



CIB BANK

A WORLD OF REAL POSSIBILITIES

SUSTAINABILITY REPORT
2015

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EXECUTIVE MESSAGE

It was ten years ago, in 2005, that the CIB Group published its first sustainability report, structured in accordance with the GRI international 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 and 2015 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 65,000,000 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 guidelines of the Global Reporting Initiative (GRI), once again in accordance with the G4 reporting system. Compared to previous years, this report is shorter and more focused, covering only the material aspects. 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.

Yours sincerely,

Dr. Pál Simák

Chief Executive Officer, Chairman of the
Board of Directors

ABOUT THIS REPORT

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, and determination of the material aspects was performed in compliance with the GRI G4 Guideline. **The report primarily aims to give the CIB Group's customers an overview of the organisation's performance and operation, keeping sight of the issues and questions that interest and affect them the most.** On this basis, in addition to the main results related to strategy and corporate governance, it examines four major themes in detail:

- 1 Customer focus
- 2 Stability
- 3 Product portfolio and digitalisation
- 4 Beyond business

These four main themes are also what give our report its structure. The four main sections follow the same structure: starting with an explanation of how the given theme fits in with our strategy, then presenting our main results and challenges of 2015, **the extent to which last year's objectives were fulfilled, and our new undertakings.** For our other stakeholders, we have chosen other channels via which to present our sustainability results. More information on our responsible operation can be found in the [section](#) of our website.

Reporting period: calendar year 2015

Date of previous report: August 2015 (GRI G4 'in accordance core')






Reporting cycle: annual

GRI application level: In accordance – core

Data status: December 31., 2015, otherwise we highlight differently.

Further details on the boundaries of the report, the material aspects and the process of determining them, as well as on the GRI index, can be found in the annexes.

At the end of the individual sections dealing with the four main themes, we show the current status of our undertakings of last year with the following symbols:

-  Fulfilled, project closed or extended
-  Mostly fulfilled, but project not yet closed
-  Partially implemented and in progress
-  Implementation has begun
-  Implementation has not yet begun

REVIEW

With over 35 years of expertise in universal banking, CIB Bank Zrt. offers a full range of commercial banking and investment services, supplemented by products and solutions offered by its affiliates (CIB Leasing, CIB Factor and CIB Insurance Broker). CIB Bank Zrt. serves its almost 450,000 customers through a branch network covering the entire country, while continuously looking for innovative solutions **tailored to its customers'** 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.**

Name:	CIB Bank Zrt.
Territory of operation:	Hungary
Registered office:	Budapest
Form of incorporation:	Privately-held Joint Stock Company (Zrt.)
Ownership structure:	



Intesa Sanpaolo S.p.A.



Intesa Sanpaolo Holding International S.A.

Intesa Sanpaolo:

One of the most important banking groups in the Eurozone

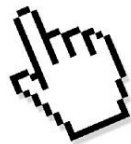
4,500 branches, 11.1 million customers

Subsidiaries in 12 countries, 8.4 million customers, 1,400 bank branches

Market-leader in Italy

Central and Eastern Europe is a strategically important region, growth is a priority

See the [website](#) for more information.



Number of employees:	2,296 employees
Number of customers:	458,109 customers
Proportion of spending on locally-based suppliers:	96.8%
Economic value distributed:	HUF 9,820 billion
Our activities:	Commercial banking, leasing and factoring services
Our nationwide presence:	A detailed list of branches can be found on the www.cib.hu website.

STRATEGY AND PRIORITIES

In 2013 CIB Bank defined its strategy, which was reaffirmed in the competitive and regulatory environment that has changed in the meanwhile: in the medium term, the Bank will focus on growth in strategically key segments and product categories, and at the same time it will strive to maintain its market position in the areas where growth is not the main objective.

The strategy rests on three main pillars: (1) **the internal organisational separation of the “Core Bank” and the non-strategically critical portfolios**, (2) **balancing out the Bank’s business activities through development of the retail and SME segments**, (3) the proactive management of the non-performing elements of the loan portfolio.

At the centre of the strategy lie our customers: our objective is for the Bank to become the primary financial service provider of its customers through excellent customer relations. For this it is essential for the Core Bank to operate profitably in a sustainable manner, and for us to gradually phase out the assets and activities that decrease value.

CORPORATE GOVERNANCE


We wish to achieve our goals while observing, and putting into practice, the principles of sustainable development and responsible operation. Our operation is founded on our seven core values, which also support sustainability, which are described in detail in the sustainability section of our [website](#). The fulfilment of these requirements is assured by our advanced corporate governance system and decision-making processes (see: *Annexes / Decision-making bodies*).

Ethical company, responsible operation. 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 these procedural rules is to enable victims in ethics cases to ask for help, to consult and request advice, before taking action if needs be, and to do so in an anonymous manner. An Ethics Committee operates at the CIB Group, and its chairperson, who also functions as the **ethics ombudsman, is the Bank’s CSR head**. In 2015 a total of four ethics complaints were received, and none led to the institution of proceedings.

Number and types of ethics complaints

2013 (7)	2014 (10)	2015 (4)
<ul style="list-style-type: none"> ■ Unauthorised passing of information to a third party ■ Insulting of an employee ■ Use of internal mail service for private purposes ■ Overtime settlement ■ Clarification of the Code of Conduct ■ Compliance with statutory regulations 	<ul style="list-style-type: none"> ■ Conflict of interest ■ Sexual harassment ■ Manager’s conduct ■ Employee’s conduct ■ Obtaining information on overtime ■ Car purchase from CIB’s contracted partner ■ Alleged positive discrimination 	<ul style="list-style-type: none"> ■ Employee’s conduct ■ Manager’s conduct

The **Code of Conduct** is a means of articulating, in the form of regulations, the values enshrined in the Code of Ethics. The rules ensuring ethical conduct, with a special focus on corruption-free and discrimination-free operation, are incorporated into **the Bank Group's regulatory system** in the form of a policy, the breaching of which may have consequences under labour law. The key areas of our responsible corporate governance also include the efforts to combat money laundering, the avoidance of conflicts of interests, risk management and internal auditing, all of which are overseen by named responsible persons. More details about responsible corporate governance, the operation and diversity of the ethics system, and past complaints can be found [here](#). 

Responsible marketing. The CIB Group has created a visual design and 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.

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.

The certificate from the Hungarian Self-Regulating **Advertising Body (ÖRT) regarding the self-regulation of advertising** can be found among the annexes.

ENGAGING WITH OUR STAKEHOLDERS

In the course of our stable operation and the implementation of our trust-based growth strategy that offers real opportunities, maintaining a continuous dialogue with our stakeholders is essential. 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. We come into contact with our stakeholders using various communication tools and via many different channels. The most important of these are also highlighted in this report, while a more comprehensive overview is available on the [website](#). 

FINANCIALLY AWARE CUSTOMERS AND SOCIETY

Since the end of 2010, CIB Bank has participated in 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 **public's level of financial awareness**. In order to provide real opportunities for our customers, we need to have a mutual understanding of the opportunities and risks involved, so that we can recognise our responsibility for shaping the attitudes of those around us, and actively participate in raising awareness.

CUSTOMER FOCUS

At the centre of the strategy lie our customers: our objective is for the Bank to become the primary financial service provider of its customers through excellent customer relations. This is the main driving force behind our corporate governance, our day-to-day operation, and the changes that we undergo.

THE GUARANTEES OF CUSTOMER FOCUS

A high level of customer focus is ensured not only by the expertise of our employees and the incentives system and corporate culture, which obviously have a defining influence on their attitudes, but also by the prudent and effective

corporate governance system. Within our corporate governance framework, which is also strongly influenced by the effective statutory provisions, the following elements are of key importance in the interest of ensuring customer focus:

✓	Assertive representation of customers' interests at the top levels of decision-making , when determining our strategy and planning the actions serving its implementation
✓	In our pricing policy, besides fair competition and market effectiveness, we also take into account the chances of our customers, and while taking care to make responsible decisions we also aim to make our products and services accessible to a wide range of our customers so that nobody is excluded due to their disadvantaged situation
✓	Stakeholder dialogue with the professional and civil-society organisations that represent the interests of customers
✓	Our compliance system, which aims to ensure full compliance with the statutory provisions serving to assure customers' welfare
✓	Self-regulation for responsible and ethical marketing and sales activities (see annex for certificate)
✓	HR systems and processes that ensure the customer focus of our employees in the course of their day-to-day work (corporate culture, incentives system, training, diversity)

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.

CUSTOMER FOCUS 2015 – In brief

We celebrated the 8th anniversary of our '100% Attention' program. Customer satisfaction surveys examining customer satisfaction in comparison with our competitors, showed the following:



Customer satisfaction and loyalty indicators



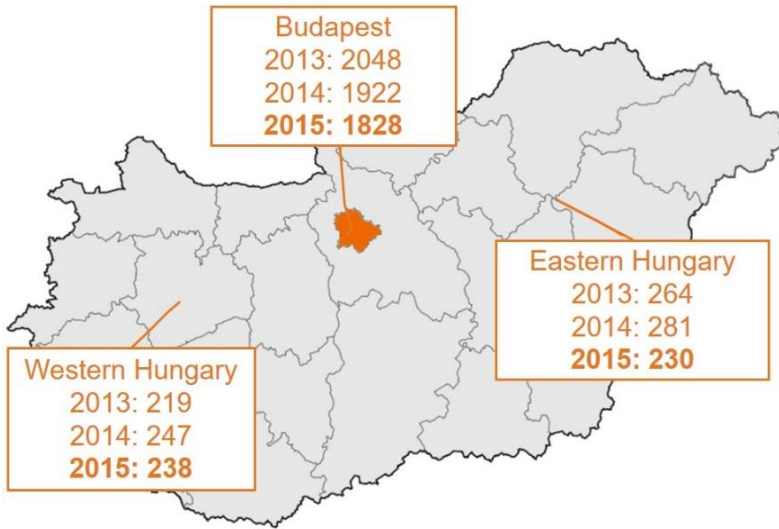
Perception of the quality of our products and services



Proportion of dissatisfied customers

CIB Spirit – A customer-focused corporate culture

Data as of 31 December 2015



5

Region

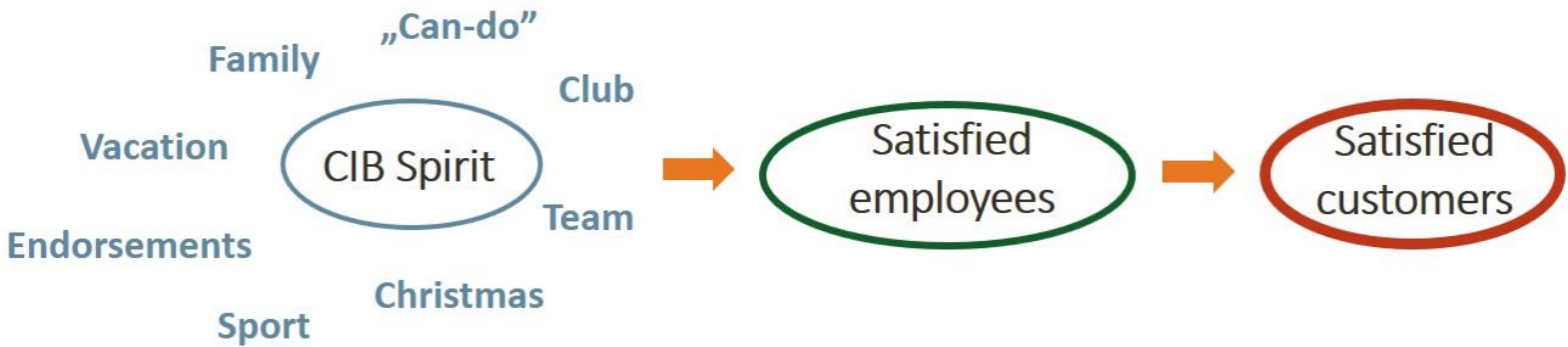
83

Branch

468

Rural employment

CIB Spirit – A customer-focused corporate culture



Average hours of training per employee: 35.3 hours

English and Italian language courses, held in Budapest in small groups: almost 350 persons

26 new training materials, 23,792 successful exams

Training adapted in line with the seniority levels of employees working in the corporate division: 27 persons

Academy training for Corporate Banking Advisers dealing with small-business customers: 117 persons in an 8-day training programme on small-business lending

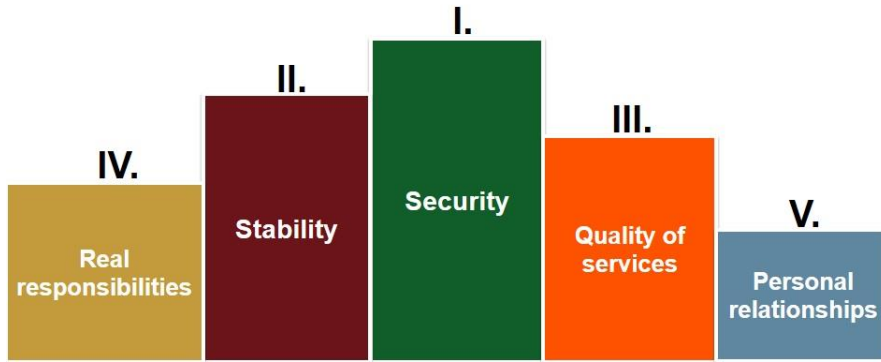
Retail mortgage lending training: 70 persons

Retail orientation programme: 160 persons

Further training of advisors dealing with the key customer segments: 67 persons

Our customers' values

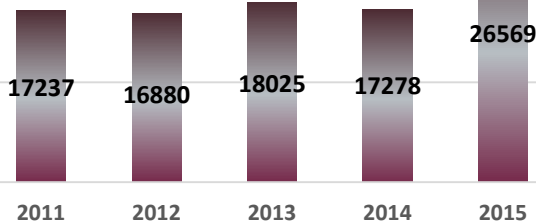
Research conducted jointly with GfK Hungária shows that our small-business and large corporate customers consider the following values to be important:



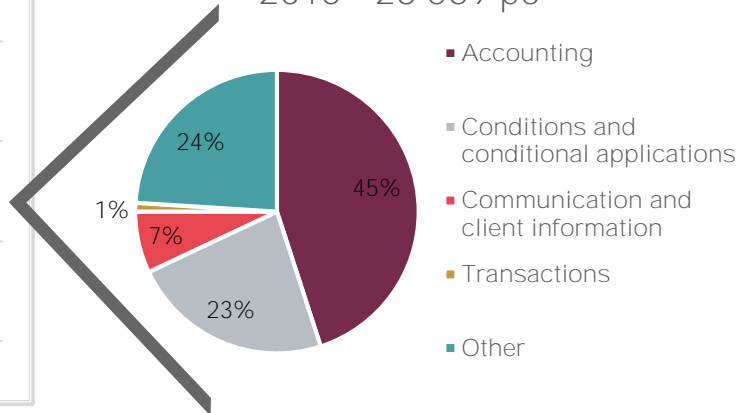
By responding to the results of this research, we focus on our customers' values

Changes in the number of complaints investigated by CIB

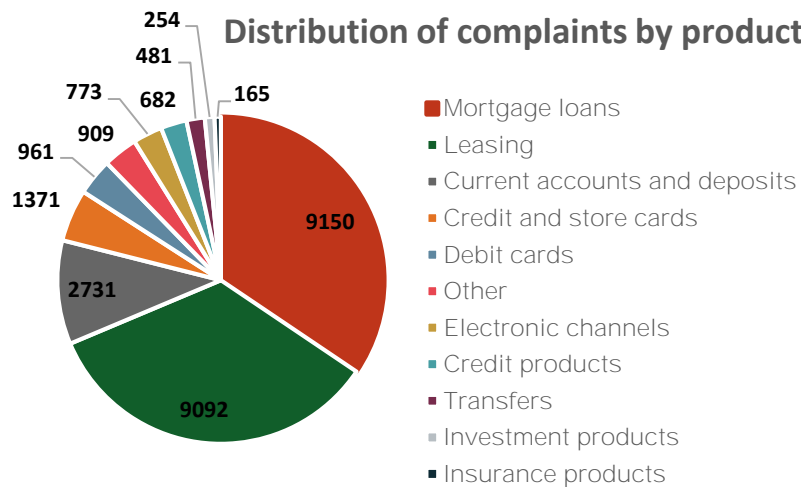
Group



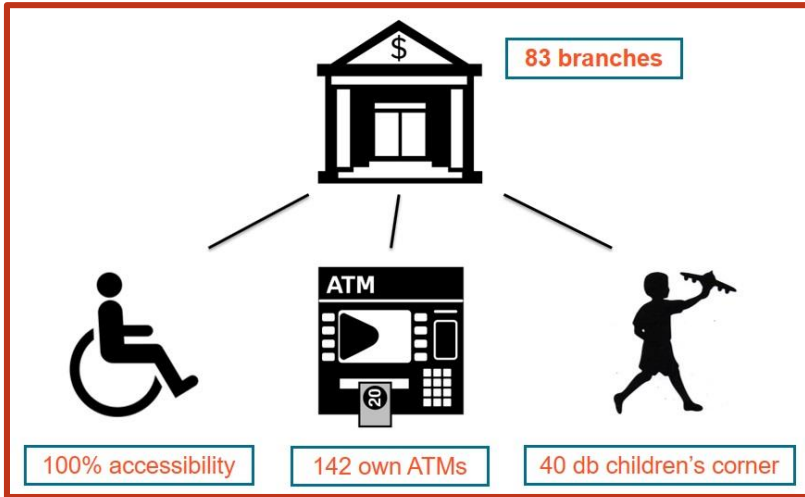
2015 - 26 569 pc



Distribution of complaints by products



Data as of 31 December 2015



Equal treatment starts with access

When designing our bank branches we take care to ensure that they are accessible to all customers, and that banking in them is as easy as possible

Data as of 31 December 2015

CUSTOMER FOCUS 2015 – Challenges and results

In 2015, establishment of the new corporate structure was the most important change following the arrival of the new division head. The main purpose of the restructuring was to improve the standard of customer service, and boost profitability, through a better-organised and more efficiently operating division. The restructuring of the Corporate Division – like all the changes that took place in 2015 – fits in with the principles of the organisational model, ensuring best practices, generally applied at the subsidiaries of ISP.

In the interest of continuously improving our services, in addition to the regular surveys we also place 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. 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.

The increase in customer enquiries triggered by enactment of the law on the settlement of foreign currency loans led to a proportionate rise in the

We are constantly developing our '100% Attention' programme.

number of complaints. In the second quarter of **2015 a year's worth of complaints were received** in connection with foreign currency loans. By reallocating human resources, we managed this considerable challenge successfully and in time. Apart from those described above, most complaints were still related to current accounts and bank card products.

We continued to follow our previously introduced practice of taking an equitable approach to the assessment of complaints. We placed particular emphasis on resolving customer complaints on the spot wherever possible.

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.

We would like to highlight the fact that, in comparison with our competitors, proportionately, fewer of our customers filed complaints with the Board in relation to the settlement of foreign-currency loans.

We offer numerous opportunities for our customers to bridge their payment difficulties, for example:

- In the case of loans that are not secured with real estate, a temporary reduction in the monthly payments can be requested.
- In the case of loans secured with real estate: With the CIB Solution Loan, we can grant a period of forbearance, postponing repayment of the due principle and interest until a later time; conversion of a Swiss franc-based loan to a euro or forint-based loan; our CIB Exchange Rate Fixing Loan II product provides a period of forbearance during which the loan is repaid at the fixed exchange rates stipulated by law; the CIB Replanning Loan is aimed at helping those with Swiss franc-based mortgage loans; additionally the monthly payment can be reduced by lengthening the term of the loan
- Reacting flexibly to changes that result in payment difficulties for customers is essential for our Bank. We have established a special unit within the bank, in the interest of preventing future risks and ensuring their timely management.

Responsible customer relationship

Factors in responsible customer relationships

Regular communication	We maintain personal contact with our customers and engage in continuous dialogue.
Trust	Customers should feel secure, and should have confidence in their financial contact person.
Partnership	We establish stable, crisis-proof partnerships with dependable professional support and open communication.
Value creation	We develop long-term financial solutions that create real value.
Simplicity	Drawing on the synergies within the banking group, we give preference to the simplest and most transparent structures and solutions.

Focus on small and medium-sized enterprises

GR2

Radio station Gazdasági Rádió launched its seminal economic reality show GR2 in 2012. This March will mark the fourth round of the show. This year, similarly to the past three 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. This is **the third time that CIB's SME division has partnered** with the show, which spans 14 weeks, as both expert and main sponsor. Our aim in supporting the show is to create added value for Hungarian businesses. The reality show presents, for its listeners, practical solutions that actually work in real-life situations, and which serve to provide assistance in the event of financial and economic difficulties.

“Relay Baton” is an initiative introduced four 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.

We conducted our representative survey (the “Relay Baton” survey) of the managers and owners of companies posting annual net revenue ranging from HUF 300 million to 10 billion for the third time in September 2015, in conjunction with Gfk. The survey sought answers to questions that are relevant to Hungarian executives and banking experts, such as forward planning, strategy development, succession management, expectations with regard to financial partners, etc. We hold business breakfasts every quarter for our large corporate customers, and twice a year for our SME customers, in order to stimulate dialogue between the participants and promote the adoption of best practices.

GOALS AND PLANS – CUSTOMER FOCUS

2015.

	Commitment	Fulfilment
<ul style="list-style-type: none"> Continuance of our simplification and rationalization measures 		
<ul style="list-style-type: none"> Review of HR processes and instructions 		
<ul style="list-style-type: none"> Launch of an Expert Talent program 		
<ul style="list-style-type: none"> Development of an internship program 		

2016.

- Continuance of our simplification and rationalization measures, ensuring stable and profitable operations
- Execution of Bank-Group wide organizational culture surveys and an implementation and development of an action plan based on the results
- Makeover of our remuneration regulations
- Continuation of responsible and ethical corporate governance
- Continuance of a customer focused product and operation development *

* For details, please see the 'Product Portfolio and Digitalization' and the 'Stability' chapters

STABILITY

*In order to achieve the objectives set out in the growth strategy, it is essential for customer service staff to offer **sound proposals that make good business sense, taking customers' interests into account.** The wide range of products in the portfolio gives up-to-date solutions to the responsible decision-makers. Digitalised corporate governance systems, optimised for efficiency, help to ensure stable day-to-day operation. Our community engagement and our commitment to employees make it easier to achieve a healthy work-life balance.*

THE GUARANTEES OF STABILITY

We have operated in the Hungarian financial market for 35 years. Stable operation requires a prudent, effective corporate governance system that supports the employees in making the right decisions.

Within our corporate governance framework, which is also strongly influenced by the effective statutory provisions, the following elements are of key importance in the interest of ensuring stable operation:

✓	Assessment and management of the risks of the operating environment, use of an advanced compliance system
✓	Corporate governance tools and processes that support responsible and ethical operation
✓	Continuous focus on efficiency and efforts to ensure profitable operation with sustainable solutions
✓	Stakeholder dialogue with the aim of mapping and shaping the expected risks and expectations
✓	Conscious efforts to develop financial skills in society
✓	Balanced pricing policy that optimises market effectiveness and responsible decision-making
✓	Strict lending principles: we don't simply sell products, we provide proactive advisory services and product offers that are tailored to fit in with our customers' business models, and which take into account 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. 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.
✓	Almost all our staff have 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 employ workers 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.
✓	Responsible employment

STABILITY 2015 – In brief

million HUF	2013.	2014.	2015.
Total products produced	148 247	115 904	80 562
Total consumption	178 220	163 779	70 153
Gross capital gains from core activity	-29 973	-47 875	10 409
Proceeds from disposal of tangible assets	-40 575	-3 156	- 589
Totals generated and allocated gross value added	-70 548	-51 031	9 820



million HUF	2015.
Owners (dividends)	0
Employees (wage payments)	23 823
Government (direct and indirect taxes)	23 478
Civil sector (donations and grants)	36
Corporate sector (retained earnings and amortization)	-37 517
Total capital gains distributions	9 820

2296

Indefinite period employees

19,2%

Average employee turnover

260%

Wages of new entrants in relation to the minimum wage

Loan settlement – 4 million loan contracts, representing a HUF 1,000 billion burden for the banking sector

Bank tax – decreasing, but damages profitability and regional competitiveness

National asset management company, forint-based financing – a more effective monetary policy and banking system

Settlement Act – HUF 600 million profit impact for the banking sector

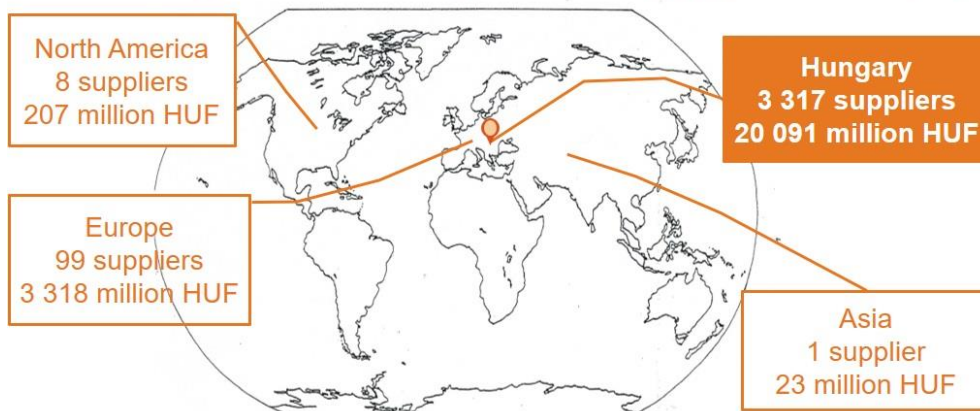


Numerous government measures affecting the banking sector

Prevention of credit loss in the retail segment – strict payment-to-income and loan-to-value ratios
 * To prevent excessive household indebtedness government took action on introducing Debt brake regulation. The essence of this is proportional loan maximalization - depending on repayment and income.

Suppliers at home and around the world

The number of suppliers and the value of the purchased services by geographical distribution (2015)



Data as of 31 December 2015

STABILITY 2015 – Challenges and results

The 2015 data continue to reflect the protracted difficulties 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.

In 2015 the Hungarian banking sector continued to face 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**

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. Lending to non-financial corporations also increased further, substantially driven by the Funding for Growth Scheme (FGS). 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 2015. 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. In the Retail Division, by the

end of the year the branch network had decreased in size, serving customers in 83 branches instead of the previous 95, but continuing to provide nationwide coverage. In place of the previous six regions, a total of five remain under the supervision of the head of Retail, with the related branch network distributed evenly in order to ensure balanced operation.

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.

To ensure stable operation, we need to manage risks throughout the entire service chain. For this reason, responsible procurement forms the basis for our operation. In addition to legal compliance, building on the principles of transparency and fairness, we endeavour to choose forward-looking, environmentally friendly solutions while maintaining high quality and efficiency.

See the [website](#) for more information.



Our responsible employment principles and practices ensure a stable community of employees and the specialist knowledge needed for the bank **group's operation, which not only boosts personal satisfaction, but also correlates directly with the quality and speed of customer service.**

See the [website](#) for more information.



GOALS AND PLANS - STABILITY

2015.

- Further enforcement of sustainability and ethical aspects regarding the supplier selection process



2016.

- Helping the relocation of colleagues involved in major layoffs
- Further enforcement of sustainability and ethical aspects regarding the supplier selection process
- Effective office operations, reducing the printing costs

PRODUCT PORTFOLIO AND DIGITALISATION

CIB devotes particular attention to the development of its retail division, and as a part of this it has set itself the goal of being the primary bank for its customers, and this is a key consideration in the course of product development. The main component in this approach is to simplify bank processes and improve customer satisfaction. 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.**

GUARANTEES OF A COMPETITIVE PRODUCT PORTFOLIO AND DIGITALISATION

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 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.

When it comes to digitalisation, we have set ourselves ambitious goals in order to satisfy changing customer requirements, identifying additional opportunities to improve convenience and boost efficiency both for them and for our bank group.

We strive to minimise the negative environmental and social impact of our products and services. The means of achieving this are:

- Risk management processes
- Decision-making process
- Comprehensive provision of information to stakeholder customers and partners
- Simplification
- A high degree of self-regulation of advertising

PRODUCT PORTFOLIO AND DIGITALISATION 2015 – In brief

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

Persons (data as of 31 December 2015)	2015
Retail	393,838
Corporate	64,271
Total	458,109



Distribution of CIB Group's customers by age (%)

Percent (data as of 31 December 2015)	2015
0-32 years	20.3
33-42 years	24.7
43-52 years	21.5
53-67 years	22.4
Over 67 years	11.1

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

Percent (data as of 31 December 2015)	2015
0-1 years	3.6
2-4 years	8.6
5-7 years	21.1
8-10 years	31.5
11-20 years	34.4
20 years or more	0.8

Retail product usage (including micro-enterprise customers)

consolidated, IFRS data as at 31 December 2015	2013	2014	2015
Retail loans (HUF billion)	432.1	407.1	343.0
Retail deposits (HUF billion)	629.8	603.9	510.7
Number of active bank cards	371,178	344,815	348,066
Number of customers with an active CIB Internet Bank subscription	320,896	277,439	282,164

Corporate product usage

consolidated, IFRS data as at 31 December 2015	2013	2014	2015
Corporate loans (HUF billion)	820.4	694.3	567.2
Corporate deposits (HUF billion)	572.9	554.6	597.1
Number of active bank cards	7,889	5,343	5,107
Number of customers with an active CIB Internet Bank subscription	8,106	5,419	4,139

Excluding loans provided to members of the CIB Group.

StartUp Guide: a guide to the ins and outs of running a small business, covering a range of topics from business planning to legal and accounting basics, the fundamental questions relating to financing, and marketing communication.

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
✓	Mortgage loans
✓	Electronic channels
✓	Leasing
✓	Other



Key features of the Business Terminal:

- Information 24 hours a day
- Customisable to suit individual needs
- For an individual PC or network
- Multiple users simultaneously, different user authorisations
- Independent and joint signatures
- Electronic signatures

PRODUCT PORTFOLIO AND DIGITALISATION 2015 – Challenges and results

In 2015, the demand for unsecured credit grew month by month, with the disbursement of personal loans rising in particular. In line with the bank's strategy, we offered a discount off the interest on personal loans for those customers who regard us as their primary bank and channel their income through us.

The alternative channels took on a greater role, with traffic continuing to increase on our online registration page, where customers can calculate their loan payments and ask to be called back, or request information or a personalised calculation by phone, then launch the application process.

In our lending processes we continue to take a prudent approach: the provision of advance information and explanations to customers is comprehensive, our risk management rules are in line with the statutory requirements, and when placing loans, we follow the rules on responsible lending.

The most important aspects of mortgage lending in 2015 were the settlements related to the conversion of foreign currency loans to forint, and the associated loan refinancing transactions, the **launch of the CIB Végig FIX product, with interest fixed for 10 and 15-year periods**, and the roll-out of segment-based pricing.

Products launched in 2015

CIB Pro Discount Package

Significant discounts for our retail customers on the basis of cooperation agreements concluded with employers. Benefits: reduction in monthly account management fees, discounts related to mortgage loans, personal loans and the annual fees of credit cards, personal banking advice that can be provided in the workplace if necessary

Phase 3 of the MNB Funding for Growth

The scheme, which started in 2013 and was joined by CIB Bank in the first phase, progressed to its third and final phase. As a part of this, in addition to the previous forint financing initiatives, enterprises could also apply for foreign currency loans provided that they have foreign currency revenue with which to cover repayments. This phase of the scheme started at the beginning of 2016.

EU services

In addition to providing assistance with financing, we offer our customers a sophisticated advisory service to facilitate the implementation of successful, EU-compliant projects under community programmes that are either financed domestically or managed directly by the EU committees in Brussels. CIB Bank works with the best bid-writing and institutional advisory companies in the business. Our bank has a wide range of products to cater for the borrowing needs related to funding tenders, including market-rate loans provided from our own sources, refinanced loans offered at discounted interest rate, and solutions combined with institutional, state-backed surety guarantees.


Export Promoting Credit Program (EHP)

In the context of the Export Promoting Credit Program (EHP), under the terms of long-term framework or ad-hoc agreements concluded between CIB Bank Zrt. and Magyar Export-Import Bank Zrt. (Eximbank), CIB Bank offers favourable, fixed-rate loans denominated in EUR, USD and HUF, to businesses. **After winning the “EXIM’s Fastest Growing Credit Institution Partner 2014” award, in 2015 CIB Bank joined the frontrunners both in terms of the number of disbursed transactions and in terms of the volumes.**

Business Terminal service

For its corporate partners, our bank has developed a proprietary electronic banking system, known as Business Terminal (BT), so as to enable our customers to administer their banking affairs electronically, as conveniently as possible. **Our electronic system can be linked up to the company’s financial systems (e.g. SAP, payroll software), thus making it possible to import and export order data. And if our customers want to send their orders electronically directly from their accounting system, they have the option of installing an automatic BT software. The automatic BT software sends the transfer orders and account statements between the customer’s accounting system and CIB Bank’s processing systems without the need for manual intervention.**

GOALS AND PLANS – PRODUCT PORTFOLIO AND DIGITALISATION

	Commitment	Fulfilment
2015.	<ul style="list-style-type: none"> Development of interactive surfaces Development of value-based customer offers 	
2016.	<ul style="list-style-type: none"> Innovative developments (With the) Expansion of alternative channels, loan application will also be available for customers through the mobile application Opening of a Mortgage Partner Centre, where partners can address their mortgage matters in one place as well as expanding the product range with the CSOK related products Development of interactive surfaces 	

BEYOND BUSINESS

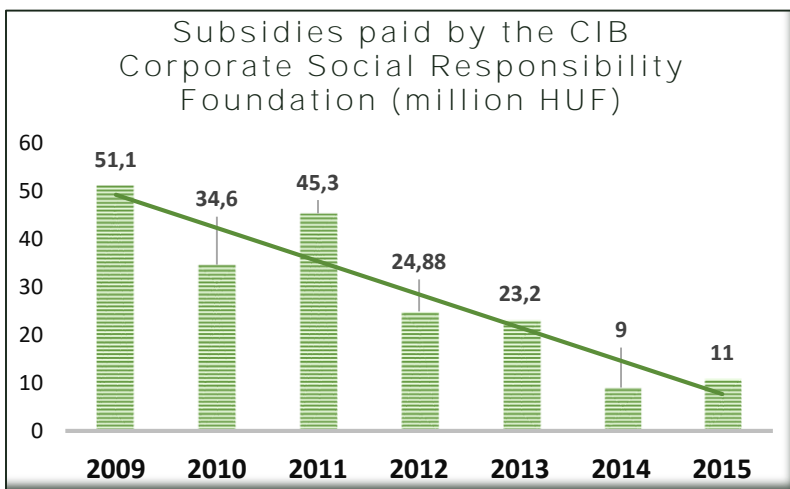
In addition to being financially profitable, it's also important for us to meet our responsibilities towards society. In the interest of ensuring that both our stability and our growth strategy are fully supported, we minimise social and environmental risks and aim to have a positive impact, for the good of our community and our environment. Our responsible operation also extends to our external relationships and the role that we fulfil in society.

GUARANTEES OF A POSITIVE ROLE IN THE COMMUNITY AND ENVIRONMENT

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.

ROLE IN THE COMMUNITY AND ENVIRONMENT 2015 – In brief



Beneficiaries of the CIB Foundation:

Bátor Tábor (Camp of Courage) Foundation

HUF 5 million

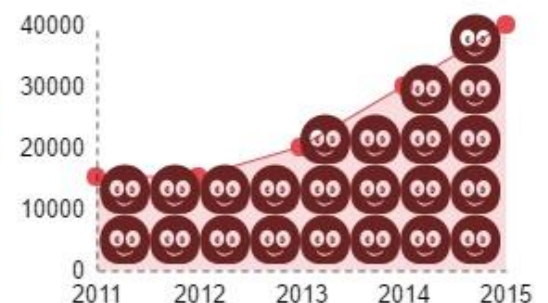
Hungarian Food Bank

HUF 6 million

Food collection in numbers

	2011	2012	2013	2014	2015
Collected food (tons)	80	93	140	195	270
Collection sites (pcs)	173	230	256	257	300
CIB volunteers (persons)	700	500	300	350	350

The total number of beneficiaries of the project



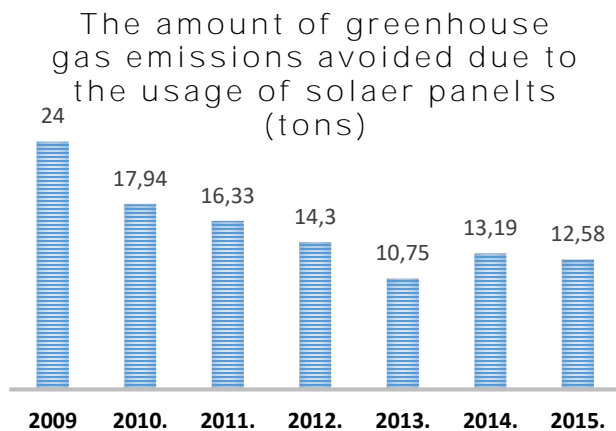
■ This many people were fed

Data as of 31 December 2015

Our environmental indicators

	Unit of measurement	2013	2014	2015
Total energy used	GJ	123,445	124,282	161,195
Other renewable energy	kWh	53,407	57,933	71,580
Water consumption	m ³	25,014	31,017	36,498
CO2 emissions resulting from energy use	t	7,239	11,966	11,868

Solar panels on the roofs of the office building in Petrezselyem utca, the two office buildings in Medve utca, and the CIB24 office building:



Data as of 31 December 2015



- ▲ Hot water supply for the three central buildings
- ▲ 8,444 m³ natural gas saving per year
- ▲ Equivalent to the annual gas consumption of three average detached houses

ROLE IN THE COMMUNITY AND ENVIRONMENT 2015 – Challenges and results

Our successful community programmes:

- CIB Bank in 2015 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.
- Community food drive weekend for a happier Christmas: In 2015 we held one of our most prominent programs, the National Food Drive Weekend, organised in collaboration with the Hungarian Food Bank Association, for the *fifth time*. The initiative provides an opportunity for our employees and customers to contribute in a way that is free from the influence of business interests.
- Donation to the Nefelejcs – Rehabilitation Centre for Children with Disabilities: The SME & Leasing Division held this charitable initiative for the sixth time in 2015. The supported institution was established in a deeply impoverished part of *Transcarpathia*, to ensure the development of *children and youth* from the local and surrounding area with *physical and/or mental disabilities*. The collection drive had twin aims: to do everything to give the children a better

quality of life, and to help the families who live their lives under the strain of such trials and difficulties. We used the collected donations to purchase for the rehabilitation centre – based on its needs – items necessary to meet operational requirements, and skills development aids, as well as contributing to Christmas gifts and surprises for the sick children.

- 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 continued the initiative in the Western region.
- CIB Night of Care: Joining the sponsors of the Night of Care campaign, run by the **Light of My Eyes (‘Szemem Fénye’) Foundation** which helps to provide treatment for *children and youth suffering from incurable illness*, and improve their quality of life, we

organised a charity *concert* that was put on in with a joint effort by our employees. The revenues collected from the concert (which amounted to over a million forints) enabled the purchase of medical devices.

- CIB Foundation In 2015, the CIB Foundation renewed its cooperation with the **Bátor Tábor (Camp of Courage) Foundation** and added the collaboration with the Hungarian Food Bank to the initiatives supported by the 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 11 million.
- Christmas FAIRY TALE CD: For Christmas 2015 a very special Christmas present was made, in the form of a CD containing classic *fairy stories, read out loud by the CIB24 staff. We sent the CDs to 10 hospitals and children’s institutions as a gift:*

- Heim Pál Children’s Hospital
- Sorsunk és Jövőnk Alapítvány, Diósd
- Híd a Gyermekéért Alapítvány, Zalaegerszeg
- Lámpás ’92 Alapítvány, Érd
- Özv. Kövér Endréné Alapítvány, Nyíregyháza
- Szemem fénye Alapítvány
- Open Door Baptist Primary School and Kindergarten in Miskolc – with the help of our CIB 24 staff, the Charity from the Heart team and many other colleagues
- Pető Institute
- ‘Arany’ Kindergarten in Gyömrő

‘Financial Compass’ program

As a part of the program, the sponsors have the opportunity to publish specialist information 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.

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.



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.

Our successful environmental programs

✓	In 2015 100% of the paper used in our offices was recycled paper.
✓	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.
✓	We reviewed the uninterruptible power supply equipment in our head office in Petrezselyem utca, and during this process we had already shut down one of the four working UPS units in 2014. In 2015 we took the other unnecessary unit out of operation, thus reducing the annual loss by a further 58 MWh, and CO ₂ emissions by 18 tons.
✓	We also modernised the UPS system in the CIB 24 building, reducing the system's electricity loss to a minimum.
✓	We filled the refrigeration units operating in our buildings with a more modern coolant that is less damaging to the ozone layer.
✓	We attached energy-awareness stickers to all the light switches, water taps and wall-mounted thermostats in the properties used for banking operations.
✓	In 2015 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. With these activities we surpassed the results of previous years by a substantial margin, gaining a total of 70.4 kWh in energy, while our CO ₂ emissions decreased by 28 kg during this period.

GOALS AND PLANS – BEYOND BUSINESS





A WORLD OF REAL POSSIBILITIES

ANNEXES

ANNEXES

BOUNDARIES OF THE REPORT, MATERIAL ASPECTS

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	Property lease
CIB Lízing Holding Zrt.va.*	Hungary	Ownership of stake in CIB Lízing
CIB Biztosítási Alkusz Kft.	Hungary	Insurance brokerage
CIB Faktor Zrt.	Hungary	Factoring
CIL MNM Kft. va.	Hungary	Facility management
Recovery Zrt.	Hungary	Financial consulting
CIB Autó Kft.	Hungary	Motor vehicle trade
Brivon Magyarország Kft.	Hungary	Real estate development and facility management

This CIB Bank Group report focuses on the material aspects specified in the GRI G4 guidelines. We defined these in the course of making our earlier reports, and updated them every year, taking into account the opinions and expectations of external and internal stakeholders. For the purposes of the 2015 report we have reviewed, with an internal working group and the support of specialist advisers, the potential changes in the expectations and concerns of our key internal and external stakeholders, and the opportunities for improving the report. In the interests of effectiveness, simplicity and readability, we decided to narrow the target audience. Accordingly, we have chosen customers as the primary target audience for this report. Of the three target audiences defined in previous years, we are using other primary communication channels for the purpose of informing and engaging our employees and the media, so this report only serves as a supplementary source of information in the dialogue conducted with these two groups.

The review identified the aspects that impact the Bank Group's operation and strategy, and the relevant aspects that affect stakeholder groups, primarily our customers, in light of the local context as well as of international trends. In the course of the review we drew on our own research, sector-wide research, secondary sources of data, and benchmark analyses.

* As of 31 December 2013 the liquidation settlement of CIB Lízing Holding Zrt and CIL MNM Kft was underway.

As a result of all this, the following material aspects have been identified for the purpose of **this year's report**:

High priority

- Economic dimension:
 - Stability, predictability, financial profitability
 - Intesa Sanpaolo and CIB Group strategy
 - Corporate governance (compliance, ethics, fairness, anti-corruption, etc.)
- External social dimension:
 - Portfolio of products and services, pricing
 - Quality and speed of service, complaint handling
 - Financial exclusion and inclusion, responsible lending
 - Social and community engagement
- Internal social dimension:
 - Customer-focused corporate culture and performance incentives

Medium priority:

- Economic dimension:
 - Suppliers
 - Subcontractors
- Internal social dimension: Responsible employment
- Environmental dimension: Climate change, environmentally friendly solutions

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. Stability, predictability, financial profitability	G4-EC1	13.	Owner Customers
2. Corporate governance - compliance - ethics - fair competition - anti-corruption	G4-34 G4-56,57,58 G4-14; G4-SO4	33-34. 4-5. 35. http://www.cib.hu/cib_group/sustainability/our_values/index	Customers
3. Intesa Sanpaolo and CIB Group strategy		4.	Owner
4. Suppliers	G4-12; G4-EC9	13. http://www.cib.hu/cib_group/sustainability/suppliers/index	Suppliers
Material aspects in terms of internal social performance			
5. Responsible employment	G4-LA1; G4-10,11	7. http://www.cib.hu/cib_group/sustainability/responsibility/index	-
6. Customer-focused corporate culture and incentives	G4-LA9; LA10	7.	Customers
Material aspects in terms of external social performance			
7. Product portfolio and pricing	G4-SO4	10.	Customers
8. Financial exclusion, inclusion, responsible lending	G4-FS14; G4-FS16	9. 23.	Customers
9. Quality and speed of service, complaint handling	G4-PR5	8.	Customers
10. Social engagement	G4-SO1; G4-EC1	21-24. 13.	Local community
Material aspects in terms of environmental performance			
11. Environmentally friendly solutions	G4-EN27	22-24.	Customers
12. Climate change	G4-EN3; G4-EN6; G4-EN16; G4-EN19	22-24.	-

The report also gives an account of our efforts to uphold the principles set forth in the UN Global Compact.

In 2015, similarly to the previous year but in a departure from the practice of earlier years, we did not have the report validated.

GRI INDEX

Indicator	Brief description	Page number
I. 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	1., 4.
II. Organisational profile		
G4-3	Name of the organisation	3.
G4-4	Primary brands, products and/or services	3., 18.
G4-5	Location of the organisation's headquarters	3.
G4-6	Countries where the organisation operates	3.
G4-7	Nature and legal form of ownership	3.
G4-8	Markets served	2.
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	3.
G4-10	Total workforce by employment type, employment contract, and region	7. http://www.cib.hu/cib_group/sustainability/responsibility/index
G4-11	Percentage of employees covered by collective bargaining agreements	36.
G4-12	Description of the supply chain	13. http://www.cib.hu/cib_group/sustainability/suppliers/index
G4-13	Significant changes in size, structure or ownership, during the reporting period	no change
III. Commitment to external initiatives		
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	1., 4.
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	35-37.
G4-16	Memberships in associations (such as industry/sector associations) and/or national/international advocacy organisations	34.

IV. 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.	26.
G4-18	The process for defining the content of the report.	26.
G4-19	List of the material aspects identified in the process for defining report content.	27-28.
G4-20	With respect to each material aspect, the units within the reporting organisation in relation to which they are presented.	27.
G4-21	With respect to each material aspect, which external stakeholders of the reporting organisation they have a direct impact on.	28.
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
V. Stakeholder engagement		
G4-24	List of stakeholder groups engaged by the organisation in any form of dialogue	5. http://www.cib.hu/cib_group/sustainability/stakeholders/index?defaultLanguage=english http://www.cib.hu/cib_group/sustainability/stakeholders/analyses?defaultLanguage=english
G4-25	Method and principles for selection of the stakeholder groups	5. http://www.cib.hu/cib_group/sustainability/stakeholders/index?defaultLanguage=english
G4-26	Approaches to stakeholder engagement	5. http://www.cib.hu/cib_group/sustainability/stakeholders/analyses?defaultLanguage=english

G4-27	Key topics and concerns that have been raised through stakeholder engagement	http://www.cib.hu/cib_group/sustainability/stakeholders/analyses?defaultLanguage=english
VI. Report parameters		
G4-28	Reporting period	2.
G4-29	Date of most recent report	2.
G4-30	Reporting cycle	2.
G4-31	Contact point for questions regarding the report or its content	39.
G4-32	GRI Content Index	29-32.
G4-33	Policy and current practice with regard to seeking external assurance for the report	28.
VII. Corporate governance		
G4-34	Governance structure of the organisation	33-34.
VIII. Ethics and integrity		
G4-56	Internally developed statements of mission or values relevant to economic, environmental and social performance	4. http://www.cib.hu/cib_group/sustainability/our_values/index
G4-57	Internal and external mechanisms for seeking advice and supporting decisions in relation to ethical and legal matters	5.
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour	4.
IX. Management approach		At the presentation of the data
X. 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	13.
G4-EC9	Proportion of payments to local suppliers	13. http://www.cib.hu/cib_group/sustainability/suppliers/index
XI. Labour practices and decent work		
G4-LA1	Total employee turnover	http://www.cib.hu/cib_group/sustainability/responsibility/index

G4-LA9	Annual average number of training hours per year per employee by employment category	7. http://www.cib.hu/cib_group/sustainability/responsibility/index
G4-LA10	Programs for skills management and lifelong learning	7. http://www.cib.hu/cib_group/sustainability/responsibility/index
XII. Product responsibility		
G4-PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	8.
XIII. Society		
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	21-24.
G4-SO4	Percentage of employees trained in the organisation's anti-corruption policies and procedures	37.
XIV. Environmental performance indicators (EN)		
G4-EN3	Energy consumption within the organisation	22.
G4-EN6	Energy saved due to conservation and efficiency improvements	22-24.
G4-EN16	CO2 emissions resulting from energy use	22.
G4-EN19	Initiatives to reduce greenhouse gas emissions, and reductions achieved	22-24.
G4-EN27	Initiatives to mitigate environmental impacts of products and services	22-24.
XV. Financial sector-specific indicators		
G4-FS6	Distribution of business-line portfolios by region, customer size (e.g. micro/SME/large corporate) and industry	16-17.
G4-FS14	Initiatives to improve access to financial services for disadvantaged people	9.
G4-FS16	Initiatives to enhance financial literacy by type of beneficiary	23.

DECISION-MAKING BODIES

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** Management Board, 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 names of the members of the Management Board and the Supervisory Board are published on the [website](#).



The eight-member Board of Directors established in 2014 underwent a number of personnel changes in 2015:

István Attila Szabó took over management of the Corporate Division from CEO Pál Simák, who had been filling this role temporarily. In addition to this, Paolo Vivona was appointed as Chief Risk Officer, and Zoltán Csordás became head of Focused Customer Management.

Members of the Board of Directors in 2015:

- Retail (Dr. Tamás Ákos),
- Corporate (István Attila Szabó)
- Risk Management (CRO, Paolo Vivona),
- Organisational Change & Efficiency Management (CTO, János Strohmayer),
- Finance (CFO, Andrea de Michelis),
- Operations (COO, Giorgio Gavioli),
- Focused Customer Management, "FCM" (CWO, Zoltán Csordás).

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 Management Board:**

Credit

Change Management

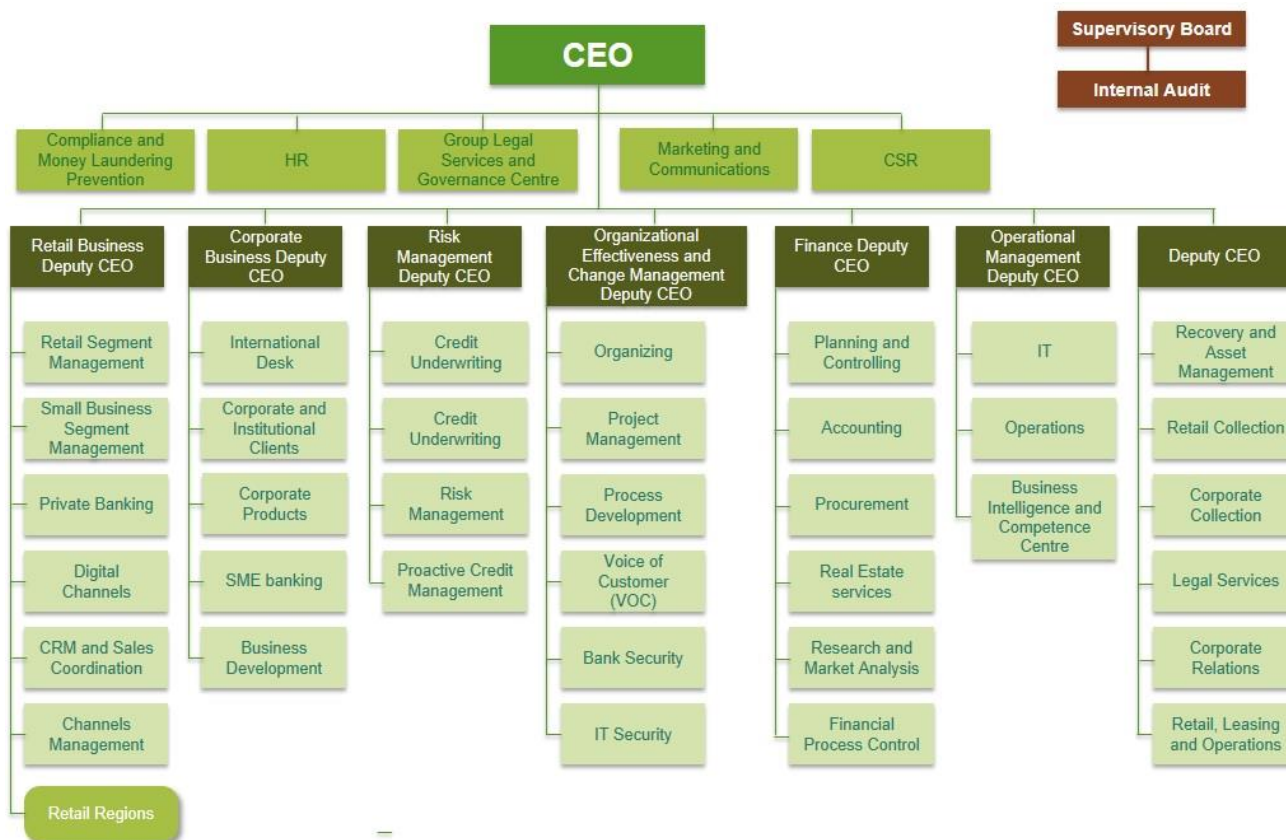
Problem Assets Committee

Operational Risk Committee

Financial Risks Committee

Asset Quality Session

ORGANISATIONAL STRUCTURE



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

COMPLIANCE WITH THE PRINCIPLES OF THE UN GLOBAL COMPACT

Global Compact principles	Our performance	For additional information contact
Human Rights		
<p>1. Business should support and respect the protection of internationally proclaimed human rights.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>We provide our employees with fair and satisfactory working conditions and pay, as well as a wide range of other benefits. The average starting monthly wage is almost three times the statutory minimum wage.</p>	<p>Page 4</p> <p>http://www.cib.hu/cib_group/sustainability/our_values/index</p> <p>http://www.cib.hu/cib_group/sustainability/responsibility/index</p> <p>Page 8</p>
<p>2. Businesses should make sure they are not complicit in human rights abuses.</p>	<p>In 2015 we continue the implementation of our Code of Ethics and based on this our Code of Conducts, the procedure and the operations after the acceptance of the system.</p> <p>We are committed to the elimination of all forms of discrimination, with respect to gender, age, race, religion, political and union affiliations, differences arising from different languages and the rights of persons with disabilities.</p> <p>In 2015 we have achieved that our branches are 100% accessible.</p>	<p>Page 4</p> <p>http://www.cib.hu/cib_group/sustainability/our_values/index</p> <p>Page 9</p> <p>http://www.cib.hu/cib_group/sustainability/responsibility/index</p>

Labour		
3. Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Our bank complies fully with the Labour Code, and beyond this the organisation regulates matters that affect every employee equally in the HR regulations. There is no collective agreement. A trade union has been established to represent the interests of employees, which had 303 members at the end of 2015. A works council also operates at the bank.	http://www.cib.hu/cib_group/sustainability/responsibility/index
4. Business should eliminate all forms of forced and compulsory labour.	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.	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.	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" .	Page 4 http://www.cib.hu/cib_group/sustainability/our_values/index http://www.cib.hu/cib_group/sustainability/responsibility/index
Environmental protection		
7. Business should support a precautionary approach to environmental challenges.	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.	Pages 21-24 http://www.cib.hu/cib_group/sustainability/environmental_impact/index Page 15

	<p>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.</p>	
<p>8. Business should undertake initiatives to promote greater environmental responsibility.</p>	<p>We extended the opportunity for selective waste disposal to two more of our central offices.</p> <p>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.</p>	<p>Pages 21-24</p> <p>http://www.cib.hu/cib_group/sustainability/environmental_impact/index</p>
<p>9. Business should encourage the development and diffusion of environmentally friendly technologies.</p>	<p>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.</p>	<p>Pages 21-24</p> <p>http://www.cib.hu/cib_group/sustainability/environmental_impact/index</p>
<p>Anti-corruption</p>		
<p>10. Business should work against corruption in all its forms, including extortion and bribery.</p>	<p>The Bank abides by the laws of the country.</p> <p>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.</p> <p>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.</p>	<p>Page 4</p> <p>http://www.cib.hu/cib_group/sustainability/our_values/index</p>

CERTIFICATE FROM THE HUNGARIAN SELF-REGULATING
ADVERTISING BODY (ÖRT)

CERTIFICATE.



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Reklám. Tisztán

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to comply with the Advertising Code of Ethics,
to submit itself to the resolutions issued by the Advertising Jury,
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providing training for its staff about ethical standards.

8. April 2016, Budapest

dr. Megyer Örs
Chairman

dr. Fazekas Ildikó
Secretary General

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