





We are built on the principles of Responsible Finance and we strive to ensure access to all. By valuing our people and being efficient in our operations, we demonstrate our commitment to corporate citizenship.



We are committed to developing our business in Russia and to serving our clients while at the same time improving the communities in which we do business. As a financial services organization, people entrust us with their wealth and, therefore, with their aspirations for their families. This is an enormous business responsibility and a great opportunity. We aim to make a positive impact through engaging in philanthropy and volunteerism; that way, we are applying the power of our business to expand the reach of financial services and to help finance sustainable development.

**Zdenek Turek,**

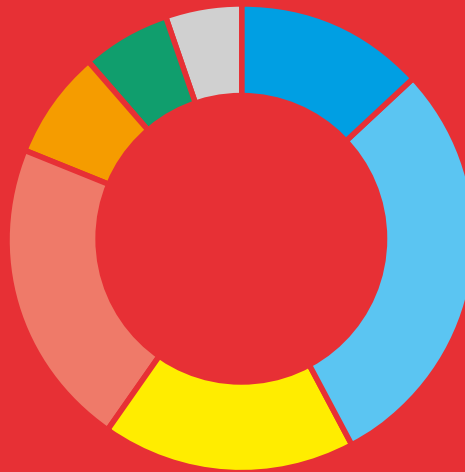
President of ZAO Citibank, Head of Citi Russia and CIS

# 67.9

## MILLION

### 2010 TOTAL FOUNDATION GIVING (\$)

In 2010, the Citi Foundation invested about \$1,000,000 in social programs in Russia, which brings the total amount to over \$7,000,000 for the last 10 years.



- 19.9% Financial Capability and Asset Building
- 14.6% College Success\*
- 11.7% Enterprise Development
- 8.9% Neighborhood Revitalization\*
- 5.0% Youth Education and Livelihood
- 4.2% Microfinance
- 3.5% Other Programs

In 2010, 41% of Foundation's grants went to projects outside of the United States. Grants were made in 89 countries.

\* USA

# Citi Foundation Grants

invested in social programs in Russia during 2009-2010

GRANTEE	AMOUNT, \$	PROGRAM
New Economic School	<b>300,000</b>	Creation of multimedia materials on personal finance management, including the Financial Literacy web book and an investment online game
New Economic School	<b>410,000</b>	Financial Literacy survey in schools and courses in 5 regional universities (Yekaterinburg, Nizhniy Novgorod, Volgograd, Rostov-on-Don and Samara)
New Economic School	<b>100,000</b>	Financial Literacy courses held at two pedagogical universities
Russian Microfinance Center	<b>147,000</b>	Citi Microentrepreneurship Awards – a Russia-wide contest recognizing microentrepreneurial success stories
Russian Microfinance Center	<b>381,000</b>	Development of microfinance in Russia, support for entrepreneurship through microfinance organizations
Graduate School of Management, St. Petersburg State University	<b>249,000</b>	Development and implementation of educational courses for small business owners
Fund for Sustainable Development	<b>104,000</b>	Entrepreneurship development in the Nizhniy Novgorod and Sverdlovsk regions
WWF	<b>100,000</b>	Entrepreneurship development in the Altai Republic
Focus-Media Foundation	<b>202,000</b>	Engagement of students in the work of nonprofit organizations
United Way of Russia	<b>170,000</b>	Supplemental classes for at-risk schoolchildren, helping them matriculate to colleges and universities
Financial Services Volunteers Corps	<b>150,000</b>	Risk management training for regional bank managers in order to raise banking services standards

# SUPPORTING ECONOMIC EMPOWERMENT AROUND THE WORLD

## MORE THAN PHILANTHROPY

The Citi Foundation supports the economic empowerment and financial inclusion of low-income people in communities where Citi operates. We work collaboratively with a range of partners to design and test financial inclusion innovations with potential to achieve scale. We also seek to support leadership and knowledge building activities. We put the strength of our business, resources, products and people to work to help improve communities. We also engage our main resource – our people – for volunteering.

## OUR INVESTMENT GOALS

Based on indicators of the effectiveness evaluation we defined the following directions for our social investments that help low-income people:

- **Financial Capability and Asset Building** – Increases in the number of low-to-moderate income adults and/or youth who adopt

positive financial behaviors and accumulate and preserve financial assets.

- **Microfinance** – Increases in the supply of financial products that improve and accelerate the financial inclusion of low-to-moderate income individuals.
- **Enterprise Development** – Increases in the number of micro or small enterprises that provide new income generation and/or employment opportunities for low-to-moderate income individuals.
- **Youth Education and Livelihoods (outside the U.S.)** – Increases in the number of low-income youth, ages 13-25, who demonstrate the skills needed to complete secondary school, become employed in a living wage job, start their own income-generating business or obtain postsecondary education or training.

## EFFECTIVENESS EVALUATION

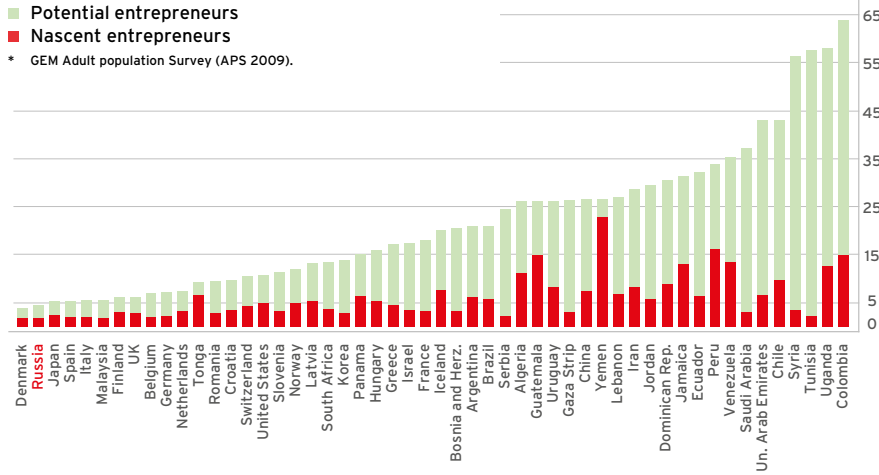
We carefully evaluate the implementation and results of our projects that are being implemented in many different countries with support of Citi. In collaboration with our partners we find the most effective ways of solving the social problems.

In 2010, we launched a new results-oriented measurement system that improves the way we assess the impacts of the programs we fund. Every investment is carefully tracked at the mid- and end-points to identify ways, we can ensure success and work with our partners to understand what works and why.

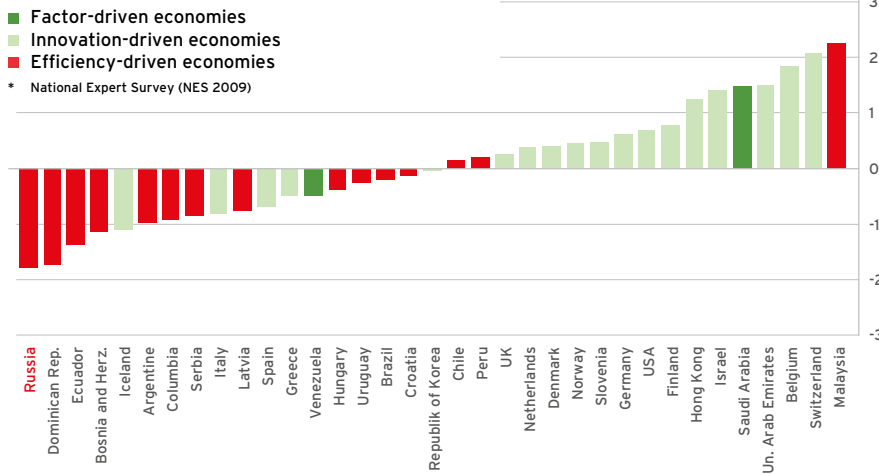
## PARTNERSHIP

In each of our core priorities we strive to partner with organizations that demonstrate a commitment to sustainability and incorporate sound environmental practices in their programs.

## Activity levels of potential and early-stage entrepreneurs\*



## Access to finance for GEM countries\*



## CITI'S FOCUS ON SOCIAL INVESTMENT IN RUSSIA

We determined the main focus of our social investments in Russia based on data from Global Entrepreneurship Monitor (GEM). GEM conducts studies in more than 50 countries around the world and has been in Russia since 2006, operated by the Graduate School of Management (GSOM) of the St. Petersburg State University.

According to research data, the level of entrepreneurial activity in Russia remains one of the lowest among all participating countries. At the same time, access to available finance remains a major obstacle to the development of entrepreneurship.

This is why most of our social programs in Russia are focused on development and support of entrepreneurship as well as involvement of low-income people in the financial services system.

# INCREASING FINANCIAL CAPABILITY

## COURSES IN FINANCIAL LITERACY

In today's world financial skills and financial literacy are just as important as reading skills and should be taught from childhood. However, the majority of parents do not have enough experience in this sphere, and public schools do not teach it. A joint program of the Citi Foundation and New Economic School is helping to fill this gap.

The New Economic School's specialists developed practical publications on this important subject. The program began with special methodological courses for teachers at five regional universities: Lobachevsky State University of Nizhniy Novgorod, Urals State Technical University, Volgograd State Technical University, Samara State Technical University and Rostov State University of Economics. Then these teachers taught college students and schoolchildren. Young people

took classes where they learned simple rules to help systematically and conscientiously achieve financial success throughout one's life. They were taught the key principles of personal savings and how to increase their capital without taking imprudent risks.

**Our financial literacy program has trained more than 30 professors from 5 universities, over 5,000 university students and more than 3,000 schoolchildren.**

Pre-testing results showed that only 8% of participants had prior knowledge of these topics. Upon completion of the course, 96% of participating students gave high marks to both the instruction and the financial literacy learning materials. More than half of the students successfully passed a financial capability tests following the course. Now young people can competently select financial instruments and financial intermediaries, properly plan their savings and investments, and spend their income wisely. As part of this program, two educational books were published: Financial Literacy and Financial Literacy for Schoolchildren.



# EDUCATION FOR SMALL BUSINESSES



## ASSISTING THE DEVELOPMENT OF SMALL BUSINESS

We believe that small businesses are drivers of the economy. They are the most flexible, innovative and create new jobs. This is why Citi is particularly focused on providing support to small businesses.



Over the past two year as a part of the Managing Small and Growing Businesses program, the Graduate School of Management (GSOM) of St. Petersburg State University with support from the Citi Foundation has helped small businesses and their owners to overcome problems related to growth. The education program focused on such topics as marketing and sales, economics for fast-growing small businesses, managing personal in a small company, entrepreneurship finance, enterprise strategies, and growth management.



Special case studies were developed as part of the program based on success stories of entrepreneurs that participated in the program. These case studies are already being used in GSOM courses and may also be used for similar programs administered by other educational institutions and centers for entrepreneurship education.

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**Thanks to the support of the Citi Foundation, 140 entrepreneurs have been trained free of charge, including owners and managers of small and medium-sized businesses that have been in operation for over three years and have strong growth potential.**

# DEVELOPING ENTERPRISES AND MICROFINANCING

## CONTRIBUTING TO THE DEVELOPMENT OF MICROFINANCE ORGANIZATIONS

The Citi Foundation in partnership with the Small Enterprise Education and Promotion (SEEP) Network implemented a new three-year international program. Its focus is on the professional growth of microfinance organizations and the expansion of financial services for start-ups, small businesses and low-income people.

Our partner for implementing this program in Russia was the Russian Microfinance Center (RMC) – a national forum and resource center of the microfinance community.

## A NEW INFORMATION RESOURCE

With support of the Citi Foundation a new online information resource was created – [www.rusmicrofinance.ru](http://www.rusmicrofinance.ru). This is the first resource for microfinancing that is useful for both professionals and ordinary people. On the website one can quickly and conveniently find relevant information, such as: how and where to get a microloan, which programs offer support to small business, how to find out about the laws regulating microfinance, etc.

As a part of the program, RMC developed three publications summarizing current legal parameters concerning microfinance institutions. On top of that, two new training courses were developed: Creating Microfinance Associations and Creating Microfinance Institutions. More than 100 representatives of microfinance institutions across Russia have now been trained thanks to this program.



More than \$65,000 were allocated for winners to support the implementation of their projects.

In total, 11 projects received financing.

### **SUPPORTING LOCAL COMMUNITIES**

The program Local Communities: Changing Life for the Better! consists of entrepreneurship training and a grant contest for people from remote regions of Russia.

Since the end of 2008 this program has been implemented by the Fund for Sustainable Development with the support of the Citi Foundation. During the program implementation more than 300 people – residents

of the Gorodets district of the Nizhniy Novgorod region and the Nevyansk district of the Sverdlovsk region – took part in the training. They prepared their business-plans for the contest, and 11 projects ultimately received financing.

As a result, small enterprises and new jobs have been created and hundreds of people realized that they can change their lives and the lives of their towns, villages and settlements for the better.

Thanks to the program Local Communities: Changing Life for the Better! **Sergey Maslikov**, a potter from Nizhnie Tavolgi village in the Nevyansk district opened a unique workshop for manufacturing ceramic tiles. **Marina Koryakina**, from Gorodets, was able to open her own small tailoring shop that hires women who are on maternity leave. An entrepreneur from Nevyansk, **Aleksan Saruhanyan**, opened a mini-workshop to produce 'self-stretching' paper napkins and simultaneously provide jobs to people with disabilities. **The blacksmith's workshop** in Gorodets has been revived by the Center for the Development of Crafts, Arts, Sculpture and Architecture – after a ten-year absence, the blacksmith shop is once again open for business.

# 2010 winners

The winners of Citi Microentrepreneurship Awards receive monetary prizes for further development of their business.

## Best Entrepreneur

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### **Olga Simakova**

livestock farming

Palassovka, Volgograd Region

### **Yuliya Bordunova**

event agency

Arsenyev, Primorsky Region

### **Sergey Yurkin**

furniture and building  
materials production

Nyagan, Tyumen Region

## Best Employer in Microentrepreneurship

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### **Sergey Zaltsman**

repair workshops for  
handbags and clothes

Kemerovo

### **Olga Bogacheva**

grain, legume and sugar beet  
cultivation

Pavlovka Village, Dobrinskyi  
District, Lipetsk Region

### **Dmitriy Ben**

metal works

Kirov

## Best Microfinance Organization: Stability and Development Throughout the Crisis

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### **Khabarovsk Regional Foundation for Support of Small Entrepreneurship**

Khabarovsk

### **Financial Services Center, LLC**

Moscow

### **Rezerv (a consumer lending cooperative)**

Rubtsovsk, Altai Region

Every year, Citi recognizes more than 500 of the top microentrepreneurs, and over 6,000 microfinance organizations are invited to participate worldwide.



## CITI MICROENTREPRENEURSHIP AWARDS

To encourage the best microentrepreneurs and the most effective organizations that offer microfinancing services across Russia, we organized its sixth annual Citi Microentrepreneurship Awards. The contest is also meant to raise public and government awareness about the microfinance industry. It became the part of Citi's global initiative for stimulating entrepreneurship achievements that Citi has implemented in 28 countries since 2005.

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**The prize fund of the Citi Microentrepreneurship Awards was over 700,000 rubles this year.**

The organizer in Russia is the Russian Microfinance Center. One of the main criteria for selecting winners is the social importance of the business. For example, the first-place winner in the category for Best Entrepreneur 2010 was an entrepreneur who specializes

in cattle breeding and cultivation of ecologically sound products for the local community.

The contest was supported by the Ministry of Finance of the Russian Federation, the Ministry for Economic Development of the Russian Federation, the Council of Federation of Russia, Russian Chamber of Commerce and Industry, as well as the Russian Non-Governmental Organization for Small and Medium Entrepreneurship OPORA Russia.

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**This year almost 130 applications were received from entrepreneurs and microfinance organizations. The contest has been running for six years already and attracted over 700 entrepreneurs from many different regions of Russia.**

# PROTECTING THE ENVIRONMENT

## ENERGY AND RESOURCE CONSERVATION

We are always analyzing the energy we use in order to find more effective ways to conserve. When installing new equipment, we look for devices with low energy consumption. In 2010 Citi Russia reduced its energy consumption by 5%, saving over 400 tons of CO<sub>2</sub> emissions in Russia.

We achieved this by implementing energy saving measures such as:

- Installing energy efficient LED lighting in our branches
- Putting in lighting sensors for lighting systems and signage to ensure lights are not turned on unnecessarily
- Implementing a pilot power saving project at 3 branch offices

- Running an environmental impact awareness campaign via e-mail to all Citi staff
- Participating in the Earth Hour – an international lights-off initiative

We are also striving to operate according to paperless office standards. For example, our operational center in Ryazan is now completely paperless. Moreover, we work closely with our landlords to support recycling of paper and plastic at our head office in Moscow. As a part of efforts to reduce paper consumption, Citi has succeeded in transferring more than 90% of its bankcard holders to electronic statements.

In the spring of 2011, 1,000,000 trees to be planted in the Russian Far East in the name of Citibank's 1,000,000 retail clients.

Forests are part of Russia's national heritage, and the temperate forests in the Far East play a very important role in preservation of biodiversity.



### **CITI IN THE LAND OF THE TIGER AND LEOPARD**

In 2010 Citi reached an important milestone – the number of the bank’s retail clients in Russia exceeded 1,000,000. To celebrate this achievement, 1,000,000 Korean Pine and Manchurian Fir seedlings were purchased in late 2010, and then in the spring of 2011 WWF volunteers will plant the trees in Russia’s Far East. The temperate forests in the Far East have been named one of Global 200 Ecoregions that play a key role in preserving the Earth’s biodiversity. The project territory – the land of the tiger and leopard – includes the habitat of the Siberian tiger, whose numbers have dwindled to only 500 in the wild, as well as the Far East Leopard, which is on the verge of extinction.

### **CITI IN THE ALTAI MOUNTAINS**

Also in 2010, the Citi Foundation and WWF launched a program to promote the development of small business in conjunction with efforts to preserve the unique biodiversity of the Altai Mountains. The program aims to support local communities in the Kosh-Agach and Ulagan districts of the Altai Republic. These areas are home to unique and rare flora and fauna which not only underpin the biodiversity of the Altai region but also are a part of Russia’s rich natural heritage. The program provides micro-grants to local people to help them start their own businesses which will create jobs and simultaneously support nature conservation. The mini-grants support the development of rural tourism and ecotourism in the habitats of the Altai argali, a mountain sheep endemic to the region, and the snow leopard. The micro-grants also go toward supporting such endeavors as production of felt souvenirs and increasing the quality of livestock, among other things.

# YOUTH EDUCATION

## DEVELOPING STUDENTS

Since 2008 Citi has sponsored a program through which students do internships with local public organizations and develop their own social projects. The best projects are recognized by awards. The program has been running in Nizhniy Novgorod, Yekaterinburg, St. Petersburg, Volgograd and Rostov-on-Don.

Citi's partner – the Focus-Media Foundation, a public health and social

development organization – created a special distance learning course for students. The course teaches practical skills and knowledge for social project management.

For realization of this program Citibank won second place in the category for the Best Program to Develop Charity in Society at the 2009 Awards for Russian Leaders in Corporate Philanthropy, which was organized by the newspaper Vedomosti and other partners.

More than 70 nonprofit organizations received help from students, putting their knowledge, energy and creativity to good use.

During the past three years, about 350 students have received training, while about 100 projects have been developed, and 40 of them were financed and implemented.

**In Nizhniy Novgorod**, the Friendship Project allowed students to organize parties and spend time with disabled children and ordinary schoolchildren.

**In Yekaterinburg**, students created a project called Kindness Around Us, which helped to establish friendships between orphans from a boarding school and elderly people from nursing homes.

**In St. Petersburg**, a team of volunteers taught teenagers preventive measures against crime and risky behavior. Young Generation (as the project was called) consisted of several seminars where children learned how to recognize critical situations, make decisions and take responsibility for them.



## HELPING CHILDREN

In partnership with the charitable foundation United Way of Russia, we help prepare kids from poor families to enter to colleges and universities. As a part of the program Your Future Starts Today, additional classes are offered at two children's centers that work with at-risk children – Kovcheg and the Taganksky Children's Foundation. The children learn English and basic computer skills and receive constant psychological support, which helps to increase their motivation to study and achieve better results at school. It also greatly increases the opportunity for them to continue their education at higher institutions of learning.

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**In 2010, more than 200 children who participated in the program, successfully passed the unified state exams and entered colleges and universities.**

**How can one overcome a fear of school?** Ksenia, who attended classes at Kovcheg, has an answer to this question. When she was in the 4<sup>th</sup> grade, she lost her mom, her dad got sick, and she was sent to boarding school. Because of the psychological trauma stemming from these circumstances, she wasn't able to properly answer questions on school placement tests and subsequently was sent to a special school for mentally challenged children.

A year later her father managed to take her home, but her fear of studies remained till the 10<sup>th</sup> grade. Only after additional classes taught by the patient and professional teachers at Kovcheg did Ksenia manage to overcome her emotional problems and successfully enter college to continue her education.

# VOLUNTEER ACTIVITIES

## WE SUPPORT OUR EMPLOYEES' EFFORTS TO HELP OTHERS

Citi has a long tradition of volunteering and always supports its employees in their desire to help other people. Each year, our employees organize around 50 volunteering events, implementing their own initiatives. Such activities include regular blood drives and donations campaigns for the needy.

But the most important event for our volunteers is Citi's annual Global Community Day. In 2010, we organized this event for the fifth year in a row. More than 400 Citi employees participated in Russia and CIS. They volunteered their time in nursing homes and orphanages, planted trees and cleaned up parks, helped out at animal shelters and much more.

**At the Petrovsky orphanage (near Yaroslav),** volunteers from Citi equipped the kitchen and then baked cookies with the children.

**In Rostov-on-Don, Kazan, and St. Petersburg,** our employees, along with friends and family, helped to plant trees in city parks.

**In Ufa,** volunteers organized trips to the planetarium and horseback riding lessons for disabled children.

**In Yekaterinburg,** a group of volunteers took the kids from Orphanage No. 7 to the movies, while another group stayed behind and helped seal up the windows for winter.

**In Moscow,** 10 different volunteer activities were organized. Among the organizations that received assistance were the Center for Curative Pedagogics, the Downside Up charity and the Way to the World children's center, among others.





## CONTACTS

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[www.citibank.ru/russia/citigroup/rus/corp\\_citizenship.htm](http://www.citibank.ru/russia/citigroup/rus/corp_citizenship.htm)

For more information on Citi's citizenship activities in Russia

[www.citibank.ru](http://www.citibank.ru)

For global information on Citi and the Citi Foundation

[www.citigroup.com](http://www.citigroup.com)

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