



CIB BANK

A WORLD OF REAL POSSIBILITIES

SUSTAINABILITY REPORT
2016

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EXECUTIVE MESSAGE

Since 2005, every year CIB Group has prepared its sustainability report in line 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 2016 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 significant efforts to strengthen our staff's commitment and motivation and we** sought to involve them not only in the implementation of strategy, but also in the social and environmental protection programs and energy saving initiatives of 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 programs 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. The report, which is now shorter and more focused, contains the essential topics, examining them primarily from the point of view of our **main stakeholder and our report's target group, the customers. For the eighth year running**, our report also describes the 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 2016, 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 2016

Date of previous report: August 2016 (GRI G4 'in accordance core')






Reporting cycle: annual

GRI application level: In accordance – core

Data status: December 31., 2016, 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

More than 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 440,000 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, CIB Mobil App, 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.)

**Activities of CIB Factor were taken over by CIB Bank in 2017.*

Ownership structure: 100% Intesa Sanpaolo S.p.A. (From 1st November 2016)

(Before 1st November 2016: 32,3096% Intesa Sanpaolo S.p.A. and 67,6904% Intesa Sanapolo Holding Internationa S.A.)

Intesa Sanpaolo:

One of the most important banking groups in the Eurozone

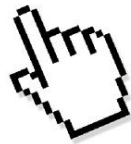
4,000 branches, 11.1 million customers

Subsidiaries in 11 countries, 7.5 million customers, 1,067 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.



139 ATM

82 Branches

Number of employees:	2,036 employees
Number of customers:	438,199 customers
Proportion of spending on locally-based suppliers:	96.6%
Economic value distributed:	HUF 55 546 million
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

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.

The strategy rests on three main pillars: (1) Renewal of the business operations and market activity of the “**Growth Bank**”, (2) Continuing the wind-down of the bad portfolio elements, seeking to achieve the best possible recovery, (3) Simplification of the processes, more efficient operation.

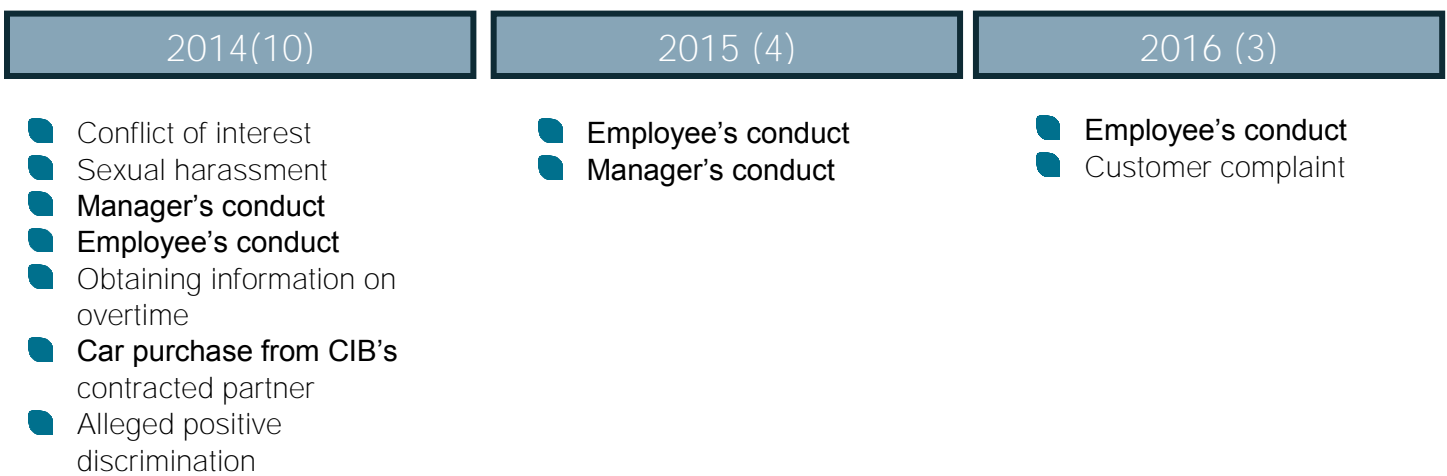
CORPORATE GOVERNANCE


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 2016 a total of three ethics complaints were received, and none led to the institution of proceedings.

Number and types of ethics complaints



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 2016 – In brief

We celebrated the 9th 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



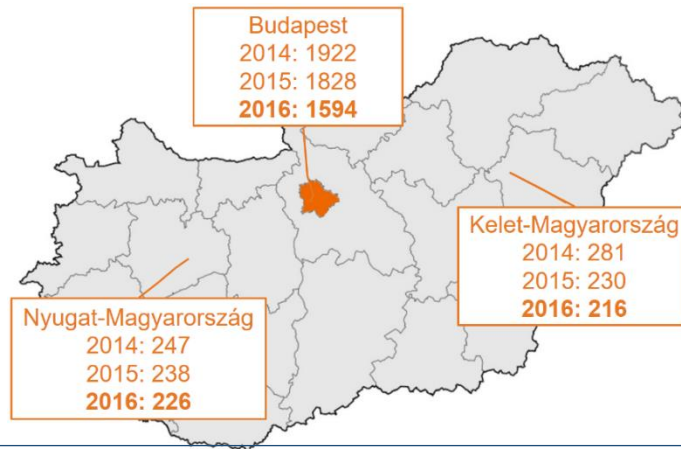
Perception of the quality of our products and services



Proportion of dissatisfied customers

of CIB Group's employees (persons)

Data as of 31 December 2016



5

Regions

82

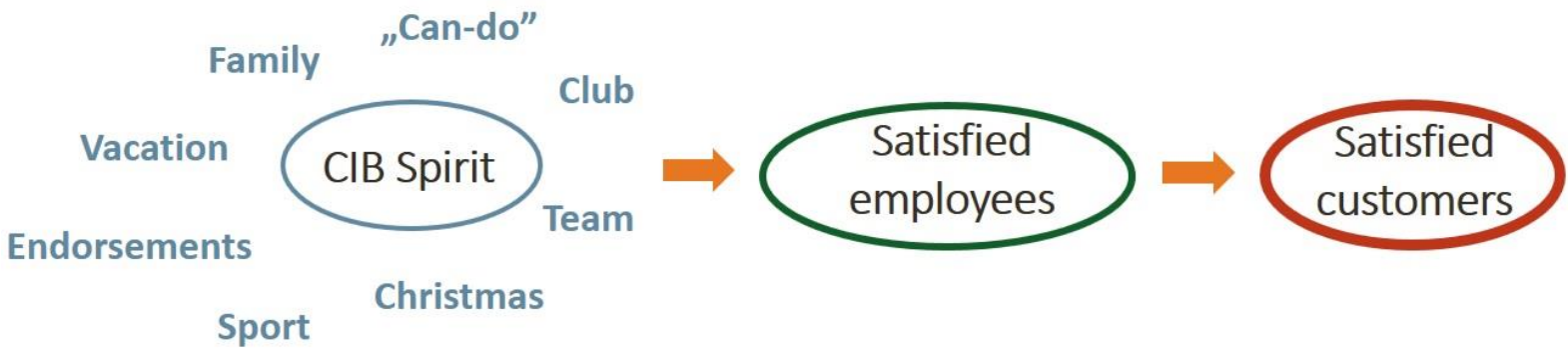
Branches

442

Rural employees

Our organisation's average fluctuation level increased in comparison to the previous years, as a result of the group layoffs performed in the first half-year of 2016. This is reflected in the breakdown by age category, as well; moreover, looking at breakdown by gender, the male exit rate continues to be higher. After the group layoffs, we introduced our four-month "Shake It Up" program, aimed at strengthening the commitment of employees who remained employed by the Bank Group.

CIB Spirit – A customer-focused corporate culture



Average hours of training per employee: 36.1 hours

Roughly 171 employees divided among 10 groups took part in our retail orientation program.

22 bank floor managers attended a two-phase development program.

29 new training materials on the electronic training portal

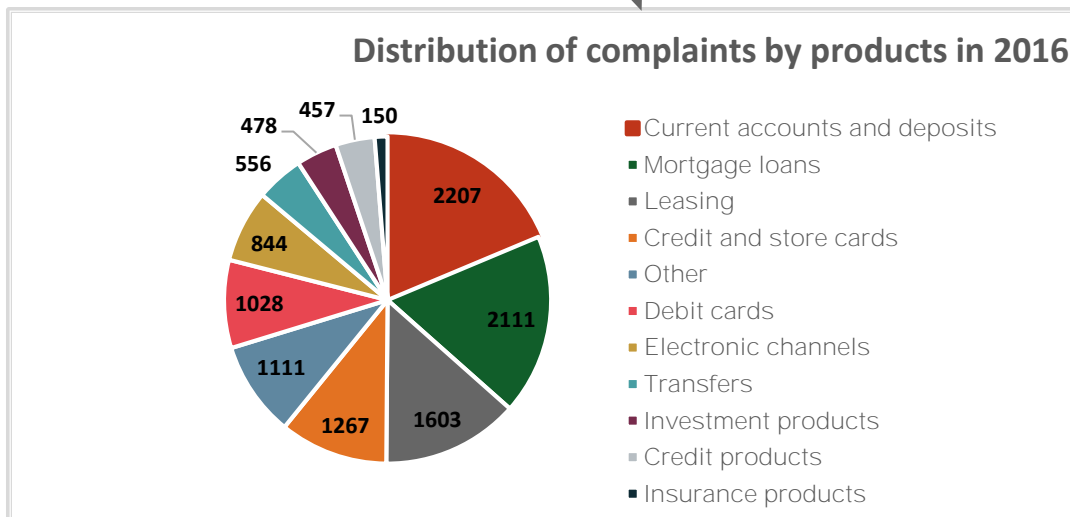
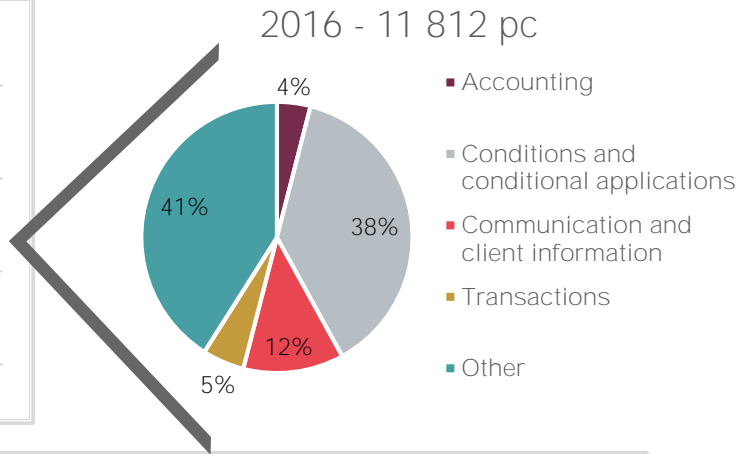
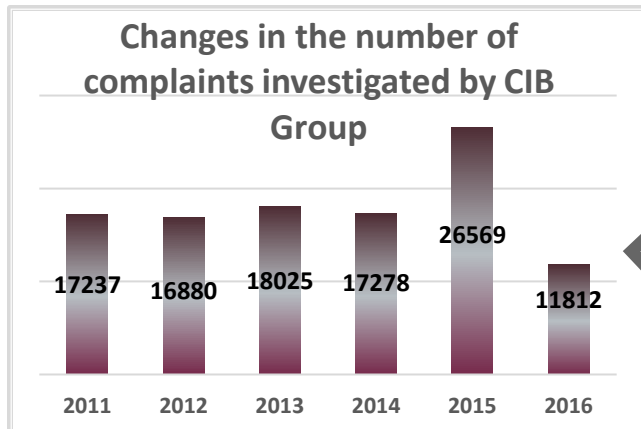
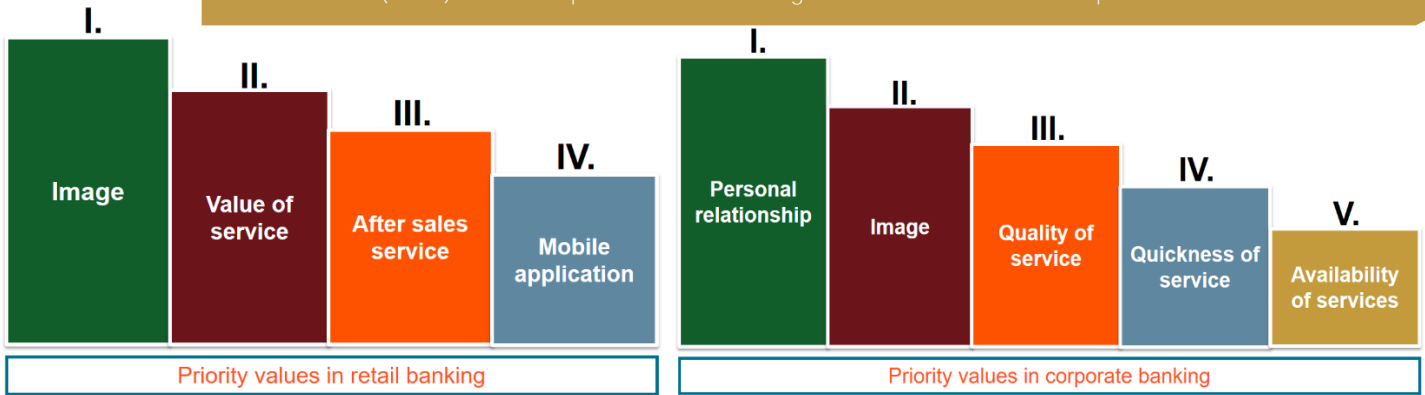
Special focus was put on developing the skills of the Retail Banking Advisors. The programs supporting the formation of efficient and high-quality customer relations were attended by 141 people divided among 15 groups.

For branch managers we held management leadership and coach training programs for strengthening competence. These were attended by 66 people divided among 6 groups.

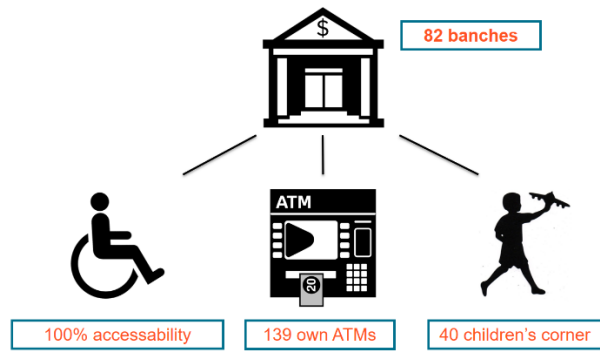
Our customers' values

Our Italian parent company, together with the other subsidiaries and us, has been committed for more than 10 years now to studying and improving customer satisfaction in the field of financial services. In 2016, with the assistance of a third-party research company (TNS Hoffmann Kft.) **we analysed our customers' opinion about satisfaction and we obtained the following results.**

The new trend among our retail customers: The first 3 key factors have an impact of 75% on satisfaction (ECSI) and the impact of the branch organisation decreased in comparison to 2015.



Data as of 31 December 2016



Data as of 31 December 2016

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

CUSTOMER FOCUS 2016 – Challenges and results

In 2016, too, we maintained and attended to our 100% Attention customer satisfaction program. **We are still committed to CIB Group's current motto**, which is closely adapted to our strategy **aspirations**, i.e. "Customer satisfaction is not a matter of luck".

In 2016, too, we held the customer satisfaction day, on which we gave gifts with the 100% Attention logo to our customers. 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 customer feedback. In 2016, we received a total of 1,182 comments, based on which we initiated and carried out several improvement measures.

As a result of the enactment of the Settlement Act in 2014/2015, in the first half of 2016, we still received complaints about the foreign currency loans, but 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.

In this regard, too, there were some inquiries relating to settlement, but our customers turned to the Board mostly with lending-related issues.

After many years, CIB Group again closed a profitable financial year, which shows the success of the strategy through which, together with very strict cost control and prudential corporate governance, it has ensured sustainable operation in the long term. Additionally, many of our programs (corporate culture survey, our related programs and transformation of the remuneration regulations) **increased our employees' satisfaction and loyalty**.

The clear purpose of our product developments is to make our products accessible as easily as possible, to the broadest possible group of customers. In this, a key role is played by our digitalisation steps, whose most important milestone in 2016 was the introduction of our new mobile application, which was a huge success among the customers and garnered various professional awards, as well.

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

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

- In the case of loans unsecured by property, there is a possibility to reduce monthly instalment by extending the loan term. Through our CIB Debt Consolidation Loan II product, several loans unsecured by property or credit card debts or overdraft debts can be consolidated and settled in a longer period of time with equal monthly instalments.
- In the case of loans secured with real estate, we recommend the CIB Optimal Payment Facility Program, in which, in addition to the extension of the loan term, there is a possibility of a 25% reduction of monthly repayment for 5 years. If this is not a solution of a sufficient level for our customer, there is a possibility to apply for a custom rescheduling plan, providing adequate proof of the cause of difficulties with the repayment.
- 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 enterprisesDistribution

Testimonials

For 5 years, we have been successfully running our initiative, 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.

SME Research

In September 2016, together with TNS Hoffmann we conducted our representative survey of the managers and owners of companies posting annual net revenue ranging from HUF 300 million to 10 billion, focusing on digitalisation. We have created a tradition of inviting our customers to national business events focusing on specific topics that we host every autumn and spring. The purpose of this initiative was to generate dialogue between the participants, and to help them **take all the latest “best practices” on board. These events are an excellent opportunity for networking across the regions, between company 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.**

GOALS AND PLANS – CUSTOMER FOCUS

	Commitment	Fulfilment
2016.	<ul style="list-style-type: none"> Continuation of simplification and rationalisation steps, ensuring stable and profitable operation Completion of an organisational culture survey at bank group level and elaborating an action plan based on the results Transformation of our remuneration regulations Continuation of responsible and ethical corporate governance Continuation of product and operational development in service of customer focus* 	<ul style="list-style-type: none"> ● ● ● ● ● ● ● ● ● ● ● ● ● ● ● ● ● ● ● ●
2017.	<ul style="list-style-type: none"> Continuation of digitalisation, further increase of the customer experience Completion of the transformation of our remuneration regulations Further simplification of processes, reduction of bureaucracy Development of customer communications Continuation of responsible and ethical corporate governance Increasing employee satisfaction 	

* For details please see 'Product portfolio and digitalization' and '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 more than 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 2016 – In brief

<i>million HUF</i>	2014.	2015.	2016.
Total products produced	115 904	80 562	78 705
Total consumption	163 779	70 153	26 339
Gross capital gained from core activity	-47 875	10 409	52 366
Proceeds from disposal and tangible assets	-3 156	- 589	318
Total generated and allocated gross value added	-51 031	9 820	55 546



<i>million HUF</i>	2015.	2016.
Owners (dividends)	0	0
Employees (wage payments)	23 823	22 785
Government (direct and indirect taxes)	23 478	16 960
Civil sector (donations and grants)	36	27
Corporate sector (retained earnings and amortization)	-37 517	15 773
Total capital gains distributions	9 820	55 546

The growth pace of Hungarian economy started to slow, but it is expected to reach a halt in 2017.

For the larger part of 2016, budgetary fiscal performance continued to be better than planned.

In 2016, the upturn of the domestic banking system continued

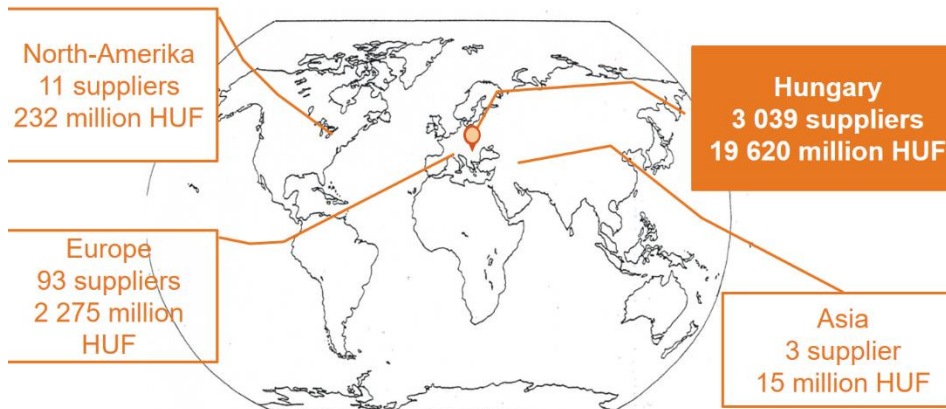
Until March 2016, for roughly three quarters the central bank's base rate remained unchanged (1.35%), when the easing cycle was restarted for the second time.

During the phasing-out of the FGS, in 2016 some funding on favourable terms was still available for SMEs, but with lower volumes.

The ratio of non-performing loans is just as high in the retail mortgage and commercial property loans segments. To reduce the ratio, several important steps have been taken, as a result of which a market-based asset manager has started its operation, creating a European precedent.

Suppliers at home and around the world (2016)

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



STABILITY 2016 – Challenges and results

In 2016, the upturn of the domestic banking system continued. The customer loan portfolio **started to increase, while the banks' liquidity and capital positions are steady.** At the same time, the Hungarian banking sector continues to face substantial challenges, such as:

- restoration of market-based corporate lending,
- managing the large non-performing portfolio, and
- improving profitability.

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 key aim of the strategy is for the Bank to continue sustainable profitable operation by applying an effective and efficient operating model.

The **plan's strategic objectives are as follows:**

- maintaining excellent customer relationships so that the Bank should become its **customers' primary financial services** provider;
- ensuring sustainable profitable operation
- simplifying daily banking by strengthening innovation, improving customer experience and developing internal efficiency
- spinning off value-draining assets and operations.

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.



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, improve customer satisfaction and digitalisation, which has an increasingly important role in sales and the service model. With this in view, it is necessary to continuously expand our offering of premium banking services and to provide high-standard asset management products and excellent, standardised banking services through electronic channels and the branch network. The Bank aims at boosting the volume of retail lending by introducing new processes and developing its commercial channels. As for the savings products: there is a potential for growth on the market of investment funds and CIB places a strong emphasis on offering alternative savings solutions in the extremely low interest environment.

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.

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

	Commitment	Fulfilment
2016.	<ul style="list-style-type: none"> Outplacement assistance for colleagues affected by major layoffs Further incorporation of sustainability and ethical considerations into the supplier selection process Efficient office operation, reduction in printing costs 	<ul style="list-style-type: none"> ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
2017.	<ul style="list-style-type: none"> Creation of the CIB employer brand concept Launch of the third talent program for managers and the second one for professionals Strengthening the solution-oriented approach in the bank with a comprehensive full-year action plan 	

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 2016)	2016
Retail	375,917
Corporate	62,282
Total	438,199



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

Percent (data as of 31 December 2016)	2016
0-32 years	18.9
33-42 years	23.8
43-52 years	23.1
53-67 years	22.7
Over 67 years	11.5

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

Percent (data as of 31 December 2016)	2016
0-1 years	4.1
2-4 years	7.3
5-7 years	14.2
8-10 years	29.6
11-20 years	43.6
20 years or more	1.2

Retail product usage (including micro-enterprise customers)

consolidated, IFRS data as at 31 December 2016	2013	2014	2015	2016
Retail loans (HUF billion)	432.1	407.1	343.0	298,7
Retail deposits (HUF billion)	629.8	603.9	510.7	482,4
Number of active bank cards	371,178	344,815	348,066	343 054
Number of customers with an active CIB Internet Bank subscription	320,896	277,439	282,164	287 165

Corporate product usage

consolidated, IFRS data as at 31 December 2016	2013	2014	2015	2016
Corporate loans (HUF billion)	820.4	694.3	567.2	461,0
Corporate deposits (HUF billion)	572.9	554.6	597.1	691,5
Number of active bank cards	7,889	5,343	5,107	4 987
Number of customers with an active CIB Internet Bank subscription	8,106	5,419	4,139	3 914

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
✓	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 2016 – Challenges and results

With the end of the MNB's Funding for Growth Scheme, CIB Bank has placed new own-funded fixed-interest loan and leasing products on the market. The purpose is to support the corporate sector through funding with predictable interests in the long term, as well.

Services related to documentary transactions cannot be absent from the product range of trade financing, either. The economic crisis deepened the lack of trust among customers both in domestic and international business world, because the risks arising from non-performance have increased. These risks can be reduced by documentary products, which we offer to our customers in a wide palette ranging from documentary collection order,

through letters of credit and guarantees, to discounting export letters of credit.

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.

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.

Sustainability Report 2016 / Product portfolio and digitalisation

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.

In addition to all these, the most important forward-looking step in 2016 was accelerating digitalisation, which extends beyond the introduction of specific products and services: CIB Group has clearly embarked on a path of offering the best possible customer experience and service to its customers

Our digitalisation developments make access to our services significantly easier.

through digital tools and channels. In addition to the new mobile application launched in 2016, in 2017 a new internet banking system will be introduced and the branch processes will be transformed continuously, as well, so as to allow for the introduction of digital signatures replacing paper-based service. We hope that the changes of the legal environment will permit opening bank accounts without visiting the branch in person, through remote (e.g. video camera-based) identification. This will also be a major step towards facilitating access to the services.

Products launched in 2016

In May 2016, we introduced the CIB Bank ECO bank account for our retail customers, with a monthly account management fee of HUF 0 on the condition that every month an amount equivalent to the net minimum wage in force is credited by incoming transfer to the account. With the bank account we provide other advantages to our customers who handle their finances online; the transaction fee for one-off HUF transfers launched through electronic channels is also HUF 0, just like the fee for executing direct debit orders, and standing transfer and book transfer orders.

CIB Bank ECO
Bank Account

With the end of the MNB's Funding for Growth Scheme, CIB Bank has placed new own-funded fixed-interest loan and leasing products on the market. The purpose is to support the corporate sector through funding with predictable interests in the long term, as well.

Fixed-interest
loans

When applying for the Family Housing Allowance (CSOK), many documents must be submitted to the financial institution. Gathering all these is particularly important, because the bank can only accept such applications if all the necessary documents are provided.

Family Housing
Allowance (CSOK)

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. In 2016, our Bank was given the "Credit Institution Partner Dealing with the Highest Number of EXIM-refinanced New Transactions" and "Credit Institution Financing the most SME Customers" awards.

Export Promoting
Credit Program

GOALS AND PLANS – PRODUCT PORTFOLIO AND DIGITALIZATION

	Commitment	Fulfilment
2016.	<ul style="list-style-type: none"> Innovative developments Through an extension of the alternative channels, customers can access loan application via mobile applications Opening of a mortgage partner centre, where partners can handle their mortgage affairs with one stop; the product palette is also extended to the CSOK products Development of interactive channels 	<ul style="list-style-type: none"> 4 red dots 2 red dots, 2 grey dots 4 red dots 4 red dots
2017.	<ul style="list-style-type: none"> Loan application in the CIB mobile application. Further development of the customer information video system in the branches. Introduction of paperless processes in the branch network. Introduction of a new internet banking system. Further development of our account products to reach new consumer categories. 	

BEYOND BUSINESS

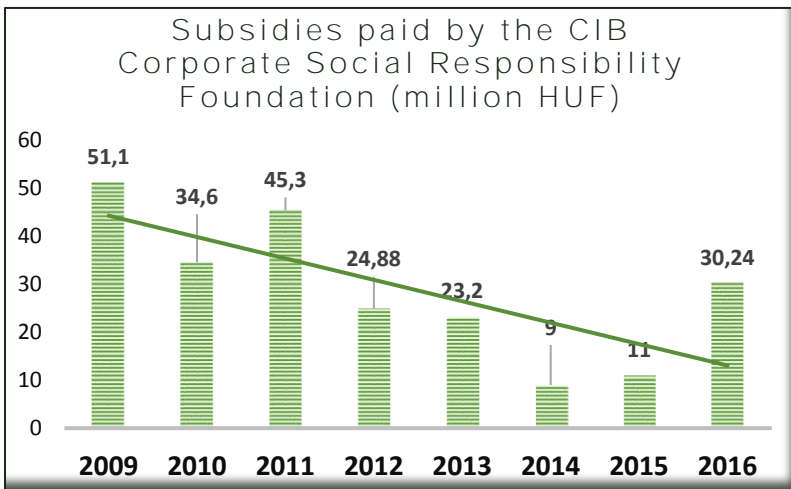
In addition to being financially profitable, it's also important for us to meet our responsibilities towards society. In the interest of ensuring that both our stability and our growth strategy are fully supported, we minimise social and environmental risks and aim to have a positive impact, for the 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 2016 – In brief



Beneficiaries of the CIB Foundation:

Bátor Tábör (Camp of Courage) Foundation

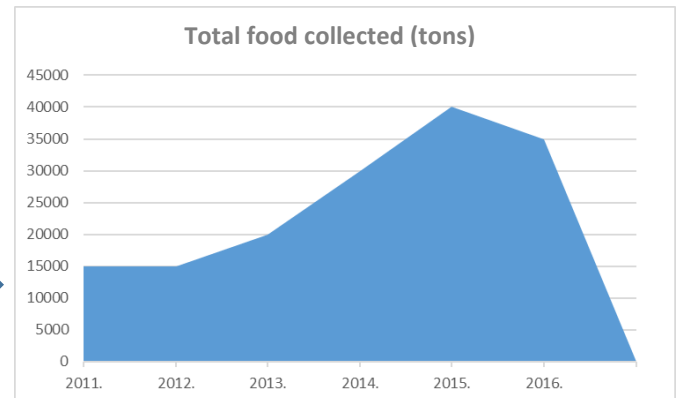
HUF 5 million

Hungarian Food Bank

HUF 6 million

Food collection in numbers

million HUF	2011.	2012.	2013.	2014.	2015.	2016.
Collected food (tons)	80	93	140	195	270	226
Collection sites (pcs)	173	230	256	257	300	200
CIB volunteers (persons)	700	500	300	350	350	200



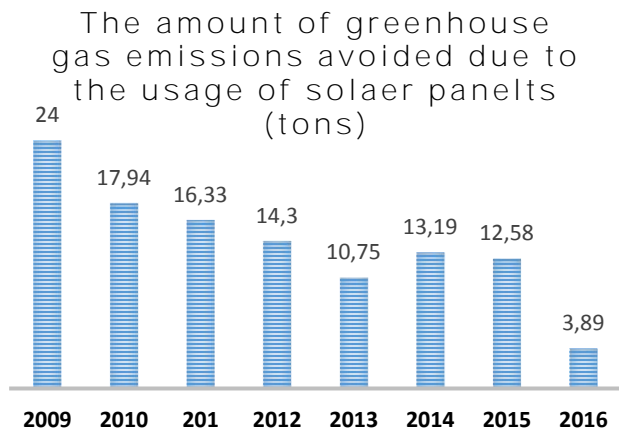
Data as of 31 December 2016

Our environmental indicators

	Unit of measurement	2013	2014	2015	2016
Total energy used	GJ	123,445	124,282	161,195	151,216
Other renewable energy	kWh	53,407	57,933	71,580	22,172
Water consumption	m ³	25,014	31,017	36,498	29,460
CO2 emissions resulting from energy use	t	7,239	11,966	11,868	12,119

Production decreased because of technical malfunctioning.

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



- ▲ Hot water supply for the three central buildings
- ▲ 2 101 m³ natural gas saving per year
- ▲ Equivalent to the annual gas consumption of one average detached houses

Data as of 31 December 2016

ROLE IN THE COMMUNITY AND ENVIRONMENT 2016 – Challenges and results

- In 2016, CIB Bank and CIB Foundation provided support of roughly HUF 52 million, helping to make the everyday lives of 60,000 people easier.
- Community food drive weekend for a happier Christmas: In 2016 we held one of our most prominent programs, the National Food Drive Weekend, organised in collaboration with the Hungarian Food Bank Association, for the *sixth 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.
- CIB Foundation In 2016, 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.

Our successful environmental programs

✓	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.
✓	After several years of pause, at the end of 2016 we resumed selective waste collection in the Petrezselyem headquarters. By 2019 we will achieve selective waste collection in the entire branch network.
✓	Every year, the volume of hazardous waste is reduced, and most of it is reused (restaurant fats are recycled).
✓	In 15 bank branches we completed the withdrawal and replacement of air conditioning equipment operating with the obsolete R22 refrigerant. In these locations, we installed new equipment operating with the R410a refrigerant, which controls the CO2 equivalent emission level with the most effective and state-of-the-art efficiency and energy use according to the EU standard and the Kyoto Protocol on Climate undertaken by Hungary, by keeping and reducing carbon dioxide emissions at a steady level and thus at the assumed level.
	An important step was propagating ISO 50001 awareness among the employees and the annual ISO 50001 examination for every employee.
✓	The ISO 50001 standard was introduced at the end of 2016 and was certified by an external audit company.
✓	In 2016 we again 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.

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 Biztosítási Alkusz Kft.	Hungary	Insurance brokerage
CIB Faktor Zrt.	Hungary	Factoring
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 2016 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.

Annexes / Boundaries of the report, material aspects

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:
 - Strengthening employee commitment, engaging employees
 - 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 - lawfulness - ethics - fair competition - fighting corruption	G4-34 G4-56,57,58 G4-14; G4-SO4	33-34. 4-5. 35. https://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. https://www.cib.hu/cib_group/sustainability/suppliers/index	Suppliers
Material aspects in terms of internal social performance			
5. Responsible employment	G4-LA1; G4-11	7. https://www.cib.hu/cib_group/sustainability/responsibility/index	-
6. Strengthening employee commitment, engaging employees	G4-26		
7. Diversity	G4-10	7.	
8. Customer-focused corporate culture and incentives	G4-LA9; LA10	7.	Customers
Material aspects in terms of external social performance			
9. Product portfolio and pricing	G4-SO4	10.	Customers
10. Financial exclusion, inclusion, responsible lending	G4-FS14	9. 23.	Customers
11. Quality and speed of service, complaint handling	G4-PR5	8.	Customers
12. Social engagement	G4-SO1; G4-EC1	21-24. 13.	Local community
Material aspects in terms of environmental performance			
13. Environmentally friendly solutions	G4-EN27	22-24.	Customers
14. Climate change	G4-EN3; G4-EN6; G4-EN16; G4-EN19	22-24.	Natural environment

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

In 2016, 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	3.
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. https://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. https://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.	25.
G4-18	The process for defining the content of the report.	25.
G4-19	List of the material aspects identified in the process for defining report content.	26-27.
G4-20	With respect to each material aspect, the units within the reporting organisation in relation to which they are presented.	26.
G4-21	With respect to each material aspect, which external stakeholders of the reporting organisation they have a direct impact on.	27.
G4-22	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	No change
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. https://www.cib.hu/cib_group/sustainability/stakeholders/index https://www.cib.hu/cib_group/sustainability/stakeholders/index
G4-25	Method and principles for selection of the stakeholder groups	5. https://www.cib.hu/cib_group/sustainability/stakeholders/index
G4-26	Approaches to stakeholder engagement	5. https://www.cib.hu/cib_group/sustainability/stakeholders/index
G4-27	Key topics and concerns that have been raised through stakeholder engagement	https://www.cib.hu/cib_group/sustainability/stakeholders/index

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	28-31.
G4-33	Policy and current practice with regard to seeking external assurance for the report	27.
VII. Corporate governance		
G4-34	Governance structure of the organisation	32-33.
VIII. Ethics and integrity		
G4-56	Internally developed statements of mission or values relevant to economic, environmental and social performance	4. https://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. https://www.cib.hu/cib_group/sustainability/suppliers/index
XI. Labour practices and decent work		
G4-LA1	Total employee turnover	https://www.cib.hu/cib_group/sustainability/responsibility/index
G4-LA9	Average hours of training per year per employee, by employee category	7. https://www.cib.hu/cib_group/sustainability/responsibility/index

G4-LA10	Programs for skills management and lifelong learning	7. https://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.	21-23.
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	22-23.
G4-EN16	CO2 emissions resulting from energy use	22.
G4-EN19	Initiatives to reduce greenhouse gas emissions, and reductions achieved	22-23.
G4-EN27	Initiatives to mitigate environmental impacts of products and services	22-23.
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	

DECISION-MAKING BODIES

The bank's top decision-making body until 31 October 2016 was the general meeting; from 1 November 2016, the bank has one shareholder: Intesa Sanpaolo S.p.A., which adopts its resolutions in writing.

- 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](#).



There were no personnel changes to the Management Board in 2016:

Members of the Management Board in 2016:

- Chairman & CEO (Pál Simák)
- Retail Division (Dr. Tamás Ákos),
- Corporate Division (István Attila Szabó)
- Risk Management (CRO, Paolo Vivona),
- 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.

Of the Supervisory Board members, Tünde Barabás resigned her position in December 2016.

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

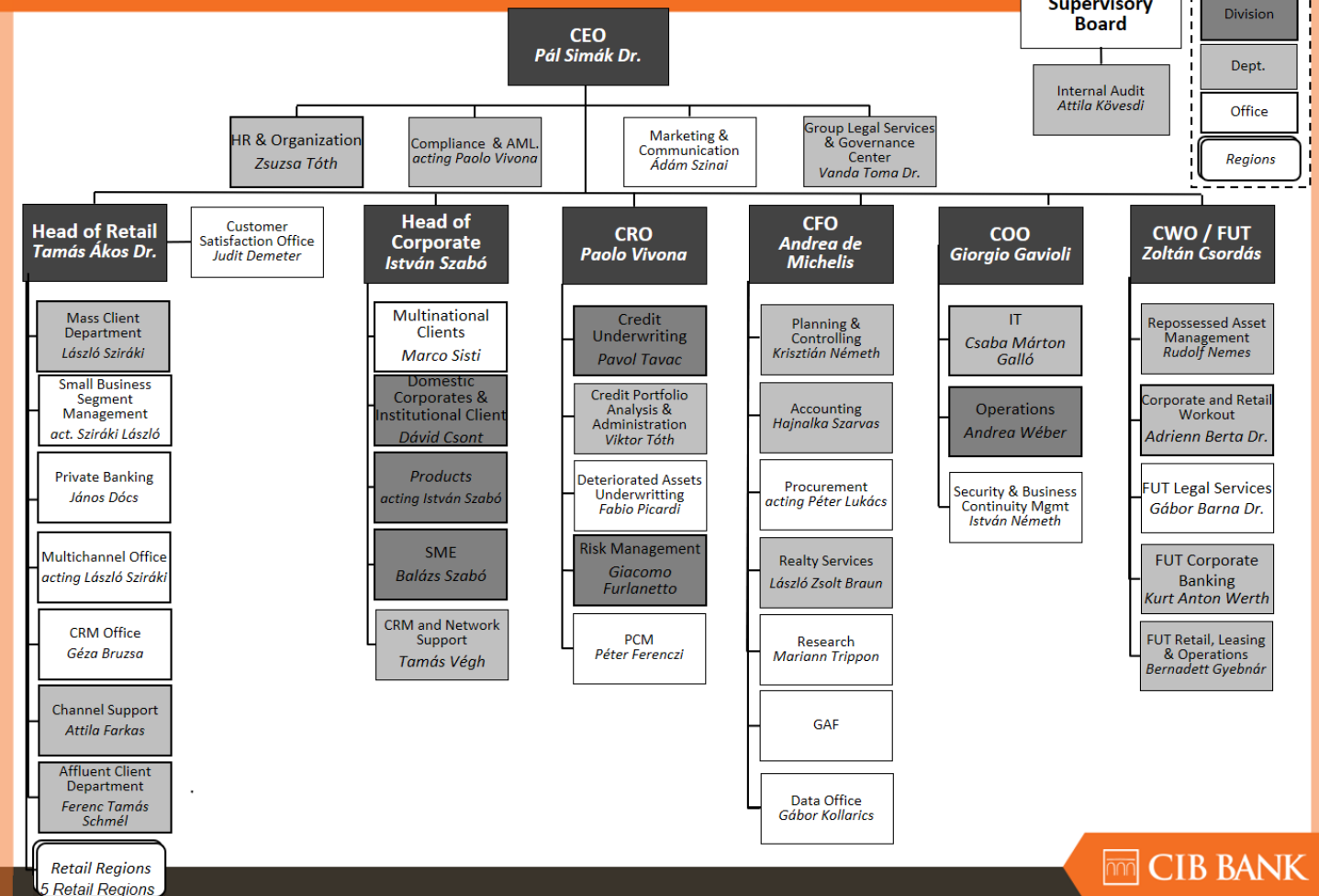
Operational Risk Committee

Financial Risks Committee

Asset Quality Session

ORGANISATIONAL STRUCTURE

CIB Bank – Organizational structure 31st December, 2016



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
Budapest Chamber of Commerce and Industry	ISACA, Hungarian Chapter
Italian Chamber of Commerce in Hungary	American Chamber of Commerce
Hungarian Forex Society	Hungarian Advertising Association
International Chamber of Commerce	Hungarian Self-Regulating Advertising Body
ACCA	Hungarian Leasing Association
Joint Venture Association	Hungarian Factoring Association
Hungarian Association of Independent Insurance Brokers	

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 2016 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>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>

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 2016. In May 2016, the Works Council was formed with 13 participants.	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 2016 a total of 48 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>	
8. Business should undertake initiatives to promote greater environmental responsibility.	<p>We extended the opportunity for selective waste disposal to two more of our central offices.</p> <p>We continue to perform the energy efficiency objectives (energy optimisation of the data centre, installing LED lights in the bank branches, UPS optimisation, server cooling setting).</p>	<p>Pages 21-24</p> <p>http://www.cib.hu/cib_group/sustainability/environmental_impact/index</p>
9. Business should encourage the development and diffusion of environmentally friendly technologies.	<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>
Anti-corruption		
10. Business should work against corruption in all its forms, including extortion and bribery.	<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>

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15. September 2017, Budapest

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