

SUSTAINABILITY REPORT 2014



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EXECUTIVE MESSAGE

EXECUTIVE MESSAGE

It was ten years ago, in 2005, that the CIB Group published its first sustainability report, structured in accordance with the international GRI G4 Reporting Guidelines. The first report has been followed by a new one every year since then, each containing new information related to our operation; but one thing never changes: The CIB Group has organically integrated the fundamental principles of sustainability into its basic operation and corporate culture, and it is along these lines that we carry out our various tasks, because just like our parent company, the Intesa Sanpaolo Group, we believe that the best practice is for these to be reflected in the processes and day-to-day operation of an organisation.

Following the CIB Group's overhaul of its strategy in 2013, we continued our operations and the development of our business processes in 2014 based on the targets defined therein. We took a firm decision to concentrate on expanding our lending activity, improving the range and quality of services, and growing our customer base. With solid support from our parent bank, the main points of focus continue to include our efforts to be a bank that provides our highly discerning retail and corporate customers with services that always stand out from the crowd. We believe that long-term sustainable growth can only be achieved through the fulfilment of these objectives.

In the course of our operation last year, we continued our projects aimed at retaining our staff and supporting the professional development of exceptionally skilled employees, and aligned our corporate culture with our business objectives. We made considerable efforts to engage our workers in the social and environmental programmes and energy saving initiatives launched by the Bank Group. Through a variety of direct and indirect initiatives, which have been running for many years, we have assisted approximately 65 000 people in need by holding numerous volunteering programmes and as a result of projects organised with the help of our civil-sector partners.

As in previous years, we have prepared our report in compliance with the international Global Reporting Initiative (GRI) standards, this year for the second time in accordance with the GRI 4 reporting system. For the seventh year running, our report also states the degree of fulfilment of the principles set out in the UN Global Compact. Please take the time to read carefully through our report and share your thoughts and comments with us, so that by taking them into consideration we can perform even better than before to the satisfaction of all our stakeholders, and hopefully give an account of the results of these efforts as early as in the report on the year 2015.

Best regards,

Dr. Pal Simak
CEO, Chairman of the Board of Directors



ABOUT THIS REPORT: IDENTIFYING BOUNDARIES, MATERIAL ASPECTS

The report contains information regarding the CIB Group's organisational units and subsidiaries in Hungary. In all cases the data is group-level data, except where specifically stated otherwise. When determining the content of the report, we drew heavily on the results of various consultations held with external and internal stakeholders during the year.

Reporting period:	calendar year 2014
Date of previous report:	September 2014 (GRI G4 „in accordance core”)
Reporting cycle:	annual
GRI application level	GRI G4 „in accordance core”

Entities included in the CIB Group's consolidated financial statements:

Subsidiary	Country of registration	Scope of Activity
CIB Bank Zrt.	Hungary	Commercial banking, leasing and factoring services
CIB Lízing Zrt.	Hungary	Financial leasing
CIB RENT Zrt.	Hungary	Leasing
CIB Ingatlanlízing Zrt.	Hungary	Real estate leasing
CIB Lízing Holding Zrt.va.	Hungary	Ownership of stake in CIB Lízing
CIB Biztosítási Alkusz Kft.	Hungary	Insurance brokerage
CIB Faktor Zrt.	Hungary	Factoring
CIB MNM Kft. va.	Hungary	Facility management
Recovery Zrt.	Hungary	Financial consulting
CIB Autó Kft.	Hungary	Motor vehicle trade
Brívon Magyarország Kft.	Hungary	Real estate development and facility management

IDENTIFYING MATERIAL ASPECTS

This CIB Bank Group report focuses on the material aspects specified in the GRI G4 Guidelines. We have already identified these in last year's report, and this year we have reviewed, with an internal team assisted by expert support, the potential changes in the expectations and concerns of our key internal and external stakeholders. The review has revealed that neither the external nor the internal business environment have changed significantly over the past year, and the comments, concerns or confirmations made by our stakeholders suggest that our impacts influencing them have also undergone little change.

Based on the review, CIB Group has decided that checking whether any changes in the identification of material aspects and their material nature are needed is sufficient based on secondary sources. Having processed key external and internal strategic documents, stakeholder studies, assessments, complaint management cases, media analyses, and having prepared an international and domestic benchmark study and analysis, a working group comprising experts in 12 domains has reviewed the list of last year's material aspects, with support from external experts.

We have implemented the following changes in the context of the review:

- three new material aspects have been identified in the wake of external and internal environmental changes and expectations: 1) diversity, equal treatment and anti-discrimination 2) anti-corruption and 3) job protection.
- we have merged the various aspects that were unjustifiably being addressed separately, since the organisation, the stakeholders and the report's structure address them together. This includes: treating products with an environmental and social impact as one material aspect, under the heading sustainable products and services; paper used for office and marketing purposes will henceforth be addressed together under the title of paper usage; customer welfare will be grouped together with service quality, product portfolio, corporate governance, sustainable products and services and other related topics, and will therefore no longer be designated as a separate aspect.
- we have changed the names where these were found not to adequately reflect the actual content (e.g. instead of benefits, we now use 'recognition').

The review has identified the aspects that impact the Bank Group's operation and strategy, and the relevant aspects that affect stakeholder groups and stakeholders, in light of the local context as well as of international trends. As a result of all this, we have identified 31 material aspects to be addressed in this report.

Material aspects

Economic	Internal social	External social	Environmental
1. Pricing 2. Economic performance 3. Corporate governance 4. Lending activity 5. Intesa SanPaolo strategy 6. Legal certainty 7. Suppliers 8. Ethical operation 9. Fair competition 10. Anti-corruption	11. Responsible employment 12. Corporate culture 13. Career management 14. Recognition 15. Training and development 16. Work-life balance 17. Safety at work 18. Working environment and equipments	19. Helping those with payment difficulties 20. Product portfolio 21. Responsible marketing 22. SMEs 23. Financial exclusion, inclusion 24. Quality of service 25. Local communities 30. Sustainable products and services	26. Energy consumption 27. Paper usage 28. Environmentally friendly solutions 29. CO ₂
	31. Diversity, equal treatment		

Every material aspect identified relates to all units within the organisation.

Material aspect	Related GRI indicator	Page number	Direct impact on external stakeholder
Material aspects in terms of economic performance			
1. Pricing	G4-S04	20., 36.	Customers
2. Economic performance	G4-EC1	25.	Owner, Customers
3. Corporate governance	G4-34	15–17.	–
4. Lending activity		32.	Customers
5. Intesa SanPaolo strategy		14.	Owner
6. Legal certainty		21.	Partners
7. Suppliers	G4-12; G4-EC9	37.	Suppliers
8. Ethically sound operation	G4-56,57,58	12., 19–20.	Partners
9. Fair competition		21.	Partners, Customers
10. Anti-corruption	G4-14; G4-S04	20–21.	State, authorities
Material aspects in terms of internal social performance			
11. Responsible employment	G4-LA1; G4-10,11	40–43., 45.	-
12. Corporate culture		45–46.	Local community
13. Career management	G4-LA11; G4-LA10	41–43., 48.	-
14. Recognition	G4-EC5; G4-LA2; G4-LA13	43–45., 47.	
15. Training and development	G4-LA9	48.	-
16. Work-life balance		40.	-
17. Safety at work	G4-DMA H&S FSSS; G4-LA6	44.	-
18. Work tools		48.	-
Material aspects in terms of external social performance			
19. Helping those with payment difficulties		28.	Customers
20. Product portfolio	G4-4, G4-FS6	13., 34.	Customers
21. Responsible marketing	FSSS Product and service labelling DMA (korábbi FS15)	36.	Customers
22. SMEs		31.	Customers, Local communities
23. Financial exclusion, inclusion	G4-FS14	28–29.	Customers
24. Quality of service	G4-PR5; G4-PR8	26–27., 33.	Customers
25. Local communities	G4-S01; G4-EC1	25., 54.	Local community
Material aspects in terms of environmental performance			
26. Energy consumption	G4-EN3; G4-EN5	50.	Environment
27. Paper usage	G4-EN1	50.	Environment
28. Environmentally friendly solutions	G4-EN1	50.	Customers
29. CO ₂	G4-EN16; G4-EN19	51.	Environment, local population
Comprehensive material aspects			
30. Sustainable products and services	FSSS Product and service labelling DMA	28–29.	Customers, Local communities
31. Diversity, equal treatment		20., 39., 40., 42–43.	Customers

The report also gives an account of our efforts to uphold the principles set forth in the UN Global Compact. In 2014, similarly to the previous year but in a departure from the practice of earlier years, we did not have the report validated.



THE BASIS OF OUR OPERATION

VISION AND VALUES

We work to provide high-quality banking and financial services to our customers and to create and exploit opportunities for development in all areas of our activity. Aware of the importance of our activities, we promote a model of growth that focuses on sustainable results and the creation of a process based on the trust that derives from customer and shareholder satisfaction, a sense of belonging on the part of our employees and close monitoring of the needs of the community and the local area.

We compete on the market with a sense of fair play and are ready to cooperate with other economic entities, both private and public, whenever necessary to reinforce the overall capacity for growth of the economies of the countries in which we operate. Our aim, in accordance with the ethical values of our international banking group, is to operate with a sense of responsibility in terms of fairness, transparency and sustainable development. (except from our Code of Ethics)



Integrity

We pursue our goals with honesty, fairness and responsibility in full and true respect of the rules and professional ethics and in the spirit of signed conventions and agreements.



Excellence

We set ourselves the goal of continuous improvement, farsightedness, anticipating challenges, and cultivating extensive creativity aimed at innovation; moreover, we recognise and reward merit.



Transparency

We are committed to making transparency the basis of our actions, advertising and contracts, in order to allow all our stakeholders to make independent and informed decisions.



Respect for local characteristics and differences

We seek to achieve the appropriate balance between the global nature of our operation and the special requirements of the local market and, while maintaining a broad vision, to never lose sight of these.



Equality

We are committed to eliminating all forms of discrimination from our conduct and to respecting differences in gender, age, race, religion, political and trade-union alignment, and language, and to respecting the rights of those with disabilities.



Values of the individual

The value of every single person serves as a guide for our modus operandi: we use listening and dialogue as tools for continuously improving our relationships with all our stakeholders.



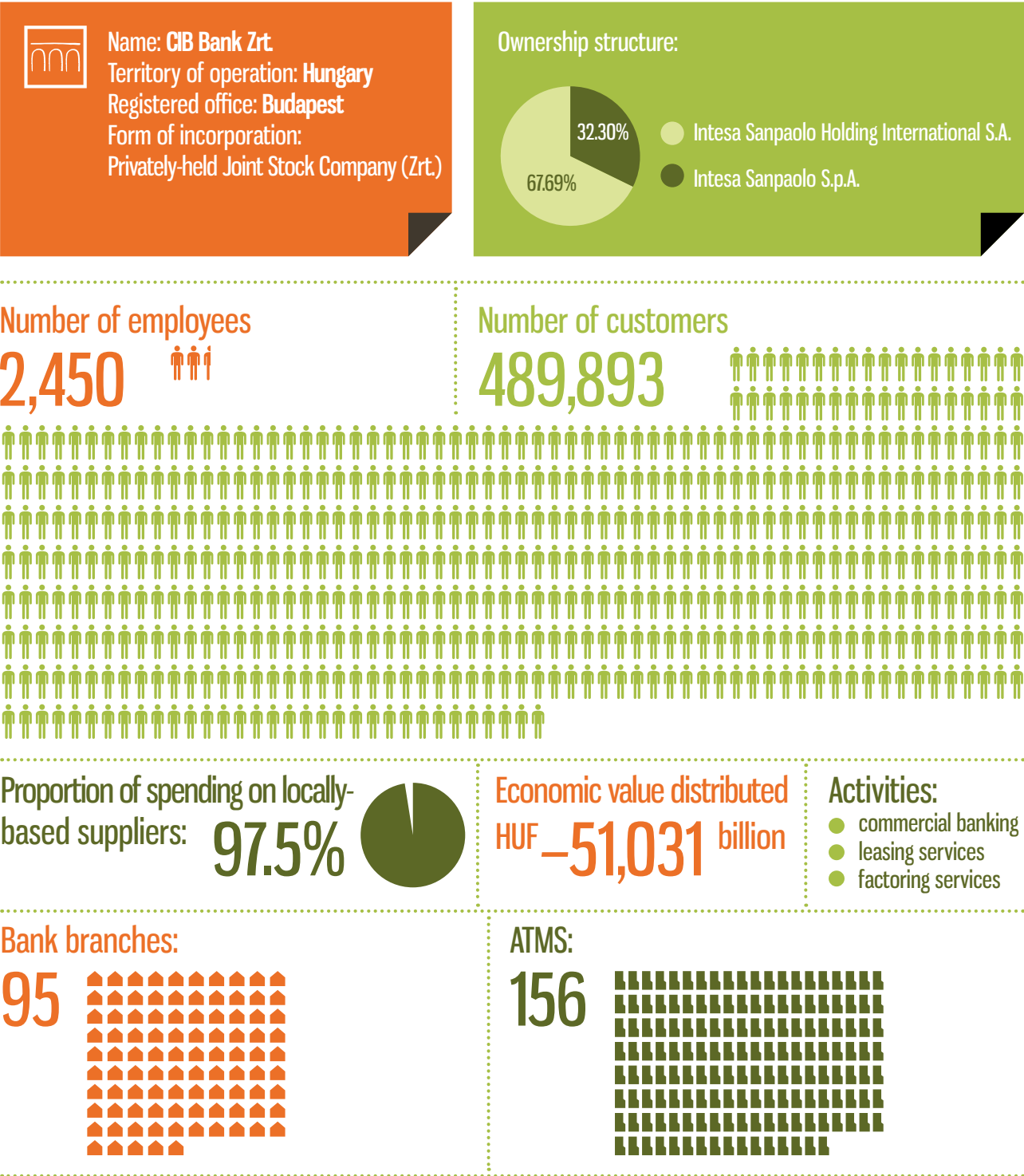
Responsible use of resources

We aim to use all our resources sparingly. In this regard we promote conduct that is based on the best use of resources and on the avoidance of waste and ostentation. We give priority to solutions that have been designed with sustainability in mind.

BUSINESS MODEL

CIB Bank Zrt. is a subsidiary of the Intesa Sanpaolo Group. Backed by a strong parent company and 35 years of expertise in universal banking, CIB Bank offers the full range of commercial banking and investment services, supplemented by products and solutions offered by its subsidiaries. In addition to offering services to 489,893 customers through its branch network of 95 units nationwide, CIB Bank continues to seek innovative solutions tailored to customer needs.

The services of CIB Bank Zrt. are available to businesses, institutions, municipalities and sole traders, as well as to retail customers. Besides the bank's branches, customers also have an exceptionally wide variety of electronic channels to choose from, through which to manage their finances quickly and conveniently, such as CIB Internet Bank, mobilCIB, or eBroker, the Bank's information and securities trading system.



STRATEGY AND PRIORITIES

In 2013 the CIB Group reformulated its strategy with the endorsement and support of its parent company, Intesa Sanpaolo: in the medium term, the Bank will focus on growth in strategically key segments and product categories, and will strive to maintain its market position in the areas where growth is not the main objective. The key aim of the strategy is to create a more effective and efficient operating model to support the long-term profitable operation of the Bank.

The strategy rests on three main pillars:

- the internal organisational separation of the “core bank” portfolio comprising traditional banking operations on the one hand, and the non-strategically critical portfolio on the other,
- the repositioning of the Bank through the development of the retail and SME segments, and
- the proactive management of non-performing elements of the loan portfolio.

The plan’s strategic objectives are as follows:

- maintaining excellent customer relationships in order that the Bank should become its customers’ primary financial services provider;
- gradually enabling the “core bank” to once again operate in a sustainably profitable manner;
- spinning off value-draining assets and operations.

Our owner Intesa Sanpaolo

The CIB Group’s owner is Intesa Sanpaolo S.p.A, one of Europe’s largest banking groups. ISP is committed to the Central and Eastern European (CEE) region, and to the Hungarian market, which is of strategic importance to the group. ISP has not only provided CIB with considerable capital and funding support in recent years, but has also shared with it the best group-level operating practices. In 2013 our owner resolved to pursue a new strategy that focuses on growth. Intesa Sanpaolo’s new business plan is aimed at achieving solid and sustainable value creation and distribution by the year 2017. This is envisioned as taking place along the lines of a clear and comprehensible action plan that requires a joint effort to put into effect, with people and investments representing the key factor in its implementation.

DECISION-MAKING BODIES

Members of the Board of Directors

Name	Position
Dr. Pál Simák, Chairman	CEO
Eduardo Bombieri	Chief Risk Officer, Deputy CEO
Andrea De Michelis	Chief Financial Officer, Deputy CEO
Giorgio Gavioli	Chief Operating Officer, Deputy CEO
Michael Clark	FCMD Deputy CEO
János Strohmayer	Head of Organisational Change and Efficiency Management, Deputy CEO
Dr. Tamás Ákos	Retail Deputy CEO

As at 31st December 2014

Members of the Supervisory Board:

Name	Organisation represented
Ezio Salvai, Chairman	Intesa Sanpaolo Bank Group
Massimo Malagoli	Intesa Sanpaolo Bank Group
Giampiero Trevisan	Intesa Sanpaolo Bank Group
Christophe Velle	Intesa Sanpaolo Bank Group
Giorgio Spriano	Intesa Sanpaolo Bank Group
Adriana Saitta	Intesa Sanpaolo Bank Group

As at 31st December 2014

The bank’s supreme decision-making body is the Shareholders’ Meeting, which is made up of all the shareholders. The structure of the other boards is as follows:

The bank’s executive body is the Board of Directors, the members of which are employed by CIB Bank.

The Supervisory Committee is responsible for overseeing the bank’s operations, and is chaired by Ezio Salvai.

The Audit Committee, chaired by Christophe Welle, supports the work of the Supervisory Committee, primarily in relation to auditing, risk management, accounting and compliance-related tasks.

The Steering Committees are authorised to independently make decisions and launch initiatives affecting the entire CIB Group, within the scope of authority delegated to them by the bank’s Board of Directors:

- Credit Committee
 - Asset Quality Section
 - Financial Risk Committee
 - Operational Risk Committee
 - Change Management Committee
 - Problem Assets Committee
- Remuneration Committee
 - Nominating Committee
 - Risk Management Committee

The task of the central CSR department is to coordinate and oversee the various CSR projects and initiatives, and to implement uniform internal and external CSR communication. CSR activities have come under the direct supervision of the CEO since summer 2009, although for resource-distribution reasons the related tasks are performed by the Communication department. A report on CSR activities is prepared for the senior management at regular intervals, presenting the most important achievements of the previous quarter and the challenges of the coming period.

Organisational structure



In 2014 the most important change in the organisation, designed to support the implementation of our strategy, was the creation of a new Management Board structure: The Management Board now consists of eight members, and several new members have been added:

- Retail (Dr. Tamás Ákos),
- Corporate (Dr. Pál Simák, on a provisional basis),
- Risk Management (CRO, Eduardo Bombieri),
- Organisational Change & Efficiency Management (CTO, János Strohmayer),
- Finance (CFO, Andrea de Michelis),
- Operations (COO, Giorgio Gavioli),
- Focused Customer Management, “FCM” (CWO, Michael Clark).

The responsibilities of several Management Board members have been expanded. Alongside their previous areas of responsibility, János Strohmayer now also oversees the Voice of Customer department, Eduardo Bombieri the Compliance and Anti-Money Laundering departments, Giorgio Gavioli the Bank’s Business Intelligence and Competence Centre, and Andrea de Michelis Realty Services. This change will result in more rational corporate governance and more balanced responsibilities and distribution of tasks.

Alongside this expansion of the Management Board’s structure, the merging of the SME and Leasing divisions and the creation of a new Retail unit were major changes.

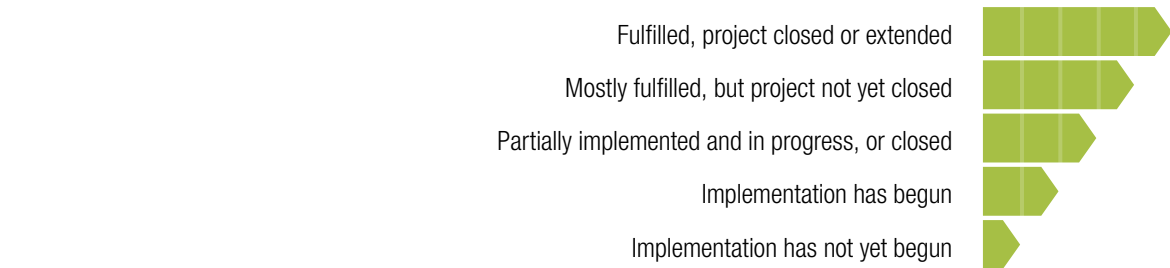
In line with the objective of improving organisational efficiency, the formerly separate SME and Leasing divisions were merged to create a single SME & Leasing division. The structure of the SME segment has remained unchanged, but the central areas have been structurally simplified and continue operating in an integrated manner, serving both the SME and Leasing businesses. The previous sales structure of Leasing has also been radically transformed and streamlined, with two areas serving Leasing customers in the new business model: Retail Leasing and Strategic Leasing Partners.

In the Retail division, a new manager has been appointed, bringing changes in the organisational structure. Under the new structure, in the interests of improving sales focus and revitalising our branch network, the six retail regions have remained unchanged under the management of the head of Retail; however, the related branch network has been redistributed more uniformly in an effort to ensure more balanced operation. Multichannel service and sales is one of the cornerstones of the business line’s strategy. The newly created Retail Channel Management is in charge of building the partner and agent network, promoting the mobile bank network and providing intensive and close support for the branch network. The new Retail organisational structure is segment-based, with Small Business and Private Banking having been afforded emphasis, as has Individual Segment Management. Greater focus was placed on digital channels, alongside CRM and sales monitoring.

In the interest of simplification and improvement in efficiency, organisational changes were made within several divisions. Of these, the most important – besides those already mentioned – were implemented in Operations and in Workout.

OUR OPERATION AND WHAT IS BEHIND IT

Our most important commitments for 2014



Commitment
Corporate governance
• Continuation of simplification and rationalisation steps
For our employees
• Review of HR processes and policies
• Design of talent program for professionals
• Extension of the sales incentives system to all business divisions
For our customers
• Development of our interactive channels
• Drafting of value-based propositions
For our suppliers
• Further incorporation of sustainability and ethical considerations into the supplier selection process
Community relations
• Holding of charitable events, exhibitions
• Elaboration of a sponsorship and donation program
For our environment
• Further communication of the environmentally-friendly aspects of our operation
• Expanding the scope of selective waste disposal

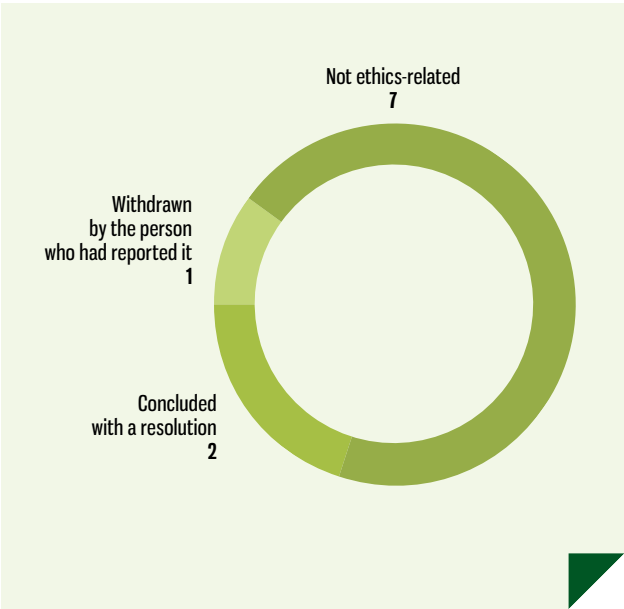
Our commitments for 2015

Commitment
Corporate governance
• Continuation of simplification and rationalisation steps
For our employees
• Review of HR processes and policies
• Launch of talent program for professionals
• Design of internship program
For our customers
• Development of our interactive channels
• Drafting of value-based propositions
For our suppliers
• Further incorporation of sustainability and ethical considerations into the supplier selection process
Community relations
• Elaboration of a sponsorship and donation program
For our environment
• Further communication of the environmentally-friendly aspects of our operation
• Reduction in printing costs

Ethics and conduct

Our Code of Ethics reflects our broader vision of our social and environmental responsibilities. It explains those values in which we believe, and which we have made a commitment to uphold. As a company that operates in compliance with strict ethical norms, we have put in place a number of mechanisms that reveal risks that have previously, due to their nature, remained hidden; these include ethical risks. The purpose of the procedural rules is for victims in ethics cases, who until now have been unable to ask for help, to be able to consult and request advice, before taking action, if needs be, and to do so in an anonymous manner. The Intesa Sanpaolo Group has set up a system of local ethics ombudsmen, which with a few exceptions investigate ethics-related reports in the given member country, with the decision also made at local level. To enable us to take local conventions into account, in addition to the ethics ombudsman the CIB Group has also established an Ethics Committee, the chairperson of which, as ethics ombudsman, is the Bank's head of CSR. We automatically send a notification of every report to our head office in Italy. The Ethics Committee does not impose sanctions, its task is to judge whether the claims made in the report are warranted, and to take steps to share the lessons learned. If the accusations are substantiated, the Committee passes the case on to the appropriate professional department for investigation and a decision, and also to HR for a possible labour-law investigation.

In 2014 a total of ten ethics complaints were received. Seven of these cases were not ethics-related; two cases were concluded with a resolution and one report was withdrawn by the person who had reported it.



Topics of announced Etical issues at CIB Bank 2014

2014
Conflict of interest
Sexual harassment
Manager's conduct
Employee's conduct
Obtaining information on overtime
Question that arose with regard to car purchases from CIB's contracted partners
Unfair conduct, apparent favouritism due to suspected personal relationship between an employee and a manager

The interactive training material prepared in 2012 provides the basis for the training course that every employee must complete online. The learning material that was produced took the form of a comic strip-type story, which provides the most important information and uses interactive exercises and case studies to guide employees through the maze of the Code of Ethics, the rules of conduct and the Code of Ethical Procedure. The purpose of the training program is to make key information on our ethical values and ethical procedures accessible and engaging, both in the way they are presented and in terms of the related tasks, by making them easy to understand through exercises that illustrate the rules of conduct through examples. All new hires must study and be

familiar with the ethics-related training material, and employees must pass a new test on the subject every four years.

The **Code of Conduct** is a means of articulating, in the form of regulations, the values enshrined in the Code of Ethics. It goes into detail regarding the rules of personal conduct and the finer points of banking operations, sets rules pertaining to the expected model of conduct, and deals separately with the prevention of corruption and the criteria for gift-giving. The Code of Conduct has been incorporated into the Bank Group's regulatory system as a policy, the breaching of which may have consequences under labour law.

Equal treatment and diversity

The Bank also clearly defines its key principles related to responsible practices in its Organisational and Operational Regulations (OOR). Through this, the Bank rejects all forms of discrimination and corruption in both its internal and external communication, prohibits any form of discrimination and guarantees the general requirements of equal treatment in accordance with the relevant EU guidelines. Besides the above, the regulations governing compliance and risk management activities also proclaim similar principles aimed at supporting responsible operation.

The CIB Group ensures equal treatment for its existing and future employees in accordance with the Fundamental Law of Hungary, the effective statutory provisions and the Bank Group's Code of Ethics. This is achieved through the transparency of decision-making processes within the company and the ethical training provided to

both managers and employees. The examination of ethical issues associated with this topic and the subsequent preventive changes ensure legal and ethical compliance in this area.

We ensure equal treatment for all existing and prospective employees, but at the same time we also give special consideration to ensuing work opportunities for people with disabilities and disadvantaged workers, and to creating a level playing field for these individuals. In connection with this, as on previous occasions, it was decided that the downsizing should not affect any employees who are in some way disadvantaged or living with a disability. Where necessary, we adapt the hiring process to accommodate the special needs of people with altered abilities. Through these measures, we ensure the diversity of our staff.

Functions supporting responsible operation

In terms of responsible banking operation, clearly defining responsibilities, and in certain cases – depending on the relative importance of the given function – creating a separate organisational unit, is of key importance.

We regard legal compliance – especially with respect to the prevention of money laundering – and the appropriate management of the risks arising from our operation as being of particular importance.

The functions supporting compliance with EU guidelines and legislative requirements ensure responsible operation, a key tenet of which is the effort towards corruption-free operation. Our corporate governance regulations, process requirements and internal training courses ensure that our employees do not fall victim to or become involved in corruption. Our staff receives training and information on this topic as part of our ethical training course, while our compliance systems ensure this works in practice through various controls.

A separate team of specialists coordinates **anti-money laundering activities**. Their task is to screen for suspicious transactions, provide staff with training in anti-money laundering procedures, forward reports of suspicious transactions to the relevant authorities, and to ensure the necessary flow of information.

Our employees participated in distance learning courses and took electronic examinations on the prevention of money laundering, conflicts of interest and security awareness via an e-learning platform available on our internal network, and also received classroom-based training on these subjects.

In 2014 a total of 2,253 employees took part in e-learning-based, and 258 staff members received annual classroom-based training, on the subject of preventing money laundering, and sat the exam that followed. The obligatory Code of Conduct, which was approved in 2008, includes a set of rules on the prohibition of corruption. As a part of its efforts to combat corruption – in keeping with the relevant guiding principles of Intesa Sanpaolo – the CIB Group does not, in any way, support politicians or political parties, or institutions with which they are associated.

Internal Audit is an independent and objective, corroborative and advisory function, the purpose of which is to improve the operations and effectiveness of the given organisation. In order to assist in achieving the organisation's stated objectives, the Internal Audit function methodically and systematically assesses and improves the effectiveness of the audited organisation's governance and control procedures.

With respect to the matter of **conflicts of interest**, we proceed in accordance with requirements that are stricter than those set out in Act CXXXVIII of 2013 (Credit Institutions Act), Act CXXXVIII of 2007 (Investment Services Act), and Act XXII of 1992 (the Labour Code). To this end we have amended our internal policy on personal conflicts of interest, and proceed in accordance with it.

As a consequence of the economic crisis, the demand for consumer protection in Hungary has strengthened on the part of both society as a whole and the legislators. In response to these expectations, the CIB Group has developed **procedures that reinforce the protection of consumers**. A dedicated specialist has been assigned to oversee this task, ensuring that consumers' interests are taken into consideration in the course of day-to-day operations, and that this attitude becomes an integral part of our corporate culture.

Our parent company, ISP – adopting an enlightened European approach – likewise places considerable emphasis on consumer protection and on providing a high standard of service to customers. In April of 2014 our parent company issued a set of group-wide consumer and investor protection regulations, in order to harmonise and unify the consumer and investor protection provisions required and represented by ISP across all of its subsidiaries.

The purpose of the **risk management function** is to identify the risks of the given organisational unit, to measure the identified risks and manage them to ensure that they do not jeopardise prudent operation or the fulfilment of business objectives. At the CIB Bank Group, it is the Risk Management department that is responsible for these activities.

In 2011 the CIB Group elaborated its Risk Management Strategy, which is reviewed annually in line with the CIB Group's business strategy, and which has the purpose of describing the internal capital adequacy assessment process and concept, which encompasses the CIB Bank Group's risk assumption policy, its appetite for risk and the structure of risk control operations. The greatest risk that we face in the course of our business operations is credit risk, the mitigation of which is achieved partly through compliance with the statutory requirements and internal limits, and partly through prudent lending and loss-provisioning practices.

In 2013 the Bank Group introduced a new system of indicators designed to show risk appetite, in harmony with our parent bank's guidelines in this regard, with which we define the framework system based on which we determine – depending on the extent of the risk – when, how, and at what terms we provide services.

We set up the Focused Customer Management Department, an organisational unit with the primary objective of mitigating risks and reducing exposures in respect of the group of customers concerned, by pursuing an individual, customised business strategy on the corporate side, and developing and launching restructuring products in the retail segment. In the course of its business operations the CIB Bank Group is exposed to a variety of market risks. The CIB Bank Group has identified interest risk, liquidity risk and price/exchange rate risk as measurable market risks. Each year, the Board of Directors, under the supervision of the Supervisory Committee, determines the appetite for market risk in line with the parent bank's tolerance for risk, and then sets out the corresponding limits and limit system. Risk Management is responsible for the operation of the limit system, the related processes, back-testing and reports. The appropriate risk management committees, including the Board of Directors and Supervisory Committee, regularly receive risk reports broken down for each risk type, and in summary, which conform to the system of indicators introduced in 2013 to determine the risk appetite. The CIB Bank Group, in addition to the retrospective analyses, also plans on an ad-hoc basis the future changes expected in terms of such market risks and liquidity planning and forecasting.

It is important for us to advance ethical behaviour within our industry by exhibiting fair market and competitive conduct, leading by example, and through participation. We adhere to the self-regulating approach adopted by the industry and apply this to our own operations, while acting ethically towards our competitors. Fair competitive market conduct serves as the basis for our pricing policy. The Hungarian Competition Authority has not imposed any fines on our bank.

Authority proceedings

Eight of the consumer protection audit procedures conducted by the National Bank of Hungary (MNB) were closed in 2014. Of the eight concluded procedures, two resolutions imposing a fine were issued. The consumer protection fines imposed in the context of consumer protection audit procedures amounted to HUF 44.5 million. One of the procedures resulting in a fine was an ex officio consumer protection thematic audit, in which the MNB identified infringements linked to fee increases implemented in the context of unilateral contract amendments and an incorrectly stated fee on the list of conditions, as result of which a fine of HUF 44 million fine.

Other MNB audits conducted last year that resulted in a fine being levied on us:

the 2013 general audit, the concluding resolution of which we received in 2014.

1. Supervisory fine (Bank):

- strategic risk management shortcomings: HUF 15,000,000
 - shortcomings related to the determining of a creditworthiness limit: HUF 10,000,000
 - shortcomings related to the management of liquidity risks: HUF 5,000,000
 - shortcomings related to the absence of testing for sudden outages in critical IT systems: HUF 5,000,000
2. Consumer protection fine (Bank): HUF 16,000,000
3. Supervisory fine (Leasing): HUF 5,000,000

A fine of HUF 25 million for the violation of certain provisions of the Act on Payment Services and the MNB's decree on payment services.

The ICAAP audit was also concluded in 2014, and did not result in any fines.

Engaging with our stakeholders

For our group, maintaining an ongoing dialogue with our stakeholders is a fundamental requirement. **We regard as our stakeholders all those who may be affected by the activities and operations of the bank, and/or who may have an effect on our organisation. Of these, the following three groups are of critical importance from the perspective of our operation: employees, customers and the owner.** Besides these three priority groups, we have identified further stakeholder groups, which

are: suppliers, civic organisations, local communities and professional organisations. Our definition of community relations includes our relationships with professional organisations (associations, trade federations, chambers) and the third sector (non-profit organisations, foundations, local communities), and the members of the local communities themselves.

In the course of 2014, we continued using a variety of formats, communication tools and channels to engage with our stakeholders.



OUR BUSINESS ACTIVITY

THE MARKET ENVIRONMENT

The Hungarian banking sector still faces substantial burdens and challenges:

- the government measures affecting the banking sector, which significantly reduced the profitability of Hungarian banks;
- the high ratio of non-performing loans that resulted from the deterioration in the quality of the corporate and retail loan portfolio as a consequence of the protracted economic downturn;
- the continuing outflow of external funds from the banking sector, though the banking sector's liquidity improved in parallel with that of the financial markets.

Corporate lending has improved significantly in 2014, especially within the SME segment.

Lending to non-financial corporations also increased further, substantially driven by the Funding for Growth Scheme (FGS).The National Bank of Hungary launched its Funding for Growth Scheme in June 2013. Thanks to the FGS, which has been extended until the end of 2015, the fall in corporate lending has come to a halt, and further growth is expected on the forecast horizon. Nevertheless, no material easing of credit conditions has yet materialised, and a sustainable turnaround can only be expected once market lending picks up. The wind-down of foreign currency-based loans within household loans has continued, while in forint-based lending an expansion could be observed in 2014.The volume of housing loans within new loan placements grew substantially: the rise in real wages and employment, coupled with falling credit costs, could have an overall positive effect on household borrowing through consumption and home improvement projects.

GOVERNMENT MEASURES AFFECTING THE BANKING SECTOR

Exchange rate spread / unilateral contract amendment	The Supreme Court resolution passed in July 2014 and the Settlement Act of October 2014 apply to all forint- and foreign currency-based credit and loan contracts, as well as to financial lease contracts. Based on a decision of the Curia, the exchange rate applied in the case of foreign currency loans and the general terms of contract were found to be unfair, and this made a unilateral amendment of the contracts possible. According to the MNB estimations the total gross cost of the reckoning that affects the banking sector may be close to HUF 950 billion, the majority of which – almost HUF 700 billion – arises from the foreign currency-based mortgage loans that are on the banks' balance sheet.
Forint conversion	Pursuant to an agreement between the banks and the MNB, the banks will convert all foreign currency-based mortgage loans into forint at fixed exchange rates (309 HUF/EUR and 256.5 HUF/ CHF). The conversion will eliminate exchange rate risk on foreign currency-based mortgage loans, exerting an overall positive impact on the sector.
New regulation of PTI and LTV in the area of consumer lending	The MNB has issued a decree to restrict the excessive flow of credit to households. The new requirements that came into force on 1 January 2015 must be applied to all new loan contracts concluded in Hungary. The new regulation rests on two main pillars. The payment-to-income ratio (PTI) limits the maximum instalment payments that may be undertaken when taking out a new loan in proportion to customers' regular, legal income, thereby reducing customer indebtedness. The loan-to-value ratio (LTV) limits the amount of credit that may be taken up relative to collateral (property value) in the case of collateralised loans (such as mortgage loans). The payment-to-income ratio could not exceed 50 percent of income for all new forint loans taken out after 1 January 2015, or 60 percent for high income customers (with net income of HUF 400,000 a month or more).
Sector-level Bad Bank	The asset management entity established at the initiative of the central bank – as part of a scheme that is voluntary for banks – could effectively resolve the problem of the bad-quality corporate portfolio. Pursuant to a decision of the Monetary Council, the MNB will provide forint funding of HUF 300 billion to the asset manager for purchasing commercial property loans and the related foreclosed properties. This would free the banks from a substantial burden, which in turn could improve the effectiveness of monetary policy.
Extraordinary bank tax	The extraordinary bank tax remained in effect in 2013 and 2014, and amounted to HUF 200 billion at annual level for the banking sector as a whole. This tax burden is considerably higher than similar taxes levied in other countries of the European Union, and damages not only the growth prospects but also the profitability of bank-sector players. It considerably erodes the banking system's return on equity, as well as its ability to support the real economy through its lending activity. As a result, the sector is less competitive than its peers in the region.

DISTRIBUTION OF INCOME, FROM A STAKEHOLDER PERSPECTIVE

The data pertaining to the generation and distribution of economic value reveal how the organisation contributes to the prosperity of its stakeholders. The total gross value generated is the difference between the total value generated (revenues) and the cost of goods purchased and services used (consumption). We performed the calculation of this using the methodology applied by the Intesa Sanpaolo Group. More information on the Bank's business results can be found in the 2014 Business Report and the Annual Financial Statements that include it.

The 2014 data continue to reflect the protracted crisis faced by the Hungarian economy, and the impact of the much changed tax regime, as the economic value generated fell due to the special tax on banks, the drop in interest revenues, impairment and other losses, but at the same time we reduced our loss in comparison to the previous year.

Economic value generated and distributed (HUF billion)

	2011	2012	2013	2014
Total value generated (A)	197.434	172.067	148.247	115.904
Total consumption (B)	201.288	238.686	178.220	163.779
Gross value added from core business activity (A-B=C)	-3.854	-66.619	-29.973	-47.875
Revenue from the sale of fixed assets (D)	-1.254	-25.846	-40.575	-3.156
Total economic value generated (C+D=E)	-5.108	-92.465	-70.548	-51.031

	2011	2012	2013	2014
Shareholders (dividend)	0	0	0	0
Employees (wage payments)	24.744	24.161	23.261	23.060
State (direct and indirect taxes)	-0.723	24.491	35.229	24.112
Third sector (donations and contributions)	0.882	0.725	0.047	0.084
Corporate sector (profit reserve and depreciation)	-30.010	-144.842	-129.084	-98.287
Total economic value distributed	-5.108	-92.465	-70.548	-51.031

CUSTOMER SATISFACTION AND COMPLAINTS MANAGEMENT

In 2014 we marked the seventh year of our “100% Attention” program, within the framework of which we stepped up our efforts to raise the satisfaction level of customers, while the changes in the economic environment presented the Bank, and often our customers too, with a new set of challenges.

We carried out continuous segment-specific customer satisfaction research: in keeping with the practice employed for many years, we continued our surveys of retail and SME customers.

In our efforts to continuously improve our services, in addition to the regular surveys we also placed particular emphasis on the systematic collection and evaluation of direct customer feedback. We continue to use the system introduced in 2010, which is based on a feedback platform available via the queue-ticket dispensing machines in branches, which elicited nearly 390,000 responses from our customers last year. The questionnaires, which are updated quarterly and are tailored specifically to the individual branches, have made it possible to initiate targeted improvements in the branches with adequate speed.

With respect to complaints management – where there was a 4% decrease in the number of complaints relative to the previous year – we faced considerable challenges. Most complaints were still related to bank cards and current accounts, and leasing and credit products.

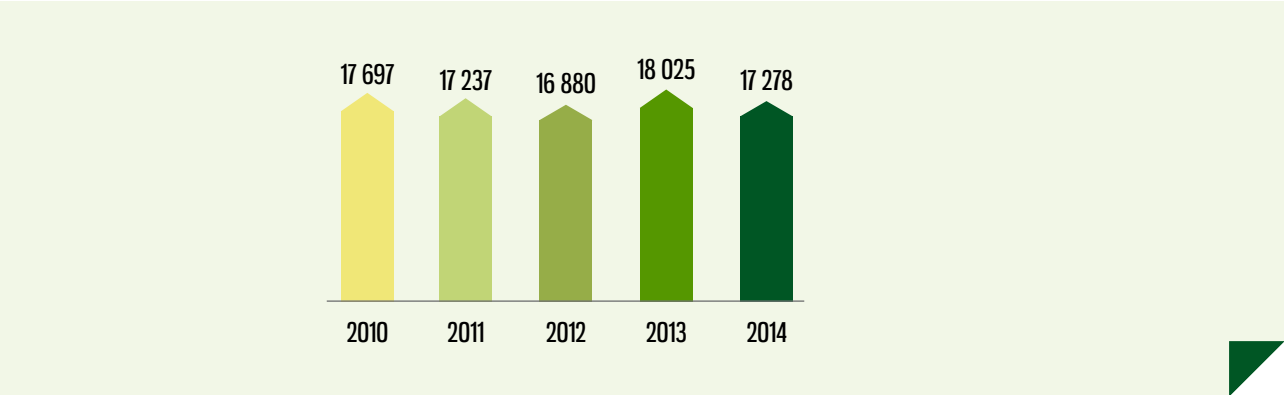
We continued to follow our previously introduced practice of taking an equitable approach to the assessment of complaints. As a result, we found an equitable solution for our customers in one out of four complaints last year as well.

The CIB Group regularly cooperates in the interviews and consultations held by the Financial Arbitration Board that began operation in mid-2011 (and which mediates between financial institutions and consumers in the resolution of certain disputed matters), in the interest of reaching settlements based on customer-centred solutions.

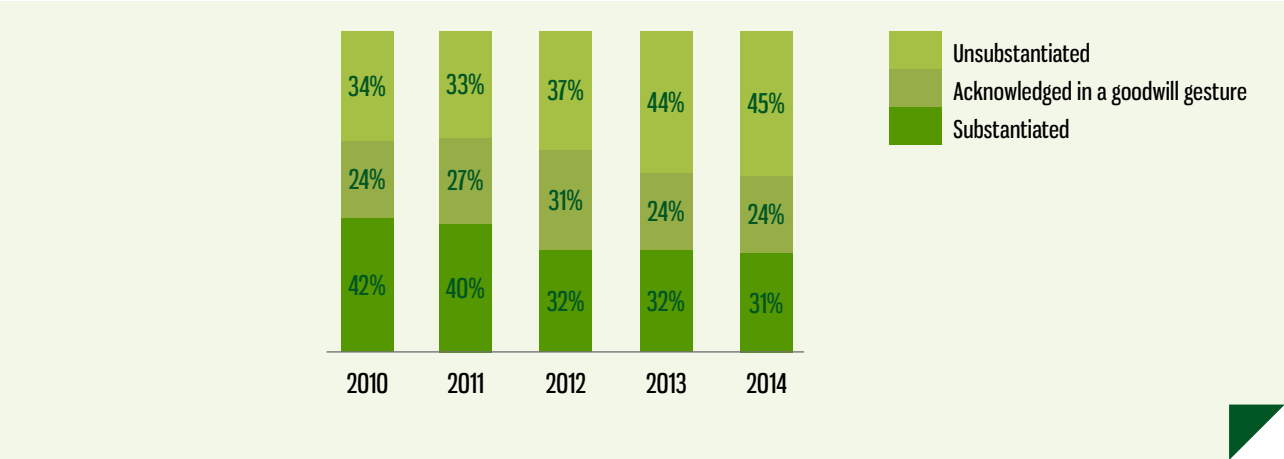
In October 2013, the Hungarian Financial Supervisory Authority was merged with the National Bank of Hungary (MNB). Our internal regulations have been amended to accommodate this change, and we continue to strive to meet all the expectations of the new supervisory authority.

Last but not least, the CIB Group takes part in all cooperative initiatives that might deliver a solution for those of our customers whose situation has become untenable as a result of the economic crisis, with the aim of preventing or reducing the number of future complaints.

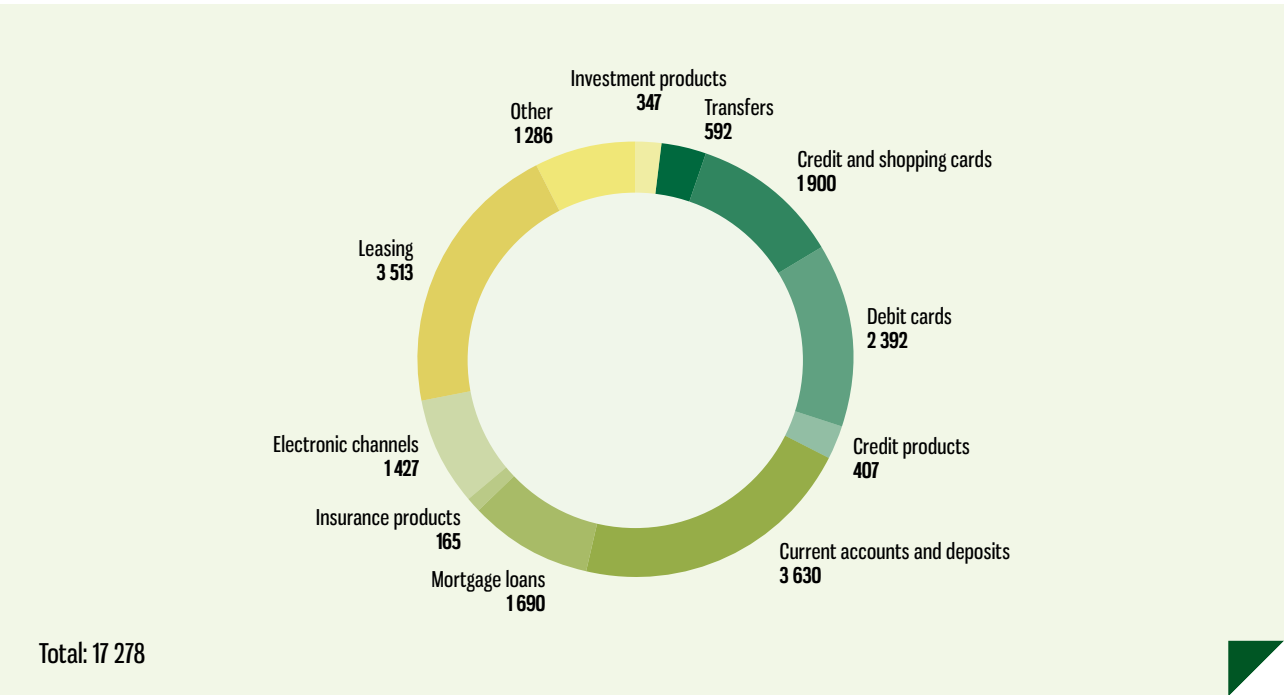
Number of complaints investigated by Voice of Customer (the complaints management department) at the CIB Group



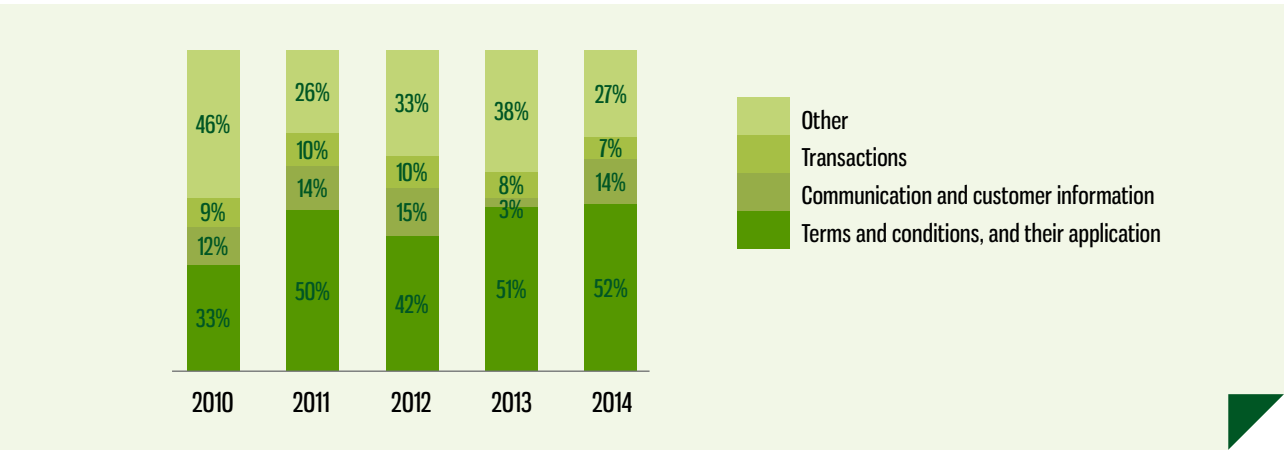
Adjudication of complaints in 2014



Distribution of complaints by services in 2014



Distribution of complaints by type



With respect to abuses of personal data, a total of 78 complaints were lodged (in 2012: 82, in 2013: 78), a significant proportion of which were related to acts of external bank card fraud.

OUR DISADVANTAGED CUSTOMERS

We consider it important that everybody, including those of our customers who have disabilities affecting their movement, sight and hearing, or who are living with any other handicap, should have equal access to our services. A part of this stems from fulfilment of our statutory obligations, while other initiatives are undertaken voluntarily. As of 31 December 2014 all of our 95 branches were accessible for

disabled people, in accordance with the statutory requirements. By the end of 2013 the bank's branch network consisted of 95 units, and 171 CIB-operated ATMs were available to our customers. The CIB Group still does not have any representative offices. At the end of 2014, a total of 40 of our branches had children's areas, making it easier for customers with small children to do their banking.

INDEBTED CUSTOMERS

The CIB Group takes part in all cooperative initiatives that might deliver a solution for those of our customers whose situation has become untenable as a result of the economic crisis, with the aim of preventing or reducing the number of future complaints.

Our customers have several options for the bridging of their repayment difficulties, depending on what type of loan product they have.

- In the case of unsecured credit there is an opportunity to request a temporary reduction in the repayments (50% for 6 months), but we charge the unpaid principal and interest in the following period. There is also the possibility of lengthening the repayment term, in which case the monthly payment decreases – although not proportionately, due to the increase in the overall loan fees – while various loan debts existing simultaneously can be replaced with a debt consolidation loan.
- Where property-backed loans are concerned, we offer numerous other solutions. With the CIB Solution Loan we provide what is known as a period of forbearance, during which only a part of the monthly payment needs to be paid, but we charge the unpaid principal and interest over the remainder of the term. There is the option to convert a Swiss franc-based loan into a euro or forint-based one. Based on the statutory provisions our CIB Exchange Rate Fixing Loan II product, which also ensures a temporary period of easing at the fixed exchange rates specified in the relevant statutory provision. The CIB Replanning Loan could be of assistance to those of our customers with Swiss franc-based mortgage loans who, due to changes in the exchange rate and/or their life circumstances, are unlikely to be able to continue meeting their current contractual payment obligations over the longer term. Furthermore, the monthly payment can be reduced by lengthening the term of the loan. For the amendment, it is also necessary to reissue the notarized deed and amend the contract.

OUR PRODUCTS

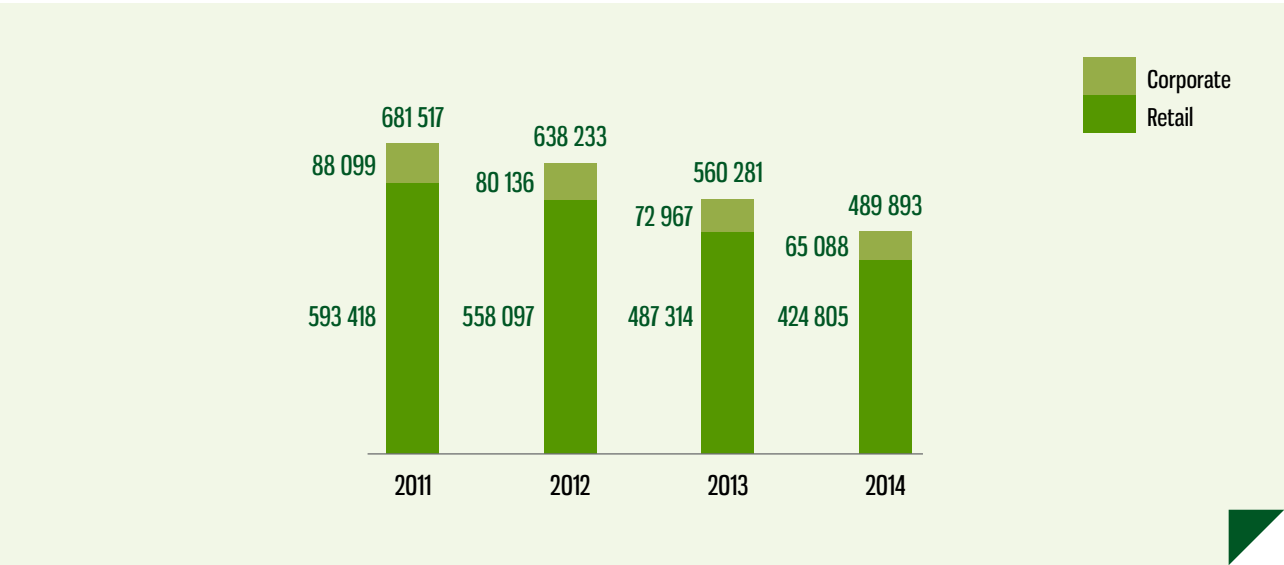
CIB devotes particular attention to the development of our retail division, and as a part of this it has set itself the goal of being the primary bank for its customers. The main component in this approach is to simplify bank processes and improve customer satisfaction. With this in view, we strive to continuously expand our offering of premium banking services and to provide high standard asset management products and excellent, standardise banking services through our electronic channels and branch network. The Bank aims to boost retail lending by introducing new processes and developing

its commercial channels, in the context of a market that is undergoing radical change. The expansion of the Group's banking insurance product range also supports this endeavour.

The Bank's product range does not include any specifically green credit products, and there are no plans to introduce such services. However, our current schemes support the implementation of green investments.

- Products/services that the Bank Group offers to our customers:
 - Investment products
 - Transfers
 - Credit and shopping cards
 - Debit cards
 - Credit products
 - Current accounts and deposits
 - Mortgage loans
 - Insurance products
 - Access to electronic channels
 - Leasing
 - Other

Distribution of CIB Group's customers by type (persons)



Data as of 31st December

We strive to minimise the negative environmental and social impact of our products and services, primarily through our risk management processes and decision-making, and by providing comprehensive information to the customers and partners concerned. Certain product developments (such as simplification) also serve this purpose. Our products and services geared towards sustainability objectives still fall short of the offering available on the international market, as our current portfolio is tailored to domestic demand (which is still a

small segment) and the regulatory environment, and is also aligned with global and local strategy. The indirect goal of our bespoke products and services for SMEs is to promote the development of the domestic economy, and our new home-building financial services contribute to the fulfilment of a fundamental social requirement. In addition, environmental or social products and services may be developed and introduced based on strategic decisions, provided that they are warranted from a sustainability and financial perspective.

We have placed the regulating of monthly account fees into the hands of our retail customers

In 2014 we rolled out our CIB Kártyázó Account Packages, which offer transparent and comprehensive sets of services that enable customers to regulate the associated monthly fees through their card purchases. This helps promote financial awareness, and encourages customers to grow accustomed to using bank cards, which is much safer and less costly than using cash.

Distribution of CIB Group's retail customers by age (percent)

	2011	2012	2013	2014
0-32 years	27.5	27.3	24.3	21.9
33-42 years	25.7	25.0	25.2	25.2
43-52 years	18.2	18.4	19.3	20.5
53-67 years	21.2	21.1	21.9	22.3
Over 67 years	7.4	8.2	9.3	10.1

Data as of 31st December

Distribution of CIB Group's retail customers by duration of relationship with the bank (percent)

	2011	2012	2013	2014
0-1 years	6.4	5.1	3.0	2.5
2-4 years	32.4	25.5	18.0	12.0
5-7 years	33.9	34.9	32.6	28.2
8-10 years	16.4	20.8	26.3	29.6
11-20 years	10.9	13.6	19.9	27.5
20 years or more	0.1	0.1	0.2	0.2

Data as of 31st December

Retail product usage (including micro-enterprise customers)

	2011.*	2012.	2013.	2014.
Retail loans (HUF billion)	671.3	521.2	432.1	407.1
Retail deposits (HUF billion)	819.8	804.7	629.8	603.9
Number of active bank cards	419 787	425 369	371 178	344 815
Number of customers with an active CIB Internet Bank subscription	324 392	325 910	302 896	277 439

Consolidated, IFRS data as at 31st December
*: Updated in 2012.

SMALL BUSINESSES IN FOCUS

Start Up Guide

The 2014 publication is a complimentary book given to our customers, which on more than 300 pages, gives a comprehensive overview of the main issues related to the running of a small business, from business planning to legal and accounting basics, important questions on financing, through to marketing communication. CIB Bank Zrt. is an advertising and content partner for the Start Up Guide program, as part of which it assists Hungarian micro and small enterprises to adopt a rational approach to running a business by providing them with genuine business know-how.

Electronic bank account statements

In 2014 CIB Bank Zrt. made **bank account statements** available in **electronic form** as well, for bank accounts that may be accessed via the CIB Internet Bank or the Business Terminal. These e-statements can be easily downloaded at any time (through the CIB Internet Bank or the Business Terminal), can be searched 6 months back, and do not use up paper, thus allowing us to help protect the environment. Starting from 4 July 2014, customers can **switch from receiving** printed bank account statements to online statements by **changing their preference online** through the CIB Internet Bank.

Phase 2 of the MNB Funding for Growth Scheme

CIB Bank has also joined the extended leg of the National Bank of Hungary's Funding for Growth Scheme in 2014, which is aimed at fostering profitable operation of micro, small and medium-sized enterprises. The benefit of the Funding for Growth Scheme is that it offers forint loans of up to 10-year terms at an exceptionally favourable **interest rate of maximum 2.5%**. In 2014, CIB Bank offered credit to small businesses for **property and asset purchases** (agricultural machinery, light and heavy commercial vehicles, other machinery and equipment), in accordance with the MNB's requirements.

Housing support provided through the Cafeteria benefits system

Effective from 2014, based on Decree 15/2014 (IV.3.) of the Minister for National Economy, companies can provide tax-exempt housing support to their employees as part of the Cafeteria fringe benefits system. The support can be used for numerous housing-related purposes, and represents a valuable additional element in the range of benefits that companies can offer their staff, thus raising employee satisfaction. The service has been available since 1 September 2014 for corporate customers that keep their account at CIB Bank, affording them an opportunity to provide tax-free housing support.

STABLE OPERATION, ACTIVE LENDING, BALANCED CORPORATE PORTFOLIO

The other focus of CIB’s medium-term strategy is financing the real economy, and accordingly, the Bank is developing further its range of products and services aimed at the SME segment. Besides providing financing from our own funds, our aim is also to actively participate in the various subsidised financing schemes (such as the National Bank of Hungary’s Funding for Growth Scheme, or the EXIM refinancing scheme), and for these, we also offer professional support if requested. Alongside SME and corporate loans and leasing services, CIB also provides other financing options to businesses, including factoring.

At CIB we have always placed a major emphasis on servicing the needs of businesses, and since 2009 a separate unit within the Bank has been dealing with SME-sized companies. Our main objective in creating this unit was to ensure the highest possible degree of focus and bespoke financial solutions for the SME segment. Our objective is still to provide different banking and financing solutions focusing on the players of the real economy and to contribute to the sound operation of Hungarian firms by maintaining active lending.

Corporate product usage

	2011*	2012	2013	2014
Corporate loans (HUF billion)	1 230.2	996.7	820.4	694.3
Corporate deposits (HUF billion)	597.7	506.2	572.9	554.6
Number of active bank cards	8 437	8 445	7 889	5 343
Number of customers with an active CIB Internet Bank subscription	8 986	8 610	8 106	5 419

Consolidated, IFRS data as at 31st December
*: Updated in 2012.

National reach:

We have a national network comprising nearly 100 SME customer relationship managers, 12 SME areas, 4 SME regions and 23 CIB branches. We sell our products nationwide and our leasing sales network features nearly 50 sales points, making us the leasing company boasting the largest coverage in Hungary.

Responsible customer relationships

We attribute great importance to keeping personal contact with our customers and partners, therefore we assign a dedicated relationship manager to each and every one of our SME clients, and not only to our borrowing partners. Our highly qualified and seasoned employees are personal guarantee that every CIB customer gets the banking and financing solution best suited to its strategy, life-cycle and resilience.

Our fundamental customer relationship principles:

1. Consistency

We emphasise meeting our customers as often as possible, because it is this personal relationship that enables our advisers to provide the managers of the businesses with as much information as possible, in a knowledge of the company’s present financial situation and plans. In addition to personal contact, we also use strive for continuous dialogue through telephone and online contact, information publications and regular customer satisfaction surveys.

2. Trust

It is essential for customers to feel secure, and to be confident that they can trust their financial relationship manager. We believe that a long-term relationship built on trust is what forms the basis for the upkeep of a business that is built and run on stable foundations. Today competition based purely on price has been pushed into the background, giving over to an effort to forge relationships of trust.

3. Partnership

The work of employees is backed by several decades of financial know-how. This sound professional background and our open, straightforward communication has helped us create stable and resili-

ent cooperation with our customers. These relationships have also translated to palpable business results achieved by our customers, over and above the confidence factor.

4. Value creation

We strive to forge long-term financial solutions representing real value. We are open to innovative solutions, in keeping with conscious and responsible operation.

5. Simplicity

We continuously strive to drawn on the synergies within the banking group to devise the simplest and most transparent solutions and service channels for our customers. We have recently emerged bank and leasing communication channels and have introduced our one-stop-shop service. We assigned a dedicated relationship manager to every SME customer, who act as the platform for common thinking between the company and the CIB Group expert team to devise real, effective solutions for financial needs. In this context in this context, our leasing solutions are now also available directly, and not only through our commercial partners.

GR2, an economic reality show

Radio station Gazdasági Rádió launched its seminal economic reality show GR2 in 2012. This March will mark the third round of the show. Similarly to the past two years, GR2 will see SME leaders and owners get help from the creators of the show and experts in boosting the value of their business. CIB’s SME business line has now partnered

with the show, spanning 17 weeks, as both expert and main sponsor. Our objective with supporting the show is to create value added for Hungarian businesses. The reality show presents real and feasible solutions that can help tackle financial and economic difficulties.

The “Relay Baton” campaign

“Relay Baton” is an initiative introduced three years ago under which the managers of CIB Bank’s SME Leasing partners are given the opportunity to present the secrets to their business success, for example: management structure, strategy building, or perhaps their planning and governance, in the pages of relevant business media organs. These articles are published in national and local newspapers, as well as in the online media. In every case the interviews are accompanied by educational articles relating to special financial products, such as leasing facilities or subsidised loans, for

example. The articles are aimed at showcasing positive examples for Hungarian businesses to help them create business operation practices based on a conscious, long-term strategy.

The Small Business segment was added to the Relay Baton initiated in 2014, in the context of which we give five of our small business partners the opportunity to showcase their business in Hungarian print and online media.

² Excluding loans provided to members of the CIB Group.

³ Excluding deposits collected from members of the CIB Group.

Relay Baton study

We conducted our representative survey of the heads and owners of companies posting annual net revenue ranging from HUF 100 million and 10 billion for the second time in September 2014 in conjunction with GfK. The survey sought answers to questions relevant to Hungarian executives and banking experts, such as conscious planning, strategy formation, handover of the relay baton, expecta-

tions vis-à-vis financial partners, etc. The fact that safety, stability, service quality, the identification of real opportunities and personal contact are priorities for company leaders is valuable feedback and a confirmation, as these are core values for the CIB Group. Seeing the success of the Relay Baton study, in 2014 we performed the study within the Small Business segment.

SME business breakfast

We have created a tradition of inviting our customers to business events focusing on specific topics that we host every autumn and spring. The purpose of this initiative was to generate dialogue between the SMEs, and to help them take all the latest “best practices” on board. These events are an excellent opportunity for networking

across the regions, between SME managers and banking specialists, and they are also a superb platform for sharing valuable experience and exchanging tips, and for working together to find solutions to business challenges.

Trade conferences

Business line leaders and our Bank’s macro analyst are regular speakers and panel discussion members, or simple attendees at relevant trade conferences where company representatives discuss

the current topics shaping the business world in Hungary. The conferences provide an excellent setting for establishing dialogue with companies.

Responsible lending

Distribution of loan portfolio by sector (%):

(%)	2012	2013	2014
Commerce	10.67	7.53	7.79
individual customers	28.65	27.09	29.03
Real estate investments	25.10	24.82	21.62
Other, mainly service areas	18.00	17.08	15.89
Food manufacturing	1.87	2.26	3.07
Transport and communication	3.19	5.98	5.92
Light industry	2.94	2.96	3.47
Heavy industry	2.66	2.50	2.62
Financial activity	4.00	4.22	3.82
Agriculture	2.35	4.11	4.18
Chemical and pharmaceutical industry	0.57	1.45	2.58
Total	100.0	100.0	100.0

Strict lending principles

It is essential for us to not only sell products, but to provide proactive advisory services and product offers tailored to our customers' business models that factor in the size, profile, current financial situation, resilience and long-term plans of each business. Our conservative lending policy and transparent, stringent lending principles ensure legal compliance and a balanced credit portfolio. A key element of the

lending process is to gain a thorough understanding of our customers and their business, allowing us to filter out any activities that are not consistent with general moral standards. We attribute great importance to providing comprehensive information to our partners, to allow them to make thoroughly informed decisions on whether our offer is valuable from a business point of view, and whether they can afford it.

Assistance in resolving payment difficulties

Reacting flexibly to changes that result in payment difficulties for customers is essential for our Bank. We have set up a special unit within the Bank that focuses specifically on customers that are not yet delinquent, but carry a significant risk of becoming so in the future.

When handling such cases, our staff work closely with the customer to define and take the necessary steps to prevent any potential future delinquency. It is clearly in the interest of all stakeholders to address these risks before they materialise.

Developing financial literacy

At the end of 2010, CIB Bank joined the “Financial Compass” program, sponsored by the National Bank of Hungary and the Hungarian Financial Supervisory Authority, and overseen by the Financial Compass Foundation, with the aim of widely improving financial literacy, promoting education and raising the general public's level of financial awareness. The Bank participated in the program as it continued in 2014.

At numerous special events we made use of a game designed to develop financial literacy, which helps young and old, children and adults alike to assimilate as much useful information as possible about savings and financial responsibility.

CIB Bank offers the rEVOL Express Invoicing Software free of charge with every small business account as a useful bonus tool for businesses. This billing software, created specifically for micro and small enterprises, allows businesses to substantially cut their invoicing and other administrative time.

As a part of the program, the sponsors have the opportunity to feature in numerous articles in a variety of media organs, to help people navigate the ins and outs of daily finances. CIB Bank was one of the most active sponsors, drawing attention to the importance of daily financial management in 503 articles throughout the year. The most popular themes included the various loans, schemes for the assistance of borrowers in difficulties, and savings. CIB Bank joined the program with the aim of supporting financial education, and providing advice and tips, as well as to share the “best practices” that are needed on a day-to-day basis.

We have launched initiatives in several towns with the aim of improving financial literacy among the local community.

A BUSINESS CREDIT SYSTEM THAT IS SIMPLE BUT THAT MEETS EVERY NEED

The review of our corporate credit product range focused on simplicity, transparency and catering to special needs. We have recently introduced the following new products specifically geared towards SMEs:

Participation in the Funding For Growth scheme of the National Bank of Hungary (MNB)

The Bank joined Phase 1 of the MNB's Funding for Growth Scheme in 2013 (the 1st phase ended in August 2013), then in November 2013 it joined Phase 2 of the scheme (the scheme will finish at the end of 2014). The goal of the lending initiative is to strengthen the Hungarian economy through the provision of discounted loans to SMEs at an interest rate of only 2.5% (the refinancing cost for the banks is 0%; the funds are provided by the National Bank of Hungary). A total of HUF 2,000 billion was earmarked for the banking sector as a whole in Phase 2 (90% of these funds have to be

placed as new loans), while in Phase 1 a total of HUF 700 billion was utilised (of which HUF 300 billion went on the granting of new loans, and the remainder on the refinancing of existing facilities). In Phase 2, we lent HUF 23 billion to the SME sector. In 2014, 47 percent of total lending to SMEs was granted in the context of the MNB Funding for Growth Scheme. Among the funds refinanced by the National Bank of Hungary, 42 percent was channelled into investment financing, 41 percent into working capital loans and 17 percent into pre-financing for EU tenders.

Agreement with Eximbank

Besides the Funding for Growth Scheme, we also offer Eximbank’s preferential refinancing solutions provided in the context of its Export Boosting Credit Program. The loan, involving minimal administration, is offered at a preferential fixed interest rate with a medium-term maturity, and can be linked to export pre-financing, discounting, factoring arising from supplier credit, and buyer credit facilities. To participate in the Export Boosting Credit Program, firms must operate

in Hungary, substantiate their projected future exports and hold a Hungarian Certificate of Origin in the case of the export of goods or the import of goods for the exporter. It is important to stress that virtually any goods or services are eligible for financing, with the exception of agricultural products that do not require any processing (such as cereals or corn).

EU tender-based funds

The role of bank guarantees in relation to the pre-financing of EU grants and for tenders is becoming increasingly important for the SME segment. CIB offers complex advisory services for SMEs to help them with responsible and prudent planning and in seeking out real opportu-

nities. Bank relationship managers, with the involvement of tender writing agencies, monitor tender opportunities, and their terms and requirements, opening the door, for small businesses that have never taken part in a tender before, to access subsidies. Our advisers also help businesses set realistic goals.

RESPONSIBLE MARKETING

The CIB Group has created a new visual design and a new slogan – “Real opportunities” – that it uses in its marketing materials to support the attainment of its strategic objectives.

Our existing and potential customers learn about our products and services through our marketing activity. It is important for us that we provide comprehensible and proper information in a way that generates interest in our products and services. We finalise our marketing communication materials following consultation with the Legal and Compliance departments, in the interest of ensuring responsible operation and legal compliance. During our

advertising campaigns we take both ethical and sustainability guidelines into account. The CIB Group does not advertise in any media organs that give space for the expression of any extreme views. In the course of producing our publications we place emphasis on the use of recycled paper wherever there is an opportunity for us to do so. We print our newsletters on recycled paper.

Consistently with the rules of responsible communication, and in compliance with the statutory provisions, we do not offer our products to minors, and do not advertise in public institutions where the education or training of people under 18 years of age takes place.

Pricing

In the course of our pricing activity we comply with the prevailing statutory provisions and fully observe the rules on fair competition, while giving priority to both maintaining the Bank’s solvency and ensuring the safety of customer deposits. Our prices are determined by fair market competition, the business strategy and the aspects of the regulatory environment that affect pricing. An example of the latter is the legislation that places exceptional restrictions on unilateral contract amendments, and the tightening of credit coverage rules applicable in the course of lending. Our pricing policy takes into account developments in our product

portfolio in a manner that ensures the broadest possible access to our products and services while remaining based on responsible decision-making. We strive to ensure that our products and services do not put potential customers that require these financial services for their welfare at a disadvantage due to our pricing (e.g. the prices of SME services, and services for customers facing financial difficulties – these are addressed in different chapters).

We also take into account sustainability risks and other areas affected by sustainability risks in our risk analyses. EXCLUSION

OUR SUPPLIERS

Responsible procurement is a key pillar of our operation. Therefore, our most important core principle when choosing suppliers is to display fairness and transparency in the selection process, which is thus based on the joint application of tendering and negotiation. This is why it is especially important for us to maintain good supplier relationships that enable continuous dialogue. Our aim is to operate an effective cost management system and procurement process, to control expenses and procure all of the goods and services that are necessary.

The same terms apply to all our suppliers, and in the course of their selection our procurement principles and rules are enforced consistently.

Our procurement principles:

- a supplier selection system that ensures transparency and a level playing field;
- consistent and favourable payment terms;
- insisting on legal, above-board employment at subcontractors too;
- the use of environmentally friendly technologies, environmentally friendly products and materials, and the recycling of waste is encouraged and in certain cases compulsory.

Our regulations are harmonised with the standards of our parent company ISP. In 2014 we adopted our parent company Intesa Sanpaolo’s new procurement guidelines, which are periodically reviewed in the interest of ensuring that the principles of transparency and equal opportunity are continuously met. In accordance with our commitment, in 2014 we began incorporating, as an addendum to the CIB Group’s guidelines on its procurement processes, Intesa Sanpaolo’s sustainability rules on the procurement and use of paper and other materials. We plan to complete this process by the end of the first quarter of 2015.

In keeping with the ISP principles, ethically-sound conduct is also reflected in our processes as an obligation associated with the contracts that we conclude, according to which our suppliers must warrant that before signing the contract they have read our Code of Ethics, understood the parts of it that relate to them (“Guiding Principles for our Stakeholder Relationships” and “Guiding Principles for our Supplier Relationships”), that they agree with its content and will fully comply with its provisions in the course of their own operation.

Number of suppliers by geographical location

	2011	2012	2013	2014
Hungary	3 683	3 940	4 022	3 657
Europe	108	97	92	86
North America	12	12	10	6
Asia*	5	2	0	1
Total	3808	4051	4 124	3 750

*Israel is included in Asia. Data as of 31st December

Amounts paid for services purchased, by geographical distribution of suppliers (HUF million)

	2011	2012	2013	2014
Hungary	22 250	25 617	23 798	21 277
Europe	1 580	2 000	2 212	2 111
North America	134	223	211	211
Asia*	17	46	0	19
Total	23 980	27 887	26 221	23 619

*Israel is included in Asia. Data as of 31st December



EMPLOYEES AT CIB BANK

EMPLOYEES AT CIB GROUP

Responsible employment

At the end of 2014 our Bank Group employed 2,450 people, almost all of whom had indefinite-term employment contracts, which for us is also reflective of a committed employment relationship that can be planned for in the long term. To meet our seasonal labour requirements, we also employed 60 persons under a contract staffing arrangement. Although the proportion of part-time employees decreased slightly, we use other means of helping our staff to achieve a healthy work/life balance.

Number of employees of the CIB Group

	2008	2009	2010	2011	2012	2013	2014
Fixed-term	144	99	82	33	16	21	16
Indefinite-term	3 513	3 180	3009	2912	2739	2510	2434
Total	3 657	3 279	3091	2945	2755	2531	2450

Data as of 31st December

	2010	2011	2012	2013	2014
Number of part-time employees:	27	32	32	34	29
Number of employees with acquired disabilities:	37	22	20	20	24
Number of agency employees:	51	40	45	32	60

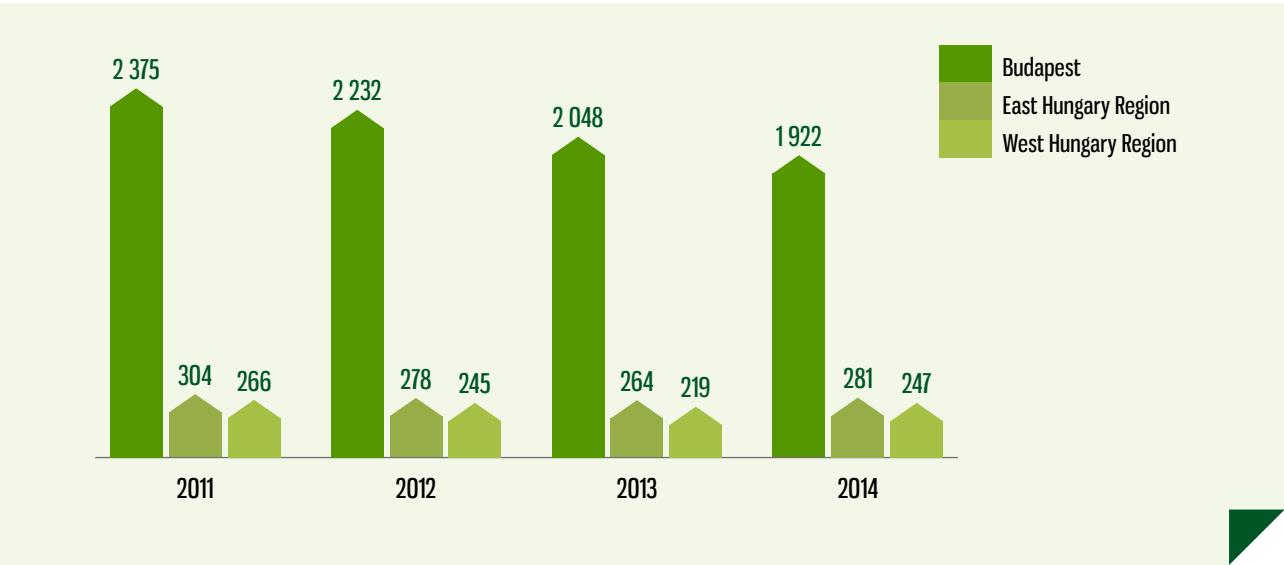
The proportion of women working at our Bank Group is significantly higher than that of men, which is due to the fact that women are in the majority in units with high staff numbers (branch network, accounting, operation).

Proportion of male and female employees at the various levels of seniority in 2014 (percent)

	Male	Female	
Executives	57%	43%	100%
Specialists	49%	51%	100%
Subordinates	24%	76%	100%

The head office of our Bank Group is located in the capital city, and thus most of our employees also live primarily in the Budapest region. Nevertheless, we also provide the opportunity for those of our staff who life in other regions of the country, but whose work requires them to be present at head office, to only spend certain days of the week in the capital, and perform their duties in a distance working arrangement, in one of our provincial branches. Thanks to this and to our branch network, we employ a staff of almost 500 outside the capital.

Geographical distribution of CIB Group's employees (persons)⁴



Data as of 31st December

We do not consider the average staff turnover rate within our organisation to be high overall, but a breakdown of the figures by gender shows that the exit rate of male members of staff is slightly higher. It should also be noted that the exit rate was five percentage points lower last year and that the rate of new hires rose significantly, which is linked to the new strategy targeting business volume growth that was launched last year.

Proportion of employees leaving the company (% , number of outgoing employees/year-end headcount)

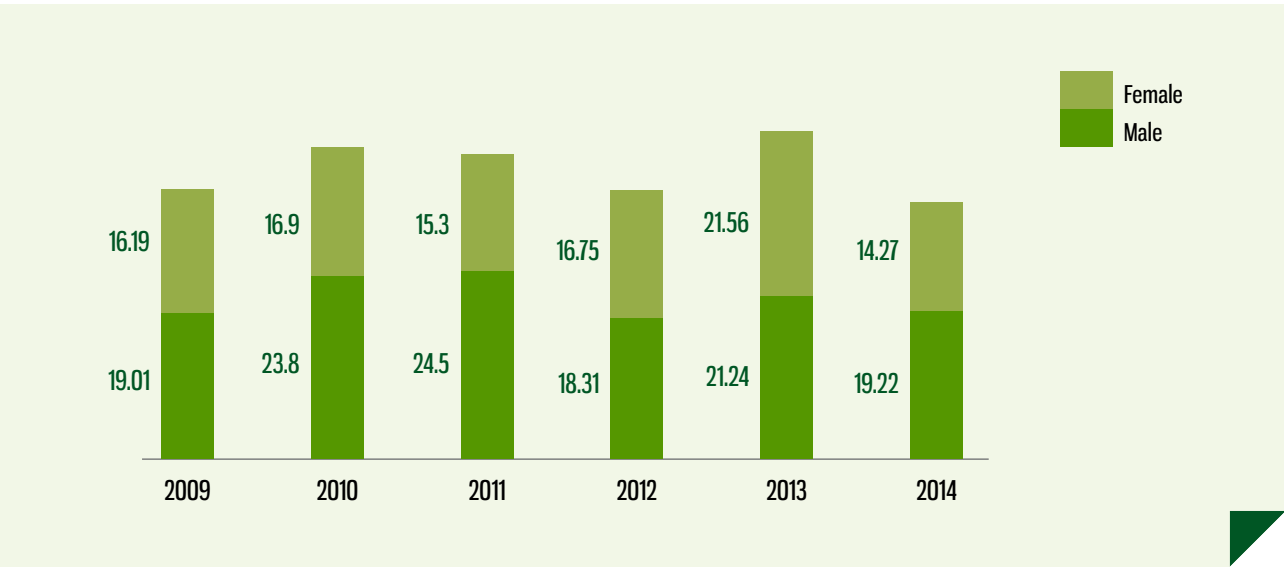


⁴ Beacuse of the modifications of the regions, data cannot be compared with previous years ones.

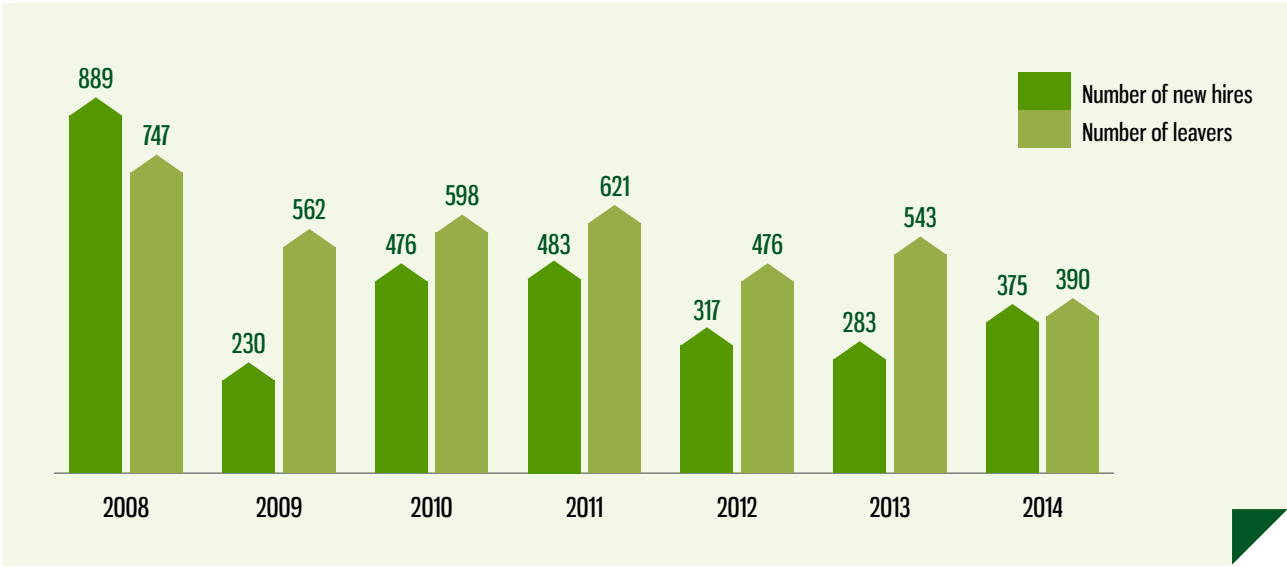
Employee exit rate by age group (percent)

	2009	2010	2011	2012	2013	2014
21–25	14.5	41.67	15.61	16.9	26.8	19.5
26–30	16.49	15.18	19.19	19.29	26.0	22.0
31–35	15.40	19.00	22.41	17.02	22.2	19.8
36–40	16.81	17.60	20.79	16.31	22.7	14.1
41–45	19.38	17.37	20.8	16.35	18.4	8.6
46–50	17.14	21.02	25.35	16.11	9.8	12.5
51–55	22.30	16.41	19.13	14.15	17.9	8.8
56–60	30.91	113.16	50.0	26.92	18.5	20.3
61–	200	0	16.67	12.5	0	36.4

Employee exit rate by gender, percent:



Number of new hires and leavers (persons)



Data as of 31st December

The average monthly salary of career starters hired by the Bank in 2014 was HUF 267,183 in 2014, **263%** of the statutory minimum wage (earlier figures: HUF 255,788 or 260% of the minimum wage in 2013, HUF 251,430 or 270% of the minimum wage in 2012, and 242,108 or 260% of the minimum wage in 2011). The base for calculation is the annual statutory minimum wage for jobs requiring professional qualifications.

Annual average base salary of men and women, by seniority category (HUF million)

	2009	2010	2011	2012	2013	2014
Executive male	13.32	12.3	12.83	11.92	12.43	13.07
Executive female	12.44	10.63	10.36	10.32	10.38	10.79
Male specialist	7.22	7.66	7.75	7.69	7.57	7.77
Female specialist	6.93	7.03	7.03	6.91	6.89	7.09
Male subordinate	3.92	4.01	4.2	4.38	4.25	4.23
Female subordinate	3.46	3.47	3.52	3.65	3.64	3.75

Data as of 31st December

We carry out the classification of salaries based on several criteria. We examine what sort of complex tasks the job entails, we look at the level of demand for the particular job in the labour market, and we also check the salary curve to date by looking at when it was that the employee was hired for the position, what sort of experience he or she has, and what sort of performance he or she has delivered over the course of the work.

Standard deviation of salaries at CIB Bank:

	Average standard deviation of salaries		Standard deviation of salaries
	Male	Female	
Manager	92.33%	92.81%	100.52%
Specialist	94.91%	91.87%	96.80%
Subordinate	95.60%	93.82%	98.13%
Total	94.88%	93.37%	98.41%

Workplace accidents and the number of working days lost as a result (days)

	2008	2009	2010	2011	2012	2013	2014
Number of workplace accidents	12	8	6	8	15	9	8
Number of working days lost	161	106	726	222	273	366	181

Data as of 31st December

Due to external events in 2014, staff working at the branches of banks in Hungary, including the branches of CIB Bank, were affected by various acts of vandalism, and their day-to-day work was disrupted by hostile bill-posting on the walls of the branches, messages of a threatening content, and by demonstrations held inside certain branches. A bomb was detonated at Béke tér, where several local branches of banks, including a branch of CIB Bank, sustained

damage. Fortunately, the bomb went off in the early morning hours and did not cause any personal injuries, resulting only in significant damage in the building. Each of our staff members working at the branch received immediate psychological assistance to help them process the events. Furthermore, we held a special stress-management and psychological training course across our entire branch network for every employee.

Proportion of missed days by reason for absence (percent)⁵

	2008	2009	2010	2011	2012	2013	2014
Illness	28.4	26.7	26.2	17.9	16.58	12.0	13.4
Accident	0.2	0.1	0.1	0.1	0.2	0.2	0.1
Maternity leave	63.8	61.5	60.9	71.1	80.97	72.1	75.4
Other	7.6	11.7	12.8	10.9	2.25	15.6	11.1

Data as of 31st December

There is a trade union at CIB Bank, and it had 374 members at the end of December 2014. Representatives of the trade union make up what is known as the Social Committee, whose task is to manage certain forms of social assistance that we provide to employees. We held consultations with the Works Council, especially with regard to the mass redundancies.

The Works Council elections announced in 2013 were inconclusive, and the next Works Council election was planned to take place in August 2014, but was not held despite the employer's full support.

Participation in all the periodic vocational and professional suitability and fitness tests prescribed by law continued to be compulsory for all of our staff in 2014. In keeping with the practice of previous years, for managers above a certain grade we continued to provide executive medical screening in 2014 as part of the annual occupational health examination, due to the higher-risk environment. The screening tasks continue to be performed by the Oxivit Medical Group, which has provided occupational health services since 1994. To ensure that our employees receive the best possible service, in 2015 we are advertising a tender for the provision of occupational health and executive medical screening services.

Satisfaction of our employees

To assess the satisfaction of our employees, as in previous years, in 2014 we took part in the "Climate Survey" conducted at the initiative of our parent bank. A total of 1,576 employees (2013: 1,345) completed the questionnaire – 61 percent of the total employee headcount (2013: 50.75 percent).

One of the key findings of the survey was the significant improvement in the extent to which the Bank is meeting expectations. What this means is that our employees felt that the changes they were experiencing first hand last year were heading in the right direction as far as they were concerned. The Bank, as they now see it, is doing a much better job at meeting their expectations than it did

in the past. In addition to this, satisfaction with the bank's senior management also improved significantly. These findings are in line with the objectives that we set for ourselves last year.

The findings also revealed that there is room for improvement in terms of customer satisfaction: it is quite clear that employees feel that customer satisfaction is still at a level lower than we would like it to be. This finding also dovetails with our priorities for 2015: one of our most important tasks this year is to achieve a significant improvement in the customer experience and in customer satisfaction, both within the bank and outside it, for which we all have a lot to do.

HR SUPPORT FOR DAY-TO-DAY MATTERS

Presenting the Bank Group's new business strategy to its employees, rewarding performance excellence, retaining and developing high-performing employees and making human resource management even more professional were key objectives in 2014. These, in turn, all service the objective of building a successful banking group that functions as a strong community, in a highly motivated and effective fashion.

In 2014 we improved, and added new elements to, our senior-executive HR reporting system, in order to boost the effectiveness of our human resource activities through the provision of even more comprehensive information. In addition, we devised an HR risk matrix to help us more accurately predict inadequate operations in relation to human resource activities, and to enable us to provide effective responses to these as soon as possible.

In line with the bank's new senior-management structure, in 2014 we reviewed and improved the functioning of the Strategic HR team. We have created a new position of business HR partner. In the future, business HR partners will primarily provide HR support to the chief officers (deputy CEOs) and their direct subordinates and place greater emphasis on organisational development functions and on developing the managerial culture.

In the interests of simplifying our processes and better identifying and engaging future CIB colleagues, we undertook a review of our recruitment, selection and hiring process and expanded our set of recruitment tools in 2014. The entirely revised process is set to be launched for real in the second half of 2015. At the same time, following preparations, in early 2015 we began the broad use of databases and social media (mainly LinkedIn) for recruitment purposes.

CORPORATE CULTURE – CIB, THE LOVABLE BANK!

After the culture-change process implemented in 2013, and based on the new bank strategy that was devised and announced in that same year, in 2014 we worked with each division on the strategies that related specifically to them. At the division-level employee

workshops, typically held as large-group events (involving from 30 to 200 employees in each), we presented both the bank-level and division-level strategies to the participants, and the first steps involved in their implementation were also discussed.

CIB SPIRIT

The year 2014, in the interest of strengthening employee commitment and loyalty, saw a continuation of the CIB Spirit programs, which were also assisted by the team of Spirit Ambassadors, which is made up of enthusiastic employees.

Our aim is to make CIB into an attractive workplace, and one that we can be proud of. We want to build a strong and attractive employer brand, in which a healthy life/work balance is achieved, in order to help us to recruit and retain talented employees, which in turn contributes further to the achievement of our business objectives.

⁵ As a proportion of total days worked

Individual elements of the 2014 program:

- “CIB Spirit Family” – The purpose of our 250-member Facebook community page is to enable those of our colleagues who are at home to learn first-hand of the latest changes, and any available discounted shopping or holiday opportunities. They should feel that they are always members of the CIB family.
During the year we also held events that focused on employees with families: on Bank Branches Day our colleagues’ children could learn about their parents’ workplace through a series of fun activities, and at the Santa Claus Day event, which has become something of a tradition, some 840 children and 700 adults met Santa Claus at the ceremony.
- “CIB Spirit Christmas” – We presented our staff with gift packs to thank them for their hard work throughout the past year.
- “CIB Spirit Team Spirit” – Team-building budgets were allocated to the organisational units.
- “CIB Spirit, We Can Do Something” – Alongside our traditional civil initiatives, as a part of the “Charity from the Heart” project organised by the CIB Spirit Ambassadors team a charity concert was held, at which we collected a total of HUF 1 million for the Paci Doki Foundation, which the institution is using to fund its operations.
- “CIB Spirit Health” – Between October and January 360 of our employees attended comprehensive health screening tests. During this roadshow the staff of our contracted service provider Hungária Med-M Kft. visited the branches of CIB Bank in 46 provincial towns in order to assess the state of health of our employees in their workplace, while in November nearly 500 people participated in the testing, with the help of the screening truck parked outside our head office.
- “CIB Spirit Sport” – We supported our employees in their sporting activities and training, and provided opportunities to take part in various sporting events. In August, at the Hungarian Banks’ Sporting Event held in Eger, CIB Bank’s team participated in nine disciplines, entering a total of 68 competitors.
- “CIB Spirit Awards” – With six different forms of recognition available, a total of 1,389 of our employees received the awards distributed at the end or middle of the year, such as Best Management Role Model or the Golden Team Award.
- “CIB Spirit Vacation” – In 2014 we once again provided an opportunity for a total of 79 children to go on holiday, in two groups, for a week each – this time at the “Nowhere Island” children’s camp in Nőtincs, Nógrád Country, or in Follonica, Italy, with the help of our parent bank.
Members of staff, meanwhile, received individual discounts on recreational opportunities.
- “CIB Club” series of events – In 2014 we held 4 events featuring various musical attractions and other forms of entertainment, to help our employees meet up in an informal setting.

Initiatives of the teams of CIB Spirit Ambassadors:

- The Ambassador team’s “Sport-loving community” supported several employees participating in running competitions and other sporting events.
- The team also hosted recreational programs, with the bank funding half of the ticket prices. These included the Advent road trip to Vienna in December, which was hugely popular among our employees.
- Also at the initiative of the Ambassadors, employees celebrating prominent work anniversaries are rewarded, so employees working for the bank for 10, 15, 20, 25 and 30 years were recognised at the year-end awards ceremony.
- Several kindergartens were spruced up last year thanks to the volunteers of the “Charity from the Heart” team, and toys, school supplies and learning materials were collected for disadvantaged families.
- On 6 December, the Ambassadors, dressed up as Father Christmas, paid a visit to the head offices, where they distributed chocolate our colleagues.

RECOGNITION AND CAREER MANAGEMENT

Since 2012, a new, revised, performance assessment system (“TÉR”), valid in respect of all employees, has been in operation at the Bank. During the performance assessment period, a series of panel discussions held throughout the organisation ensure the consistency of the evaluations between the management levels and the individual divisions. In addition, in line with the Bank’s new strategy for 2014-2017, in 2014 we revised and improved our sales incentive system applicable to staff working in the business units. The performance assessment and incentive processes developed by our the International Subsidiary Banks Division (ISBD) of our owner, Intesa Sanpaolo Group, served as the basis of this change. Our aim in introducing the new, expanded system is to motivate, and thus retain, successful and high-performing employees and their line managers, in order that we can jointly contribute to the realisation of our strategy. The new sales incentive system applies to all employees and their line managers involved in direct customer relationships working in the business departments of the Bank and of FCM. Every Bank employee is given an assessment of their performance and an overview of their career opportunities.

Our career management system continues to operate, closely linked to the TÉR processes, with the main objectives of the system being for us to identify and retain our talented members of staff, for every employee to have the opportunity to carefully consider what career path he or she would like to follow within the CIB Bank Group, for managers to deliberately plan succession within their team, and to promote career mobility among the various divisions.

The wide-ranging system of fringe benefits is an important part of our new remuneration strategy. The value of the benefits package provided under the Cafeteria system to full-time employees in 2014 remained the same, at HUF 23,750 (inclusive of taxes) per month. Part-time workers continued to be entitled to Cafeteria benefits on a pro-rata basis. Just as in 2013, in 2014 we reviewed the operation of the Cafeteria system, with the involvement of employees’ representatives, in the interest of providing workers with an even wider choice of options from 2015 onwards.

A SPECIAL FOCUS ON TALENT

In 2014 we continued our Management Talent Program introduced in 2013 to identify, develop and retain talented managers and employees with managerial potential. The second year of the 18-month program was launched in May with the participation of 74 new ‘management talents’.

Forty-six participants from the first year and 11 of the participants from the second year of the Management Talent Program launched in May 2013 have already been appointed to management positions, or have been promoted to a management position of greater responsibility.

Participants in the program have access to almost 30 development courses in three categories.

- **Training** (10%): e.g. management and company-specific talent training programs, skills development training courses, etc.
- **Visibility** (20%): e.g. mentoring program, coaching, publications, etc.
- **Practical experience** (70%): e.g. project management, project participation, rotation, on-the-job training, visits to other departments, etc.

In January 2015 83 talents from the first year will successfully finish the Management Talent Program. They will then be added to the Succession Planning pool, and continue to benefit from the training opportunities offered by the program and have an advantage in terms of promotion.

In view of the success of the program, we plan to continue it for a third year in 2015.

To our delight, in 2015 we will also be announcing the launch of the much anticipated Talent Program for Professionals, for those of our colleagues who show exceptional talent in their professional field and who are ready to channel their surplus energy into their own development.

Based on the feedback received, the most popular element of the program is the mandatory mentoring scheme, when certain managers from the Bank Group voluntarily use their experience to help with the development of the management talents.

MY WAY

We continued our leadership training courses, focusing on the main junctures of a manager’s career path (MyWay), and announced three different types of training: Management for Non-Managers, Training for Newly Appointed Managers, and Change Management and

Self-Awareness Training for Experienced Managers. We have created and announced the third module of the latter, MyWay 3.3, which focuses on consciously supporting the change process.

TRAINING COURSES – DEVELOPING NEW SKILLS AND COMPETENCIES IS NECESSARY TO MEET CONSTANT NEW CHALLENGES

The average number of hours of training per employee was 50, which means that each employee received an average of 2.08 days of training over the year.

- A total of 723 employees participated in our redesigned orientation programs in 2014, launched at the beginning of 2013.
- A total of 158 people attended the English and Italian language courses supported by the Bank Group during the first half of 2014, and 144 attended during the second half of the year. The classes were held in Budapest in small groups.
- In the provinces 35 people took part in language training during the first half of the year and 17 during the second half of the year, typically at a unit of the contracted service provider.
- Thirty-four senior managers took part in one-on-one language training during the first half of the year, and 12 during the second half.
- As a part of the Management Talent Program, 49 people received language training, 28 in classes, and 21 in the form of one-on-one tutoring.

Annual average number of training hours per employee

	2010	2011	2012	2013	2014
Number of hours	57.01	42	37.6	36.5	50

Based on closing headcount as at 31st December

Number of training hours in a breakdown by employee category in 2014

Total number of training hours	122 936
Executive (male) hours	5 818
Executive (female) hours	5 614
Specialist and subordinate (male) hours	28 344
Specialist and subordinate (female) hours	83 160

- In accordance with our Career Management framework, we held skills development training for both management and employee skills, based on identified development needs.
- The focus in 2014 was on sales management in our retail branch network. We launched several targeted programs on recognition-based motivation, mainly geared towards managers. The aim of these programs is to reinforce development-focused leadership attitudes to foster a culture of feedback among our Bank's managers.
- In line with market developments, we also hosted a foundation training course to support the roll-out of the MNB Funding for Growth Scheme, in which we analysed sales situations and helped staff translate their theoretical knowledge into practical skills.
- We hosted a two-day Small Business Lending and Sales course for corporate banking advisers and branch managers, with a total participation of 177 individuals divided into 16 groups. In addition, the Small Business Lending course was revised, and supplemented with case studies to make it even more practice oriented, in order to help new hires in their work.
- In 2014 nearly 190 employees divided among ten groups took part in our retail orientation program.

DEVELOPMENT OF WORK TOOLS

We make an effort to create the optimum physical conditions for working (suitable office furniture, technical equipment, recreation rooms, dining opportunities, etc.). This allows us to reduce the risk of workplace accidents and cut down on absences due to illness, and to contribute positively to improved workplace performance and

employee satisfaction. In 2014, thanks to some major IT developments, all of our employees' computers were replaced. We have installed a Wi-Fi service in our head offices, thus providing wireless access to the internet in all the premises there (offices, conference rooms, common areas), which obviously facilitates daily work greatly.



MANAGING OUR ENVIRONMENTAL IMPACTS

Our most important achievements and initiatives in 2014:

	2010	2011	2012	2013	2014
Energy consumption total	103 159 GJ	102 089 GJ	93 409 GJ	123 445 GJ	124 282 GJ
Electricity use	18 648 750 kWh	17 653 388 kWh	17 077 022 kWh	16 650 253 kWh	18 513 907 kWh
Other renewable energy	89 061 kWh	80 221 kWh	71 022 kWh	53 407 kWh	57 933 kWh
Natural gas consumption	818 460 m³	784 264 m³	780 781 m³	1 862 098 m³	1 688 910 m³
Fuel consumption	250 872 l	245 505 l	210 726 l	273 589 l	999 347 l
petrol company car				115 044 l	103 323 l
diesel company car				80 446 l	87 679 l
petrol private car				47 982 l	442 637 l
diesel private car				30 117 l	365 708 l
Water consumption	33 466 m³	28 612 m³	28 000 m³	25 014 m³	31 017 m³
Vehicle Group	154	141	129	129	126
Paper usage (office A4, A3)	209 779 kg	177 433 kg	175 828 kg	145 787 kg	125 945 kg
Paper usage per employee (office A4, A3)	57.41 kg/person	50.46 kg/person	63.83 kg/person	57.58 kg/person	51.41 kg/person
Energy consumption per employee	28.230 GJ/person	29.040 GJ/person	33.910 GJ/person	48.754 GJ/person	50.727 GJ/person
Energy consumption per m² of office space	0.930 GJ/m²	1.210 GJ/m²	1.130 GJ/m²	2.302 GJ/m²	1.678 GJ/m²
CO² emissions resulting from energy consumption	9 086 t	8 370 t	6 945 t	7 239 t	11 966 t
CO₂ emissions from energy consumption per employee	2.31 t/person	2.38 t/person	2.52 t/person	2.86 t/person	4.88 t/person
Water consumption per employee	9.16 m³/person	8.14 m³/person	10.16 m³/person	9.88 m³/person	12.66 m³/person
Employee headcount	3 653 employees	3 515 employees	2 756 employees	2 532 employees	2 450 employees
Office space	110 924 m²	84 371 m²	82 663 m²	81104 m²	74053 m²

The solar collectors installed on the roofs of the office building in Petrezselyem utca and the two office buildings in Medve utca, as well as the CIB24 building, provide hot water to the three central office buildings. The solar panels resulted in a saving of 8,444 m³ of natural gas in 2013, which is equivalent to the annual gas consumption of 3 average detached houses.⁶

Greenhouse gas emissions avoided through the use of solar collectors (tonnes, as carbon dioxide equivalent⁷)

2009	2010	2011	2012	2013	2014
24	17.94	16.33	14.3	10.75	13.19

- In 2014 100% of the paper used in our offices was recycled paper.
- In the case of statements sent to our customers, the leaflets used for marketing purposes (newsletters enclosed with statements) are made from recycled paper; the volume in 2014 was close to 2,200 million.
- We launched an internal campaign in 2014 to promote electronic invoicing in an effort to reduce our printing volumes and paper usage. At annual level, we used 26,424 envelopes for employee bank account statements in 2013 and 21,623 envelopes in 2014.
- We placed a total of 43,464 sheets of paper into envelopes in 2013 and 56,803 in 2014.
- The total weight of paper used for this purpose amounted to 720 kg in 2013, and total printing costs for the year totalled HUF 6,918,912. Thanks to the campaign, in 2014 this
- Riding a bike to work remained popular, and our bicycle storage facilities were used to their full capacity last year as well, with all 176 spaces continuously occupied.
- When preparing and implementing the training programs we take special care to respect the values of our natural, economic and social environment, and make an effort to manage our resources responsibly and without waste. To this end we give preference to electronic communication (e.g. in the process of sending out invitations, information or training materials), and where paper-based documentation is absolutely necessary we produce this economically, with double-sided printing.
- We started preparing an energy awareness campaign and will post stickers in 2015 reminding people of the importance of energy efficiency and awareness in our head offices and branches.
- We continued with the replacement of old, obsolete uninterrupted power supply (UPS) units. The installation of smaller, modern, energy efficient UPS units led to an approximately 10% reduction in UPS energy use, with a corresponding decrease in CO₂ emissions, while due to the increased battery life a significant drop in the quantity of hazardous waste is also expected over the next 5-6 years.
- The spring and autumn "Bike to work!" campaign saw 21 CIB employees in 11 teams compete, with 19 of them fulfilling the campaign requirements (biking to work at least eight times during the five-week campaign).

	Total	during the 2014 campaign
km covered	29 700 km	5 149 .40km
calories burned	2 957 168 kcal	17 413 kcal
CO² saved	24 125 kg	958 kg
gas saved	3 994 768 HUF	158 602 HUF
number of team members	217 person	21 person
What percentage of employees bike to work?		1 %
number of employees completing the challenge		19 person

- CIB Group first joined Earth Hour, WWF's international climate protection initiative, five years ago, in 2010. In 2014 we committed to turning off lights wherever it was technically feasible in our central buildings during Earth Hour, highlighting the importance of climate and environmental protection.



**VOLUNTEERING –
A PART OF OUR
CORPORATE
CULTURE**

VOLUNTEERING – A PART OF OUR CORPORATE CULTURE

We are proud of the fact that for many years now we have been implementing centralised and local volunteering programs, and that we regularly participate in the preparation work for the summer programs run by the Camp of Courage, and in the voluntary renovation of schools, hospitals, nursery schools and parks, responsibly supporting our direct environment, since, after all, our employees themselves are also members of their local communities. All around us we can see precisely the areas in which help is needed, and we do our best to provide support for them using the means at our disposal.

CIB Bank in 2014 provided support totalling HUF 26,547,000 with the participation of 61 bank branches in 37 towns, helping to make the everyday lives of 30,000 people easier.

OUR MAIN PROGRAMS

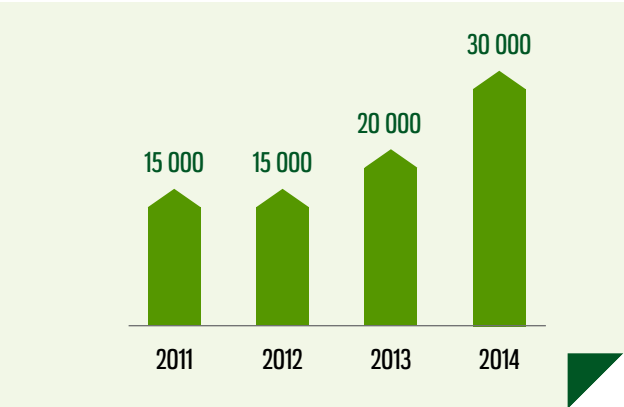
Community food drive weekend for a happier Christmas

One of our most prominent programs last year, held for the fourth consecutive time, was the National Food Drive Weekend held in collaboration with the Hungarian Food Bank Association.

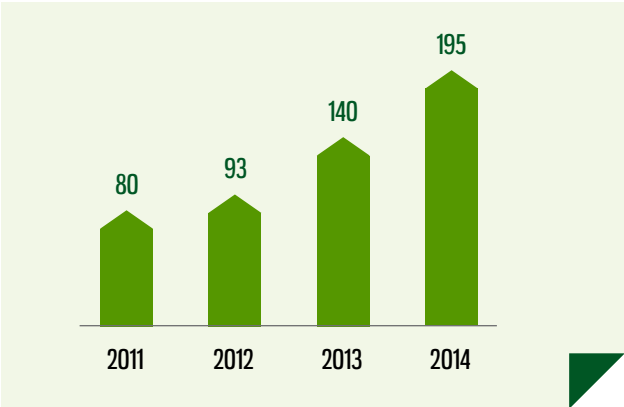
While cash donations remain a necessary means of assisting Hungarian families in need, donations of household items and food are also important. The latter take on a special importance in the run-up to holiday seasons, as they provide families in need with the experience of cooking together and sharing a family meal.

The Hungarian Food Bank Association and the National Food Drive Weekend initiative enable a form of charitable cooperation that provides an opportunity for our employees and customers to contribute in a way that is free from the influence of business interests, and complies fully with the CIB Group's corporate social responsibility principles. Inspired by the results of the 2011 drive, which mobilised a record number of CIB volunteers and became the largest national food collection program of the year, we continued with the initiative as a key sponsor.

Number of beneficiaries



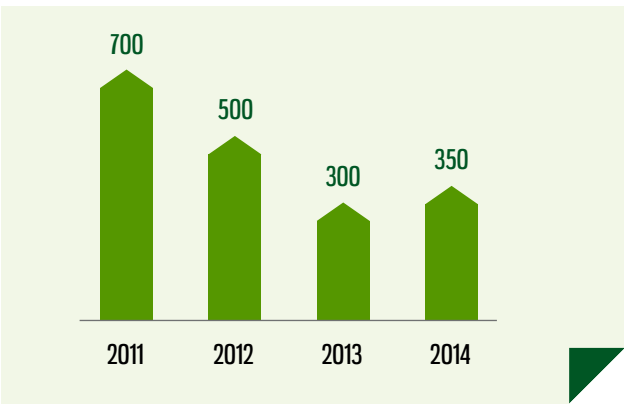
Quantity of food collected (tons)



Number of collection sites



Number of CIB volunteers



Our branch staff contributed further to the success of our efforts by putting their sales experience to good use during the drive. In addition, some 100 of our colleagues who took part also brought members of their families along. In 2013 and 2014, besides the volunteers, a number of Hungarian celebrities also lent their support to the initiative, helping to communicate the underlying social message more effectively. After the

drive, the collected donations of non-perishable and packaged foods were distributed among families in need – before Christmas – with the help of civil-sector organisations from the same town or village.

The supermarket chains, local charitable organisations and local authority institutions also played in important part in the initiative.

Donation to the Heim Pál Children's Hospital

In late 2014, continuing our tradition of previous years, we hosted a voluntary fundraiser at the initiative of the SME & Leasing business, with the involvement of the entire bank. The more than HUF 1.5 million in funding raised will be donated to the onco-haematology

ward of the Heim Pál Children's Hospital. The donation enabled us to furnish and equip a play room for children with different toys and other development tools, also designed to aid recovery, to be set up in the hospital's new wing.

A worthy place for the remaining Hello Simba toys

The children participating in our Bank's former Hello Simba program have been able to redeem their stickers, awarded for saving up money, for presents every year. We wanted to put the presents remaining after the discontinuation of the program to good use. So after some thinking, we decided to donate the remaining Alexandra bookstore and Alexandra sporting apparel gift vouchers, worth a total of HUF 1.3 million, to 25 schools.

The schools purchased books and sporting apparel using the vouchers, which will be distributed to the most talented pupils at the end-of-year ceremonies.

By donating the vouchers, not only did we help cash-strapped schools, but we hope that we also gave the receiving students, who had earned their gifts through a year of diligent schoolwork, the experience of an unforgettable summer.

Sports jersey donations to the SOS Children's Village

Referee Viktor Kassai donated a yellow referee's jersey, signed by the referees of the 2014 Champions League finals, that was auctioned off, and we also donated a T-shirt signed by AC Milan team member

Pazzini. Thanks to the open and helping attitude of customers, the auction raised HUF 450,000 for the institution that was used to fund holidays for the children.

Charity, a cause that we hold dear

The "Charity from the Heart" team was created within the Spirit Ambassadors team in August 2012, comprising 10-12 members. Their main objective, reinforcing CIB Group's support policy, is to help and support sick and/or disadvantaged children through its various campaigns and programs. In 2014, the team, with support

from the Bank and all its employees, implemented numerous programs. The potential institutional beneficiaries of the programs were recommended by employees, in the form of competing proposals, and all of the non-profit organisations were selected based on strict legal, compliance and communications criteria.

Horses for the joy of movement!

We hosted a day of fun involving equine therapy in Nagytarcsa for 12 disabled students of the Pető Institute.

Bag of love campaign

The campaign was organised around a bag filled by our employees in any way they wanted (within specified budget limits). The bags were filled mainly with toys, books, and various objects such as

notebooks and pencils sets, destined for children between the ages of three and 14. The bus-load of gifts collected were then donated to the representatives of the supported foundations.

Kindergarten renovations for a nicer environment

The "Charity from the Heart" team performed the renovation of kindergartens and nurseries in different regions. In 2014 they targeted institutions located in the eastern region of Hungary, and in 2015 they will focus on the Western region.

the corporate branch office painted wooden toys and carried out a thorough cleaning of the kindergarten's yard.

Returning from summer vacation, on 20 September 2014 we visited Miskolc's Open Door Baptist kindergarten and painted a wall mural on a 80 sqm white wall and polished and painted the doors opening onto the courtyard.

The final stop in our tour this year, on 27 September 2014, was in Eger, where our volunteers and staff performed renovations at the Creative Life Foundation's Waldorf school. The activities involved gardening, fence polishing and painting.

The first station of this program, visited on 26 July 2014, was Eger's Széchenyi utca kindergarten, where the staff of our Eger branch renovated three mini mezzanines, polished and painted windows, and prepared wooden blocks for painting.

The second location, visited on 2 August 2014, was Gödöllő's Reformed Church Kindergarten, where the team and staff from

Rhythm Therapy for children with disabilities

We hosted a charitable concert with the help of our employees to support the Paci Doki Foundation, which helps children living with disabilities through equine therapy. The revenues collected from the concert enabled the funding of equine therapy. Rhythm Therapy was a charitable evening where the money raised from the sale of tickets to the event was used by the bank to provide support for the continued operation of the Paci Doki Foundation. The initiative was implemented through performances by ReCIBrock, a band made up of CIB Bank employees, as well as by guest band “Asztalhoz, emberek”, and the joint efforts of Gyula Éliás Junior and the Bank’s employees. More than HUF 500,000 in donations was raised, which CIB Bank supplemented by the same amount, adding up to slightly over HUF 1 million for the foundation. The foundation is developing its equine therapy program free of charge.

CIB Bank has hosted similar charitable events among its staff over the past years, raising similar amounts and donating them to various organisations, with provisional assistance from the financial institution.

The list of foundations benefiting from the Bank’s volunteer work in 2014:

- Kék Vonal Crisis Foundation
- Lámpás 92 Foundation
- Paci Doki Foundation
- Pető Institute
- SOS Children’s Village Hungary Foundation

SOCIAL SOLIDARITY: THE CIB FOUNDATION IN 2014

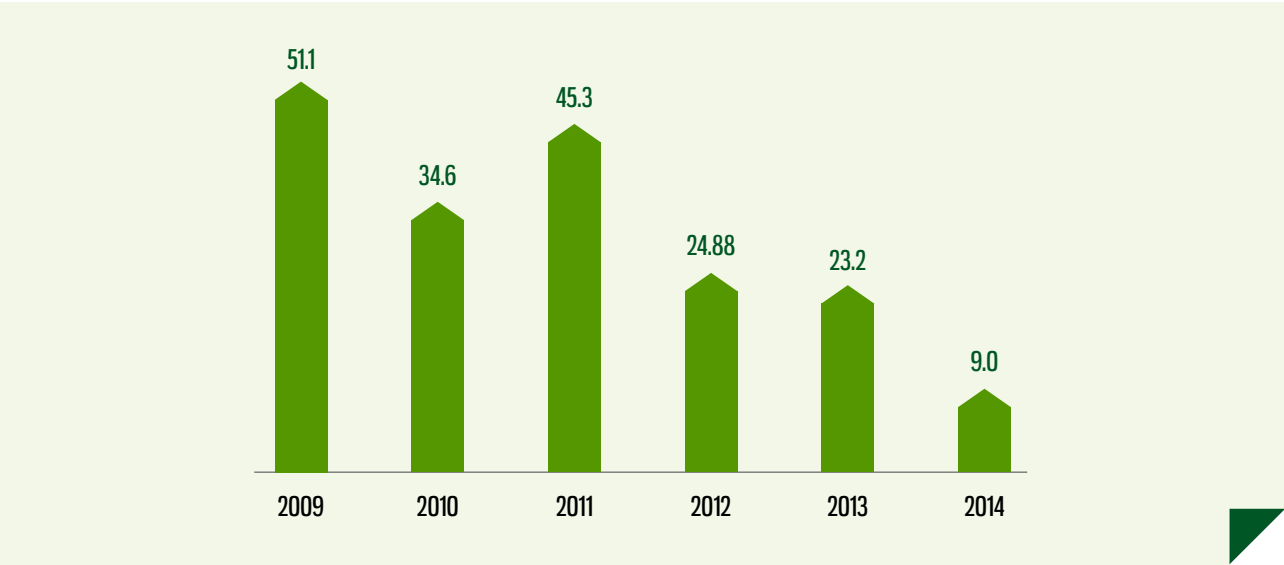
In 2014, the CIB Foundation renewed its cooperation with the Bátor Tábor Foundation and the Bódvalenke fresco village project (Hungarian Reformed Church Aid Foundation), but did not include any

new projects among the various initiatives, owing to a decrease in the funds at the Foundation’s disposal. In the course of the year the Board of Trustees allocated a total of HUF 9 million.

Beneficiaries of the CIB Foundation in 2014

- Bátor Tábor (Camp of Courage) Foundation
- Hungarian Reformed Church Aid Foundation (Bódvalenke)

Donations made by the CIB Corporate Social Responsibility Foundation (HUF million)



Professional organisations

Our partnerships with professional organisations also represent an important aspect of our community relations. The interests of the various sectors of the economy, and society, are represented by the associations formed by stakeholders, each focusing on a clearly defined set of objectives. Our participation in these organisations is important for two fundamental reasons. Firstly, it creates an opportunity to engage in professional dialogue, and secondly, it provides Bank Group, and the bank sector as a whole, with a means of upholding and protecting its interests as part of a structured advocacy group. Last year we reviewed and rationalised our membership of organisations, and at the end of the year we participated in the professional work of a total of 16 organisations.

Membership of organisations
Hungarian Banking Association
Hungarian SEPA Association
Budapest Chamber of Commerce and Industry
Italian Chamber of Commerce in Hungary
British Chamber of Commerce in Hungary
Hungarian Forex Society
International Chamber of Commerce
ACCA
Hungarian Association of Internal Auditors
ISACA, Hungarian Chapter
IIF
Hungarian Advertising Association
Hungarian Self-Regulating Advertising Body
Hungarian Leasing Association
Hungarian Association of Independent Insurance Brokers
Hungarian Factoring Association

GRI INDEX

Indicator	Brief description	Page number
Strategy and analysis		
G4-1	Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and its strategy	7.
Organisational profile		
G4-3	Name of the organisation	13.
G4-4	Primary brands, products and/or services	13.
G4-5	Location of the organisation's headquarters	13.
G4-6	Countries where the organisation operates	13.
G4-7	Nature and legal form of ownership	13.
G4-8	Markets served	13.
G4-9	Size of the reporting organisation: number of employees; net sales; total capitalisation broken down in terms of debt and equity; quantity of products manufactured, or value of services provided	13.
G4-10	Total workforce by employment type, employment contract, and region	40.
G4-11	Percentage of employees covered by collective bargaining agreements	
G4-12	Description of the supply chain	37.
G4-13	Significant changes in size, structure or ownership, during the reporting period	16–17.
Commitment to external initiatives		
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	21.
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	62–63.
G4-16	Memberships in associations (such as industry/sector associations) and/or national/ international advocacy organisations	57.

Indicator	Brief description	Page number
Identified material aspects and the boundaries of the report		
G4-17	a) List of the entities included in the organization's consolidated financial statements or equivalent documents b) Report on whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	8.
G4-18	The process for defining the content of the report.	9.
G4-19	List of the material aspects identified in the process for defining report content.	9.
G4-20	With respect to each material aspect, the units within the reporting organisation in relation to which they are presented.	9.
G4-21	With respect to each material aspect, which external stakeholders of the reporting organisation they have a direct impact on.	10.
G4-22	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	No modification
G4-23	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report	No change
Stakeholder engagement		
G4-24	List of stakeholder groups engaged by the organisation in any form of dialogue	22.
G4-25	Method and principles for selection of the stakeholder groups	22.
G4-26	Approaches to stakeholder engagement	22., 26–27., 33–35., 45–46.
G4-27	Key topics and concerns that have been raised through stakeholder engagement	22., 26–27., 33–35., 45–46.
Report parameters		
G4-28	Reporting period	8.
G4-29	Date of most recent report	8.
G4-30	Reporting cycle	8.
G4-31	Contact point for questions regarding the report or its content	66.
G4-32	GRI Content Index	58–61.
G4-33	Policy and current practice with regard to seeking external assurance for the report	10.

Indicator	Brief description	Page number
Corporate governance		
G4-34	Governance structure of the organisation	15–17.
Ethics and integrity		
G4-56	Internally developed statements of mission or values relevant to economic, environmental and social performance	12.
G4-57		19–20.
G4-58		19–20.
Management approach		
Economic performance indicators		
G4-EC1	Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	25.
G4-EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation (national data available)	43.
G4-EC9	Proportion of payments to local suppliers	37.
Labour practices and decent work		
G4-LA1	Total employee turnover	41–43.
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	45.
G4-LA6	Rate of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region	44.
G4-LA9	Annual average number of training hours per year per employee by employment category	48.
G4-LA10	Programs for skills management and lifelong learning	48.
G4-LA11	Percentage of employees receiving regular performance and career development reviews	47.
G4-LA13	Ratio of basic salary of men to women by employee category	44.

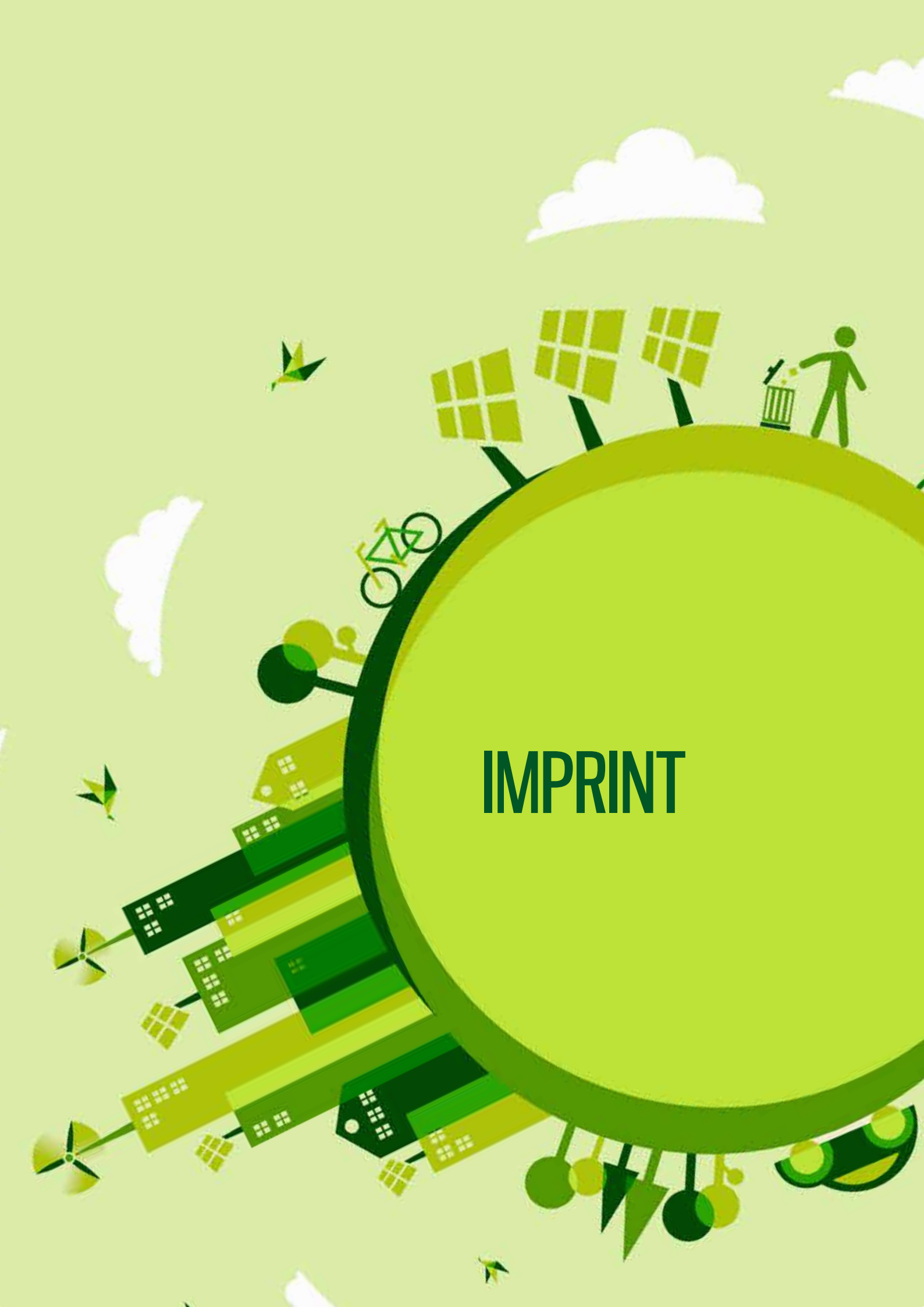
Indicator	Brief description	Page number
Product responsibility		
G4-PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	26–27.
G4-PR7	Fines incurred for non-compliance with ethical codes related to marketing communication	26–27.
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	26–27.
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	22.
Society		
G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	54., 56.,
G4-S04	Percentage of employees trained in the organisation's anti-corruption policies and procedures	20.
EN Environmental performance indicators		
G4-EN1	Materials used by weight or volume	50.
G4-EN3	Energy consumption within the organisation	50.
G4-EN6	Energy saved due to conservation and efficiency improvements	51.
G4-EN16	CO2 emissions resulting from energy use	51.
G4-EN19	Initiatives to reduce greenhouse gas emissions, and reductions achieved	51.
G4-EN27	Initiatives to mitigate environmental impacts of products and services	51.
Financial sector-specific indicators		
G4-FS6	Distribution of business-line portfolios by region, customer size (e.g. micro/SME/ large corporate) and industry	34.
G4-FS14	Initiatives to improve access to financial services for disadvantaged people	28–29.
G4-FS16	Initiatives to enhance financial literacy by type of beneficiary	35.

COMPLIANCE WITH THE PRINCIPLES OF THE UN GLOBAL COMPACT

Global Compact principles	Our performance	Related GRI indicators
Emberi Jogok		
1. Business should support and respect the protection of internationally proclaimed human rights.	<ul style="list-style-type: none">• We have made a commitment to protect human rights in accordance with the 1948 Universal Declaration on Human Rights. We expect all of our Hungarian and foreign partners to do the same.• In the course of its operation our Bank fully respects the Fundamental Law of Hungary and all other general domestic and international conventions on human rights and ethics.• We treat protecting the personal data of our customers as a key priority; we investigate complaints related to data handling, and take steps to reduce the number of complaints to a minimum.• We provide our employees with fair and satisfactory working conditions and pay, as well as a wide range of other benefits (see section 2.2). The average starting monthly wage is almost three times the statutory minimum wage.	<ul style="list-style-type: none">• G4-56• G4-EC5• G4-LA6;• G4-LA12;• G4-LA13• G4-PR8
2. Businesses should make sure they are not complicit in human rights abuses.	<ul style="list-style-type: none">• In 2012 we continued with implementation of the Code of Ethics, and the Code of Conduct based thereon. One of the most important steps taken in-house in 2012 was the updating of the rules of ethics procedures and gaining acceptance of the system among our staff.• We are committed to eliminating all forms of discrimination from our conduct and to respecting differences in gender, age, race, religion, political and trade-union alignment, and language, and to respecting the rights of those with disabilities.• In 2012 we continued with the barrier-free conversion of bank branches, at several branches we launched the procedure to obtain the planning permission for such conversions, and we also carried on with the installation of easier-to-use ATMs.	<ul style="list-style-type: none">• G4-56• FS14

Global Compact principles	Our performance	Related GRI indicators
Labour		
3. Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.	<ul style="list-style-type: none">• A trade union has been established to represent the interests of employees, which had 303 members at the end of 2012.	<ul style="list-style-type: none">• G4-11
4. Business should eliminate all forms of forced and compulsory labour.	<ul style="list-style-type: none">• The Bank abides by the laws of the country and the relevant passages of the Fundamental Law of Hungary.• We have made a commitment to protect human rights in accordance with the 1948 Universal Declaration on Human Rights.	
5. Business should be effective in abolishing child labour.	<ul style="list-style-type: none">• The Bank abides by the laws of the country and the relevant passages of the Fundamental Law of Hungary.	
6. Business should eliminate discrimination in employment and occupation.	<ul style="list-style-type: none">• We declared in our Code of Ethics that we are committed to eliminating all forms of discrimination from our conduct and to respecting differences in gender, age, race, religion, political and trade-union alignment, and language, and to respecting the rights of those with disabilities.• Our organisation is willing to appoint physically disabled staff to certain positions. In 2012 a total of 20 persons with acquired disabilities worked at the CIB Group.• We place emphasis on achieving equality between the sexes: the difference between men's and women's wages is considerably smaller than both the Hungarian and the European average. Our long-term objective is to fully comply with the principle of "equal pay for equal work".	<ul style="list-style-type: none">• G4-56• G4-LA12,• G4-LA13

Global Compact principles	Our performance	Related GRI indicators
Environment		
7. Business should support a precautionary approach to environmental challenges.	<ul style="list-style-type: none">• We aim to use all our resources sparingly. In this regard we promote conduct that is based on the best use of resources and on the avoidance of waste and ostentation. We give priority to solutions that have been designed with sustainability in mind.• In certain contracts we stipulate that in the course of fulfilling their obligations suppliers are obliged to use environmentally friendly technology, products and materials, and make efforts to recycle the waste that is generated.• We have launched numerous initiatives aimed at reducing energy and water consumption (for details, see section 2.5), including the installation of solar panels on the roofs of our central office buildings, in order to cut down on the use of non-renewable energy sources.	<ul style="list-style-type: none">• G4-EN8,• G4-EN18,• G4-EN19
8. Business should undertake initiatives to promote greater environmental responsibility.	<ul style="list-style-type: none">• We extended the opportunity for selective waste disposal to two more of our central offices.• Also last year, on several occasions we held week-long internal communication campaigns related to environmental awareness topics. On every working day of the week we explored a different topic via the intranet, which is accessible via the internal network. The issues discussed spanned the most important questions related to paper use, energy consumption, environmentally aware transportation and waste management, and employees were also provided with useful advice and practical tips.	<ul style="list-style-type: none">• G4-EN6,• G4-EN19,• EN26
9. Business should encourage the development and diffusion of environmentally friendly technologies.	<ul style="list-style-type: none">• We endeavour to assume a role in the promotion of environmentally sound energy use, and for this reason we support the efforts and work of our colleagues and various civic organisations.	<ul style="list-style-type: none">• G4-EN6,• G4-EN19,
Anti-corruption		
10. Business should work against corruption in all its forms, including extortion and bribery.	<ul style="list-style-type: none">• The Bank abides by the laws of the country.• The Bank has approved the Code of Ethics and the Code of Conduct setting forth the standards of behaviour that are expected of our employees, which also has a section devoted to the prohibition of corruption.• All employees of the CIB Group have received training in the prevention of money laundering and conflicts of interests, through the e-learning interface (MultiLearn) accessible via the internal network.	<ul style="list-style-type: none">• G4-56• G4-S04



IMPRINT

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