT on a bonus scheme	9 866	8 835
Grand Total	8 952	7 395

2017		
Employees	Total gross average monthly remuneration (Total with variable remuneration)	Gross average base remuneration (Base without variable remuneration)
Person on a bonus scheme	7 923	5 187
Person NOT on a bonus scheme	10 292	9 123
Grand Total	9 455	7 733

The above data are inclusive of all employees excluding the Management Board, for Citi Handlowy. Gross base remuneration as of 31 December.

Awards and Recognition

Citi Handlowy is an institution focused on supporting the innovativeness of its employees. We wish that all initiatives and activities which are conducive to innovation and efficiency are appreciated by, among other forms of recognition, awarding our employees with prizes and recognition awards.

An example of such a prize is the recognition award „Instant Recognition” granted to individual employees or teams for their achievements and contribution which significantly exceed indicated goals and tasks. Special initiatives of our employees are also recognized on Citi forum as part of the Progress Awards.

Benefits

Concerned about the life situation of its employees, Citi Handlowy provides a wide range of additional benefits, which make up one of the richest offer on the market.

Employees may enjoy private medical care with costs of such care covered in total by the Bank. In addition, they may pay packages for the closest members of their families (partner, children, parents and parent in law), at prices significantly lower than rates for individual clients. Employee's package, in addition to doctor's visits and examinations, also includes ad hoc aid, home visits and rehabilitation. Doctor's visits and examinations are guaranteed in terms of the

availability of dates and hours. An important element of prophylaxis is physical activity, therefore every employee in the Bank may purchase a sporting card for himself or herself, or an accompanying person.

Showing concern for security, the Bank provides two types of life insurance. The first type is sponsored by the Employer and in addition to death and accidents it also covers serious illness and an inability to work due to illness. The employee is protected regardless of the current country of his or her stay, 24/7.

The second type is group insurance with costs covered by the employee. In this case, the employee may also insure members of his or her family. This is additional protection for the employee and extends the scope of events on account of which the employee receives indemnities - e.g. delivering a child, child's or spouse's illness, stay at hospital.

Every quarter, the Bank's employees also receive credits on the cafeteria platform, where they can exchange collected scores to vouchers, both electronic and paper vouchers. In this way the Bank co-finances,

among other things, meals, procurements, travel to work, holidays, participation in cultural events.

3333 employees logged in on the platform in November 2017.

To secure the financial situation of its retired employees, the Bank decided to establish an employee retirement scheme in 2002. At present the contribution is at the maximum statutorily acceptable level equal to 7% of the employee's aggregate remuneration. Costs of contributions are financed in whole by the Bank, the employee pays only a tax on their amounts.

In addition, every retired employee may benefit from the Company Social Benefits Funds and purchase a private medical care package. As part of ZFŚS, pensioners and persons who use early retirement benefits, benefit from co-financing allocated to leisure, loans for housing and refurbishment purposes, non-refundable material assistance and the annual social benefit (cash paid on the so-called „Senior's Day”).

Friendly Work Environment

The Bank provides more comfortable work conditions by arranging new office space and refreshing internal common areas. In the Bank's buildings a few projects have been implemented as a result of which work places are not personalized. Every employee can choose his or her work space which fits tasks being performed. Employees may use different meeting points, areas for team work, areas for individual work, in a larger or smaller group of people, or for brainstorming needs. There are zones where employees may express themselves, for example by writing on the walls, relaxation zones or green zones.

The patio inside the building was arranged in the city park vibe - it is green and has many separate spaces for using the Internet, organizing team meetings, drink coffee or eat lunch.

Paid Duty Hours (the Labor Code does not impose this Obligation)

Corporate Collective Labour Agreement (ZUZP) applied in the Bank contains more advantageous provisions concerning duty hours as compared to the Code. With respective formal requirements met, duty hours performed at home after business hours are paid as follows:

- PLN 100.00 - for duty on business days - for 5 hrs,
- PLN 300.00 - for duty on days off (Sunday, statutory day off, Saturday) - for 13 hrs.

In the case of less duty hours, compensation is calculated pro rata to the length of duty. Allowance for work after business hours at night is higher than that envisaged in the applicable laws (statutorily, 20% of the hourly rate which results from the minimum salary.) For night work the employee is entitled to an allowance in the amount of 2% of the hourly rate which results from the average monthly salary in the corporate sector (exclusive of distributions from the profit) in the fourth quarter of the previous year, announced by the President of Statistics Poland (GUS).

Benefits in the Case of Domestic Delegations and Transfers

• Domestic delegations and transfers

Bank offers benefits in the case of domestic delegations (relocation for a period up to 6 months) and transfers (change of the contractual place of work) at the Bank's request. They are related to the cost of accommodation, travel and relocation.

• Business trips

An employee is entitled to a daily allowance and costs are refundable on account of a domestic business trip:

- for journey,
- for accommodation,
- other proven expenses incurred for business purposes (e.g. costs of telephone connections and the Internet used for business purposes, use of public means of transportation or taxi).

If during a business trip or training outside the permanent place of work meals were not provided in full, the employee may:

- receive a daily allowance in the amount of PLN 30.00 for every day or
- actual costs of meals will be returned up to PLN 100.00 per day.

Reimbursement of Costs of Glasses

In accordance with Article 8 clause 2 of the Regulation of the Minister of Labour and Social Policy of 1 December 1998 on safety and health at work stations equipped with display screens (J.L. No. 148 item 973), the employer refunds expenses incurred by the employee on the purchase of corrective glasses in the net amount of PLN 300 if results of eye examination conducted as part of the preventive medical examination referred to in the Labor Code and secondary legislature, indicate that such glasses are necessary and must be used at work stations equipped with display screens.

Indemnity in Case of Accidents at Work

Employees who suffered from an accident at work, are entitled, in accordance with Article 14 (6). of ZUZP to an indemnity payable by the Polish Social Insurance Institution (ZUS) higher by 50%.

Code of Conduct

Citi Handlowy attaches great importance to the

application of top standards in serving both external and internal customers. Adherence to the principles of professional ethics in everyday activities is a fundamental responsibility of every employee. As employees and representatives of the Bank, we share the responsibility for protecting the Bank's reputation as an institution of public trust.

Citi Handlowy binds all its employees to abide by standards and values set out in the Code of Conduct. This can be demonstrated by our commitment to conduct of the highest ethical standards and the professional fulfilment of duties.

Guided by ethics in all facets of our activities we create a more valuable organization. Hence we can provide better services to our clients, counterparties and communities with whom we have established business relations. This makes Citi Handlowy a better place for work for existing and potential employees.

The concept of ethics means to us:

- Ethics means proper conduct at all times.
- Ethics means more than laws, provisions and regulations, it is also about what we believe in, what is reflected in our reputation, conduct and decisions.
- Ethics and ethical conduct are about what we do when we are alone in a room when nobody can see us.
- Ethics means proper conduct regardless of possible consequences for ourselves.

All the employees in the Bank regardless of their position are obliged to follow ethics in their conduct.

Conduct according to the highest ethical standards means, among other things:

- Seeing actual or potential problems of ethical nature.
- Being aware of the duty of notifying of such problems and responding to them.
- Elimination of factors which may put us off causing that we abstain from notifying of problems of ethical nature.

In dealings with customers, colleagues, shareholders, suppliers we should always be guided by the highest standards of professional ethics and behave professionally. We can achieve this by:

- knowing, understanding and respecting the values and principles set out in this Code of Conduct for Employees and applying them in all our activities and places of business,
- conducting activities in accordance with responsible

finance in a transparent, prudent and fair manner,

- taking responsibility - one should remember that we not only share responsibility for the ethical conduct of each individual but we also expect the same from our colleagues,
- raising concerns and asking questions.

Each of the Bank's employees is obliged to notify immediately of unethical conduct. The Bank promotes conduct which is compliant with ethical principles and encourages its employees to present all questions and uncertainties regarding unethical activities, discrimination in employment conditions, mobbing and possible incidents of the infringement of legal provisions and procedures applicable in the Bank. Each of the Bank's employees may notify of the infringement of ethical standards anonymously or by providing his or her personal data. For this purpose, the employees can use a specially dedicated help line and e-mail address.

Workplace Based on Respect



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

We strive to be a company which draws the best talent, hires and promotes employees based on performance and makes growth opportunities widely available. We are constantly working on creating a company which practices responsible finance, where employees treat each other with due respect and dignity, and may count on support to preserve a balance between work and private life. The company adheres to the principles of equality in recruitment and respects the provisions of law on fair employment practices and anti-discrimination. Through these activities we strive to attain Goal 16 of Sustainable Development: „Peace, Justice and Strong Institutions”.

Counteracting Discrimination

The Bank takes preventive actions to counteract discrimination, consisting of a range of educational activities aimed at raising awareness as regards discrimination, unequal treatment, mobbing and actions which can bring about proper organizational climate favorable to the fair play principle at work place (primary prevention).

Also efforts are made in respect of the legal area, i.e. the organization's internal laws: provisions of ZUZP, work terms and conditions, code of conduct for the Bank's employees. The Bank works on a comprehensive separate regulatory act incorporating the Bank's anti-mobbing policy. Also an extensive information policy is followed, including training.

As part of secondary prevention, the Bank provides a possibility to escalate undesired behaviors by developing respective procedures:

- Procedure concerning rules of conduct when complaints are submitted by the employees of the Bank (Employee Complaints), which concerns the submission and consideration of complaints concerning discrimination, including harassment, unequal treatment, mobbing, and allows every employee, who claims that he or she is the victim of undesirable phenomena at the work environment to submit a complaint and binds witnesses to undesirable phenomena to escalate them (do not be indifferent-respond-counteract-tell!);
- Compliance Department's procedures: Procedure for dealing with violations of law, ethical standards and procedures in effect at Citi Handlowy (ethics helpline);
- System of monitoring and evidencing behaviors which demonstrate constituent elements of mobbing (this serves the purpose of protecting the victim from any further such behaviors): register of employee complaints, register of court actions.

Community Development

Community Development

The Bank pursues the Strategy through the Kronenberg Foundation at Citi Handlowy, which supports on the Bank's behalf activities for a public good.

The Kronenberg Foundation has been acting for entrepreneurship and financial education, cultural legacy and employee volunteering for years, at the same being committed to the development of local communities. It was established in 1996 on the occasion of the 125th anniversary of Citi Handlowy. Over 2 300 000 direct users from different age groups: children, young people, adults and seniors benefited from its financial education programs. We awarded 1341 grants for over 1000 non-government organizations.

The Foundation coordinates one of the largest and oldest (introduced in 2005) employee volunteering programs in Poland. Since the beginning of the program, Citi volunteers have been involved in volunteering almost 23 000 times, working in aggregate 125 000 hours helping over 285 000 addressees. Every year the program extends to almost 250 facilities and about 23% of the Bank's employees are volunteers.

One of the areas of the Foundation operation is cultural heritage protection. As a result of the Foundation's efforts made under its program of recovering works of art, 42 graphics and lithographs of the greatest Polish painters (by Juliusz Kossak, Leon Wyczółkowski) and 2 paintings (by Anna Bilińska - Bohdanowiczowa and Wojciech Gerson) returned to Poland. Also 172 items from the silver collection were recovered. The Aleksander Gieysztor Award was granted to 17 persons and institutions for their outstanding achievements in the protection of Polish cultural heritage. ArtSherlock application, which is available since 2016, allows to automatically recognize the object solely on the basis of a photograph taken by means of a mobile phone.

Social Involvement



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Programs Organized by the Kronenberg Foundation at Citi Handlowy

The Kronenberg Foundation at Citi Handlowy implements an array of educational activities in personal finance and entrepreneurship, each time supported by a campaign in the media, aimed at promoting savings,

rational personal finance management and entrepreneurial attitudes. We access directly over 100 thousand addressees from different age groups: pupils, students, young professionals, entrepreneurs. Indirectly, on the other hand, through media campaigns in the traditional press, radio and television programs as well as in the Internet and social media, educational activities and activities aimed at raising Poles' awareness of the above areas, reach 3 million persons, which meets the Strategy's assumptions.

- **The Emerging Market Champions Award** - the purpose of the competition is to promote enterprises which with success roll out their activity abroad. The project includes surveys, which are a tool to diagnose the climate of conducting business in Poland and global potential of our domestic companies. On 28 September 2017, the "Tipping point. How will the transatlantic economic relations change?" plenary session organized as a part of the European Forum for New Ideas in Sopot hosted a ceremony of presenting awards in the fourth edition of the contest. The „Emerging Market Champion” title in the category „Polish foreign investments” was granted to Maspex Group and the winner in the category „Foreign investments in Poland” was LG Chem Poland. As part of the project, the fourth edition of diagnostic testing was kicked off. It concerned sales strategies implemented by the Polish companies operating outside the borders of our country.



- **The Aleksander Gieysztor Award** - the most prestigious award granted by the Foundation to institutions and individuals for eighteen years for attempts and efforts made for the benefit of the Polish cultural heritage. The winners of the 18th edition were Elżbieta and Krzysztof Penderecki. They were honored for supporting talented musicians, excep-



tional concern for musical education at the highest level and long-lasting activity for the propagation of the classical music heritage in Poland.

• **IT for SHE** - IT for SHE is a program which helps talented IT female students to enter the labor market. The program is implemented in broad coalitions with technological companies: Cisco, Ericsson, The Kronenberg Foundation at Citi Handlowy, Goldman Sachs, IGT, Intel, Roche. The first edition consists of:

- mentoring program (for 35 girls) with the participation of experts from the best technological companies operating in Poland
- the largest bootcamp in Europe for girls in IT (for 120 girls)
- volunteering campaign (2 000 addresses) in villages and little towns, to encourage programming learning.

The purpose of the program is to increase the women's share in the technological industry.

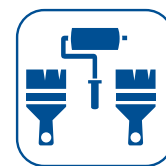
• **Recovery of Polish Art** - the program which is aimed at recovering works of art lost by Poland during and as a result of WWII. In May 2016, the Kronenberg Foundation at Citi Handlowy Citi Handlowy launched Art Sherlock application. It is an original project of the Communi Hereditate Foundation implemented in cooperation with the Ministry of Culture and National Heritage and the Kronenberg Foundation at Citi Handlowy. This is the first solution of this kind, which will totally revolutionise identification of works of art stolen during the war. Thanks to the application it will be possible to automatically recognise the object solely on the basis of a photograph taken by means of a mobile phone.

• **Roots** - a programme under which the Foundation promotes the history of the Bank, as well as the lives and achievements of its founders the Kronenberg family. In 2017 activities commenced in the previous years were continued. Beginning from 2014, one can use the Foundation and the Bank's digital archives under the program „Korzenie” („The Roots”), which contains over 31 thousand pages of scanned documents and iconographic materials concerning Bank and the Kronenberg family's activity. The materials are used for promotional actions, on occasions related to the Bank and Leopold Kronenberg's anniversaries.

• **Citi Employee Volunteering Program** - a program aimed at developing social commitment of the Bank's existing and former employees. In 2017, the 12th edition of Citi Global Community Day. Under that program 230 projects were implemented. Citi volunteers and their acquaintances and friends participated in activities for the benefit of 35,000 persons in a predicament almost 3,734 times.



Competence-based Volunteering, Economic Education



Group Volunteering



Citi Global Community Day



Volunteering Seniors



Student Social Project



Become Santa's Helper

• **Grant Program** - grant-based competition by means of which the Kronenberg Foundation at Citi Handlowy supports the most valuable projects implemented by non-profit institutions in the area of education and local development. 3 grants were awarded in 2017.

Programs Implemented with Citi Foundation's Support

• **My Finances** - the largest financial education program in Poland addressed to the youth. In 2017, the program was co-funded also by the National Bank of Poland and implemented in schools by the Junior Achievement Foundation. In 2017 the program was addressed to 90,000 pupils. The program was delivered by 1,600 teachers.

- **Week for Saving** - program which combines financial education and the development of entrepreneurial attitudes, aimed at promoting saving and rational finance management among Poles and encouraging young people who enter the labor market to take their chances in business. The project is implemented together with the THINK! Foundation. The goal of the program is to work out systemic changes in the area of personal finance management and entrepreneurship education. The project consists of research „Poles' attitudes toward finance” (10th edition), Entrepreneurship Development Program and competitions at universities and high schools as part of the game „First Million”.
- **“Poles' Attitudes Towards Saving”** - survey prepared by the Kronenberg Foundation at Citi Handlowy and the THINK! Foundation, October 2017.
- **Be Entrepreneurial** - is an economic education program addressed to students of high schools. It is being carried out in cooperation with the Junior Achievement Foundation. The aim of the project is to impart knowledge regarding the broadly understood entrepreneurship to students and help them develop skills and competences in that area through incorporation and management of an enterprise in the form of a general partnership. In 2017, more than 2000 students from 220 schools participated in the program.
- **“Business Startup” Program** - the program consists of two parts aimed at supporting young entrepreneurs (help in establishing and running business and supporting existing companies). Conducted in cooperation with the Academic Business Incubators. The goal of the project is to stimulate entrepreneurship among students and help them implement their business ideas. In 2017, 150 students and 100 start-ups already operating on the market took part in the program.
- **Business in Women's Hands** - it is the program implemented together with the Foundation for Female Entrepreneurship addressed to 50 women who want to start their own company. Thanks to lectures, training and individual work with female mentors, each of the female participants has a chance to commence a business. The goal of the program is to establish a women company cluster operating in the territory of the Warsaw agglomeration. In 2017 the fourth edition of the cluster of female companies was launched and would end in the half of 2018.
- **Microentrepreneur of the Year** - competition organized in 2017 by Microfinance Centre for Central and Eastern Europe with support of Koalicja na rzecz

mikroprzedsiębiorczości (Coalition for microentrepreneurship). The aim of the competition consists in supporting entrepreneurship, encouraging people to set up their own companies and promoting the best of them as examples of effective economic actions. The contest participants may win the main prize - the title Microentrepreneur of the Year - and category awards, depending on the age of a company. The youngest businesses are eligible to compete in the Start category, middle-aged companies in the Progress category and the mature ones in the Senior category.

Following editions of all the above programs financed by Citi Foundation grants commenced in the second half of 2017 and will end in the first half of 2018.

Cultural Patronage and Sponsoring

In 2017, Citi Handlowy acting as the Partner supported the 7th European Financial Congress in Sopot, an annual meeting of representatives of the European financial sector, the world of politics and economic experts. The theme of the 7th edition was „Capital, taxed and international solidarity in the 21st century”.

Citi Handlowy experts participated in the eighth edition of the program „Time for economic patriotism” organized under the patronage of „Puls Biznesu”, which was closed with the main debate with the participation of the most prominent people from politics, business and economic media - among other guests, Maciej Kropidłowski, Vicepresident of Citi Handlowy - and debates on specified themes in the headquarters of the Warsaw Stock Exchange. In a special supplement to Puls Biznesu also a commentary delivered by Piotr Kosno, Head of Strategic Clients Department, was cited on the transformation of business models.

As part of cooperation with American Chamber of Commerce, during European Economic Congress in Katowice in May and Economic Forum in Krynica in September, Citi Handlowy acted as a partner to AmCham Diner. The slogan of the 27th edition of the Forum in Krynica was „Project: Europe - a recipe for the coming decades”. In almost 200 panels on themes from macroeconomics, management, energy, international and regional policy to society and the media, the presence of Citi Handlowy experts in the debates was tangible.

In 2017 Citi Handlowy became the patron of the Polish edition of Edward Lucas' Cyberphobia. Identity, Trust, Security and the Internet.” It is the first such publication in Poland: it is comprehensive, easy to read and abounds in valuable tips and recommendations. It tells a story of how to surf online safely, as well as how

to protect the equipment on which we connect to the Internet.

On 4 July 2017, at 16 Senatorska Street, where today Citi Handlowy has its head office and where the Citi Hall of the Capital City of Warsaw was situated at the beginning of the 20th century, a memorial plaque was unveiled to commemorate Julian Spitośław Kulski, Deputy Mayor and Appointed Mayor of Warsaw in 1939-44. This is just another initiative of the bank to protect cultural heritage. A few years ago, the bank also commemorated Marcei Porowski, Mayor of the Capital City during the Warsaw Uprising. Previously, Citi Handlowy's commitment contributed to the erection of a monument of Tadeusz Kościuszko on the Iron Gate Square.

In October, Citi Handlowy commenced cooperation with Harvard Business Review Polska under which the Bank's clients will be able to participate in networking meetings organized by HBRP's Management Board. Citi Handlowy is a partner to a series of business meetings organized in Warsaw and Gdańsk. Citi Handlowy was also a partner to a special edition of Harvard Business Review Polska dedicated to the luxury goods market in Poland.

The Bank was the patron of the Polish premiere of Torben Betts's play, "Invincible", directed by Eugeniusz Korin and staged in the Teatr 6.Piętro (6th Floor Theatre). To celebrate the 20th anniversary of the introduction of the first globally accepted Citi Handlowy credit card in the Polish market, the Bank invited its clients to two previews of the play, including those who participated in the making of Citi's credit card history in Poland two decades ago.

As part of the 20th anniversary celebrations, the Bank commenced the cooperation with the international city bikes operator - Nextbike. The cooperation encompassed a campaign promoting the Bank's products and services, implemented from March to November on city bikes available in nine Polish cities (Białystok, Katowice, Lublin, Łódź, Opole, Poznań, Szczecin, Warsaw and Wrocław). Furthermore, five more stations sponsored by Citi Handlowy were opened in Warsaw, with exceptional blue bikes. Together with Nextbike, the Bank also launched a unique banking-biking application Citi Handlowy Bikes for cyclists in Warsaw. It can be used to rent a bike and, additionally, to count calories burnt, calculate the distance travelled and track the ride via GPS

In 2017, the Citi Handlowy promoted golf in Poland, as a partner of the Polish Golf Union. It also acts as Citi Handlowy Lexus Business Cup Title Sponsor - a tennis tournament organized in six Polish cities from May to September 2017.



Citi Employee Volunteering Program

In the Bank, the largest Polish employee volunteering program is conducted coordinated by the Kronenberg Foundation at Citi Handlowy. It is designed with the aim of developing social commitment of the Bank's existing and former employees. 249 volunteering projects were implemented in 2017 for over 37,000 addressees. Volunteers (also those, who were not from the organization) took part in volunteering actions 3,691 times. They supported, including but not limited to: local communities, educational care centers, social organizations, self-government facilities and shelters for animals. The most important initiative in the previous year was another, already 12th edition of World Citi for Community Day. Every year, under that project, the Bank's employees together with their families and friends try to identify precisely the needs of their closest communities. In 2017, Citi volunteers conducted 230 social projects for over 35 000 addresses, as part of efforts made in connection with World Citi for Community Day.

In 2017, also key projects were continued, such as seasons action „Be Santa's Assistant”, integration trips for students combined with volunteering. In addition, as part of the all year activation, volunteers were invited to take part in the Volunteer Club's meetings, involve themselves in Senior Volunteering as well as in social actions in connection with the activity consisting in sending on a regular basis individual volunteering offers.

The diversity and number of delivered projects shows that social commitment on the part of the Bank's employees is being fostered and developed, for the benefit of a growing number of addressees - which is also confirmed in statistics.



Since 2015, effects of Citi volunteers' work within the largest Citi social action - World Citi for Community Day, can be measured by means of a questionnaire disseminated among partner organizations. Surveys conducted in 2017 showed that all partners were satisfied with cooperation with Citi volunteers and they declared their intention of further cooperation. As many as 99% of the surveyed persons were satisfied with the way, in which the project was implemented. The same number of persons confirmed the attainment of the goal. In the case of 80% of organizations, organizational costs were palpably trimmed and 33% of organizations noticed that cooperation with qualified Citi employees significantly improved their organization management processes (e.g. in IT, HR or finance). All the surveyed persons would without hesitation have recommended cooperation with Citi volunteers to other organizations.

Furthermore, the Kronenberg Foundation at Citi Handlowy together with Narodowe Centrum Kultury (national Centre for Culture) organized the 2nd All-Poland Conference „Volunteering in Culture”, which took place on December 4, 2017 in Łazienki Królewskie. Over 130 participants took part in the Conference - experts, volunteers and guests, representing 57 institutions from all over Poland. During the event, experts and practitioners shared their knowledge of volunteering management at cultural institutions. Citi volunteers were involved in the organization of the conference. The conference was further extended to the second edition of the Volunteer's Ticket to Culture. 34 institutions from 11 cities in Poland provided over 2,000 tickets in December 2017 and January 2018 for training, workshops, shows, displays and exhibitions to volunteers.

The Bank encourages and supports employees to social activities by, among other incentives, granting an additional day off for volunteering purposes.

In accordance with the adopted Strategy, the number of volunteering work hours per employee remains stable and amounts to 2 hours.

Responsibility in the Supply Chain

Responsibility in the Supply Chain

Purchase Policy and Cooperation with Suppliers

The introduction of mechanisms which guarantee that material elements of social responsibility are included in the assessment of suppliers' offers as well as that framework agreements contain provisions which ensure the right to control declared rules and

principles and terminated the agreement, are regulated in Citi Handlowy in the Regulation „Products and Services Procurement Policy and Rules of Vendor Management in Bank Handlowy w Warszawie S.A.”

Statement concerning Ethical Business Practice of Bank Handlowy w Warszawie S.A.

Dear Sir/Madam,

Bank Handlowy w Warszawie S.A, operating under the brand name Citi Handlowy (the “Bank”), cooperates with many local and global vendors. In our work, we attach huge importance to ethical, social and environmental standards. The involvement in social activities constitutes a permanent part of our history and values of our Bank which was established in 1870 and is Poland’s oldest commercial bank of unbroken operation.

Our objective is to observe those principles also in cooperation with our partners, including Bank vendors. We would like to share with you our ethical business practice, which is also part of our Bank’s Strategy. We believe that, thanks to them, together we will develop the highest professional standards of behaviour in the market, social environment and among employees.

The text of Ethical Business Practice of Bank Handlowy w Warszawie S.A. is attached to this letter. It is also available at www.citihandlowy.pl.”

Recommended wording of the ethical clause, to be included in agreements concluded with Vendors

§ xx Ethical clause

1. The Counterparty undertakes to act in accordance with principles of ethical and responsible behaviour, including those referring to human rights, labour law, with regulations regarding fair competition, protection of ownership rights, protection of natural environment and combating corruption (hereinafter the “Principles”) and to ensure that its subcontractors and other persons with the help of whom the Counterparty performs the Agreement observe these Principles.
2. The Principles include in particular the rules, provisions and obligations contained in the legal acts listed below and in all applicable national legislation implementing these acts:
 - the Universal Declaration of Human Rights,
 - the International Labour Organization’ Declaration on Fundamental Principles and Rights at Work,
 - the Rio Declaration on Environment and Development, Agenda 21; and
 - the United Nations Convention against Corruption

In particular, observance of the Principles shall mean that:

- 1) The Counterparty assumes responsibility for creating a workplace free of any discrimination and behaviours characterized by any type of violence against persons.
- 2) All employees receive the due remuneration on a timely basis.
- 3) All employees are treated fairly and respectfully by their supervisors, subordinates and peers;

- 4) The Counterparty ensures timely payment of contributions for health, social and pension insurance.
 - 5) The Counterparty ensures a safe working environment for his employees and makes an obligation to constantly update measures securing against accidents at the workplace and to strictly observe the applicable regulations in all locations where it conducts his business.
 - 6) All employees are responsible for strict observance of labour safety and hygiene principles. They are also obliged to make proper use of the provided equipment during the performance of any hazardous work, to impart to their peers and subordinates knowledge on labour safety and to encourage them to use appropriate protection measures;
 - 7) The Counterparty does not allow the work of minors. The Counterparty does not use the work of minors and does not use in his business activity any products and services derived from the work of minors, while ensuring the observance of regulations issued by the International Labour Organization referring to the work of underage persons.
 - 8) The Counterparty undertakes to refrain from any activities considered to be unfair competition and undertakes to ensure the observance of legal standards regarding protection of competition rules.
 - 9) The Counterparty shall not attempt to corrupt authorities and state officials and forbids his employees to make or receive from third parties any undue payments of any kind, gifts, donations or favours exceeding the scope of customary market practices or ones which due to their value, nature or circumstances could influence the development of commercial, official and professional relations in which the company takes part.
 - 10) The Counterparty establishes, as the main guideline for his business activity, the ambition to achieve the highest possible quality of services provided.
 - 11) The Counterparty strives to satisfy, to the maximum extent possible, the expectations of his customers and does his best to learn their needs in advance.
 - 12) Employees of the Counterparty are responsible for care for the assets of the company entrusted to them, are obliged to secure them against any damages, loss, theft and against the improper, unlawful or dishonest use.
 - 13) The Counterparty guarantees the observance of confidentiality of all data of third parties.
 - 14) The Counterparty undertakes to ensure respect for the natural environment in the course of his business and to reduce to a minimum any potential environmental consequences of his business. The Counterparty provides his employees with all necessary means enabling the achievement of this goal.
 - 15) The Counterparty undertakes to strictly observe all environment protection regulations.
 - 16) The Counterparty contributes to the preservation of natural resources and to the protection of areas with special environmental, landscape, scientific or cultural values.
 - 17) The Counterparty undertakes to act in a socially responsible manner and to observe the laws of the country in which it conducts his business.
3. Upon demand of the Bank, the Counterparty shall immediately inform the Bank of all followed procedures to which this clause applies. The Bank shall also be entitled to perform, in person or through a selected auditor receiving remuneration for his work, periodic audits meant to check the observance of the Principles by the Counterparty, under the condition that the Counterparty shall be notified of the date of such audit in writing ahead of time.

4. If an inconsistency is found between the Counterparty's actions and the Principles, the Counterparty upon a written demand of the Bank shall be obliged to remove such breach immediately, but in any case not later than within 30 (thirty) days from the date of receipt of such demand. In the case of ineffective lapse of that deadline, the Bank shall have the right to terminate the Agreement with immediate effect.
5. The Counterparty declares that it observes the human rights, labour law, regulations regarding fair trading, protection of ownership rights and protection of natural environment, and in particular, the Counterparty declares that.
 - there are no administrative proceedings carried out against the Counterparty with relation to a breach of such regulations
 - there were no valid administrative penalties levied upon the Counterparty with relation to a breach of such regulations during the past 3 years.

Citi Handlowy shows concern for mutual relations with suppliers who have their specified expectations resulting from the application of social responsibility principles. The Bank is interested in stable, long-term cooperation which ensures supply continuity. The analysis of payments made under purchase invoices prepared for the Bank's major counterparties in terms of amounts paid for services / products did not exceed 30 days. Concern for timely payment of invoices eliminates hurdles in the supply network.

The Bank cooperates with companies which hire disabled persons. Certificate of disability does not mean that a disabled person cannot work. Work may be an element of rehabilitation, i.e. professional rehabilitation. Diversity management naturally embraces cooperation with companies which employ disabled persons. One of the Bank's counterparties delegates disabled persons to work in the Bank's organizational units.

EMPLOYMENT OF DISABLED PERSONS AT ONE OF THE BANK'S SUPPLIERS		
Year	Total	On contracts with the Bank
2015	297	42
2016	290	41
2017	262	35

Signatures of Management Board Members

21.03.2018	Sławomir S. Sikora	President of the Management Board	
Date	Name	Position/Function	Signature
21.03.2018	Maciej Kropidłowski	Vice-President of the Management Board	
Date	Name	Position/Function	Signature
21.03.2018	David Mouillé	Vice-President of the Management Board	
Date	Name	Position/Function	Signature
21.03.2018	Barbara Sobala	Vice-President of the Management Board	
Date	Name	Position/Function	Signature
21.03.2018	Katarzyna Majewska	Member of the Management Board	
Date	Name	Position/Function	Signature
21.03.2018	Czesław Piasek	Member of the Management Board	
Date	Name	Position/Function	Signature
21.03.2018	Natalia Bożek	Vice-President of the Management Board	
Date	Name	Position/Function	Signature

Should you have any questions please contact:

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Bank Handlowy w Warszawie S.A.

The logo for Citi Handlowy, featuring the word "citi" in a lowercase, sans-serif font with a red arc above the "i", followed by the word "handlowy" in a lowercase, sans-serif font with a registered trademark symbol (®) to its upper right.

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