

SUSTAINABILITY REPORT 2017

A WORLD OF REAL POSSIBILITIES



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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. From 2018, this is supplemented by the shorter non-financial report prepared for the financial statements.

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.

Last year we continued our activity and the development of our business processes in line with the set of targets defined in our strategy redefined in 2013, while we prepared our new four-year strategy, as well, which will enter into force in the spring of 2018. 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 60,000,000 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 Guidelines. 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.

Best regards,

Dr. Pál Simák

Chief Executive Officer

Chairman of the Management Board

ABOUT THIS REPORT

The report contains information regarding the CIB Group's organisational units and subsidiaries in Hungary. Data is always group-level; when it is not, we will note this separately. 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 standards. 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 2017, 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 https://www.cib.hu/cib_group/sustainability/index section of our website.

Reporting period: calendar year 2017

Date of previous report: August 2017 (GRI G4 "in accordance core")






Reporting cycle: annual

GRI application level: 'In accordance' – core

Validity of data: Figures are data from 31 December 2017, unless we noted it otherwise.

More details about the limits of this report of the year 2017, material aspects and process of defining them, as well as the GRI index, are available in the annexes. Our next report, for the year 2018, will be prepared in accordance with the GRI Standard, and material aspects will be reviewed in it, as well.

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

OVERVIEW

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). With a branch network present in all parts of the country, CIB Bank Zrt. offers its services to nearly 430,000 customers, while continuously seeking innovative solutions tailored to the needs of its customers. 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 Mobile Application 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., 100% owner

Intesa Sanpaolo

One of the most important banking groups in the euro zone

4,700 branches, 12.3 million customers

Subsidiaries in 12 countries, 7.6 million customers, 1,100 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.



CIB Group

76

Bank branches

136

ATMs

Number of employees: 2,014 employees

Number of customers: 427,561 employees

Proportion of spending on locally-based suppliers: 96.6%

Distributed added value: HUF 64 381 million

Our activities: Commercial banking, leasing and factoring services

Our nationwide presence: A detailed list of branches can be found on the <https://www.cib.hu/index> website

STRATEGY AND PRIORITIES

In 2013, based on the four-year strategy defined for it, CIB Group focused on growth in strategically key segments and product categories, and at the same time it maintained its market position in the areas where growth is not the main objective. In 2018, a new, multi-year, international group-level and local business strategy is introduced, of which we will report in detail in next year's report.

The business strategy valid in 2017 was based on three basic 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.

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.

In December 2017, the past four-year strategic cycle ended, whose results confirmed that CIB as a universal bank can operate profitably in a sustainable manner. CIB's owner, the Intesa Sanpaolo Group announced a new strategy for the next four years, the implementation of which in respect of the CIB Group is under way. The owner provides the same support for the achievement of CIB's growth goals.

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. No ethics reports were received in 2017.

MAIN INDICATORS (31 December 2017)

- Proportion of people who participated in distance learning and examination in money-laundering prevention topics: 99.5 %
- Number of participants in personal training in money-laundering prevention topics: 231 people
- Proportion of people who participated in distance learning and examination in security awareness topics: 91 %

NUMBER AND TYPES OF ETHICS COMPLAINTS

2015 (4)	2016 (3)	2017 (0)
<ul style="list-style-type: none"> Employee's conduct Manager's conduct 	<ul style="list-style-type: none"> Employee's conduct Customer complaints 	No ethics reports were received

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 CIB Group supports the achievement of strategic goals with the visual appearance and slogan used in its marketing materials, "Real Opportunities". 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](#).



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 previously 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.

THE GUARANTEES OF CUSTOMER FOCUS

We celebrated the 10th anniversary of our "100% Attention" program. Customer satisfaction surveys analysing customer satisfaction showed, comparing our bank with competitors, that:



Customer satisfaction and loyalty indicators

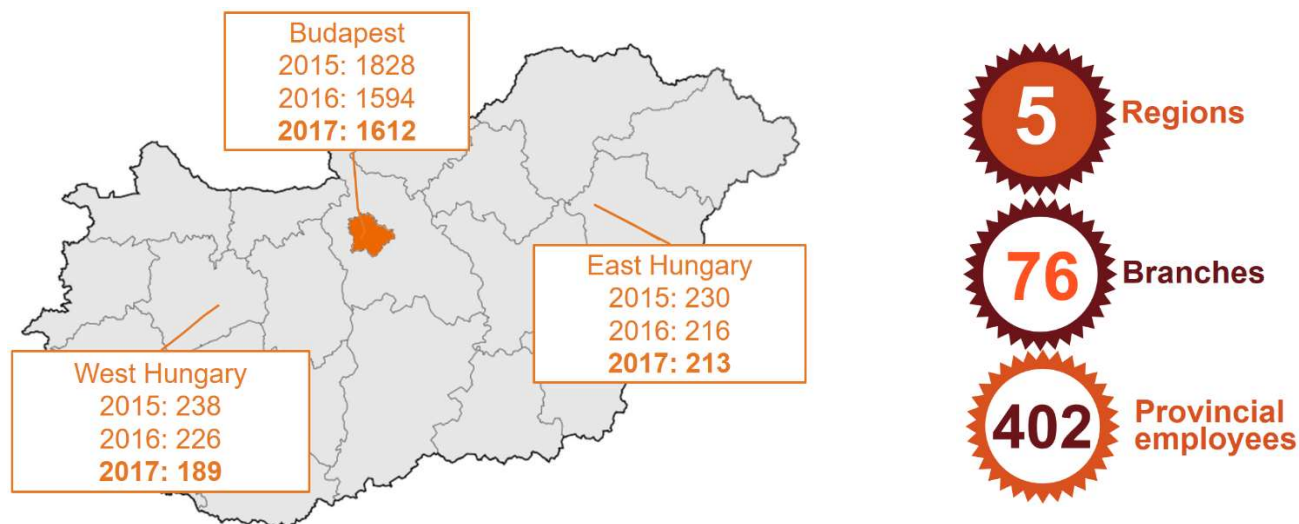


Perception of the quality of our products and services



Our digital channels are increasingly popular

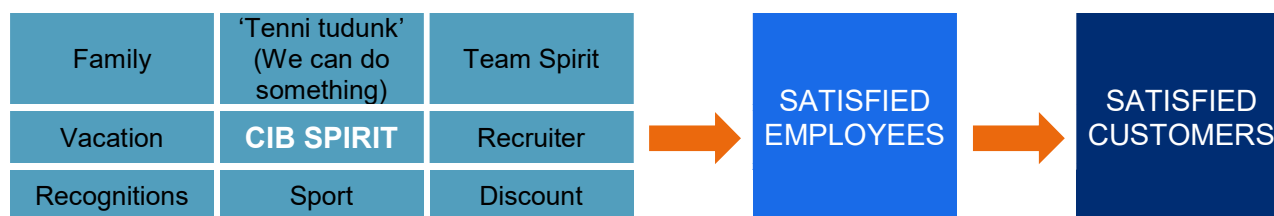
DISTRIBUTION OF CIB GROUP'S EMPLOYEES (PERSONS)



Based on data as at 31 December 2017

Our organisation's average fluctuation level decreased in comparison with the previous year and in 2017 it did not reach 20%. In the younger age category there is a higher churn rate, but overall, this decreased significantly, as well, compared to last year. Men's churn rate continues to be higher, but the gender difference decreased significantly compared to 2016.

CIB SPIRIT – A CUSTOMER-FOCUSED CORPORATE CULTURE



TRAINING AT CIB GROUP

Average hours of training per employee: 33.19 hours

In order to understand and address the changing customer needs, we held courses and training on Self Care, which were attended both by Retail and Corporate Consultants and Magnifica banker colleagues.

Roughly 161 employees divided among 10 groups took part in our retail orientation program.

This year, we started our fourth Management Talent Program with the participation of 53 colleagues with management potential. For outstanding experts who do not choose the management career but wish to develop themselves in their own profession, support is provided in the 2-year Talent Program for Professionals.

31 new educational materials were uploaded to the bank group's electronic education portal.

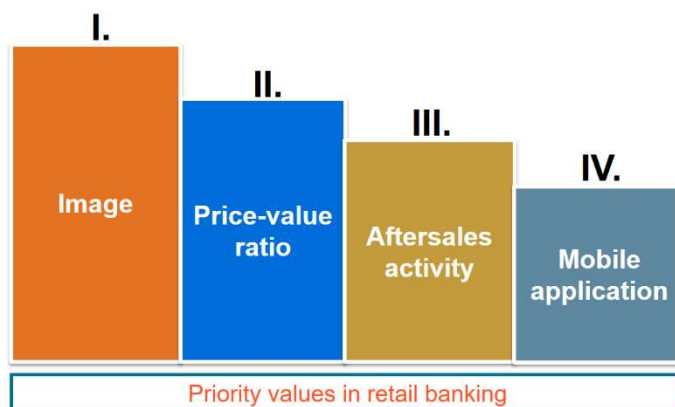
In our retail branch network we started academic training based on the parent bank's model with the purpose of further increasing the standard of service provided to small-business customers.

We renewed our management development concept, placing a particular emphasis on supporting the bank's strategic goals and newly appointed managers.

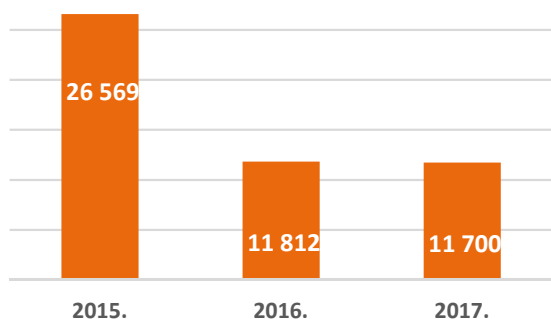
OUR CUSTOMERS' VALUES

For more than 10 years our bank has been committed to studying customer satisfaction. Every day in our organisational functioning customer-oriented thinking plays an important role, and our financial services are developed in line with this. In 2017, too, we used of a third-party research company to analyse our customers' opinion about satisfaction and loyalty and we obtained the following results:

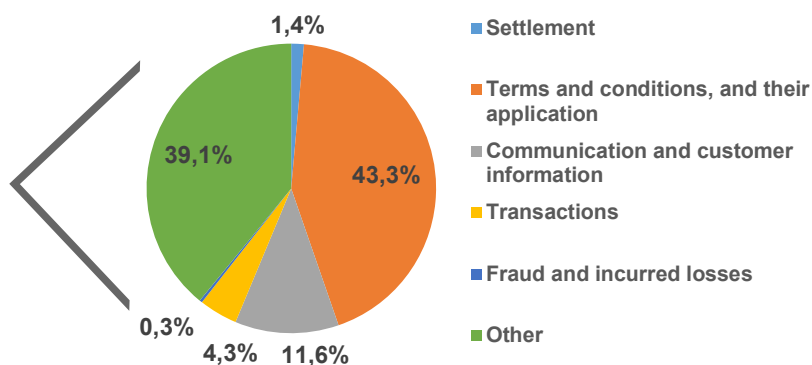
The new trend among our retail customers: Image, Price-value ratio and Aftersales activity have the greatest impact on satisfaction.



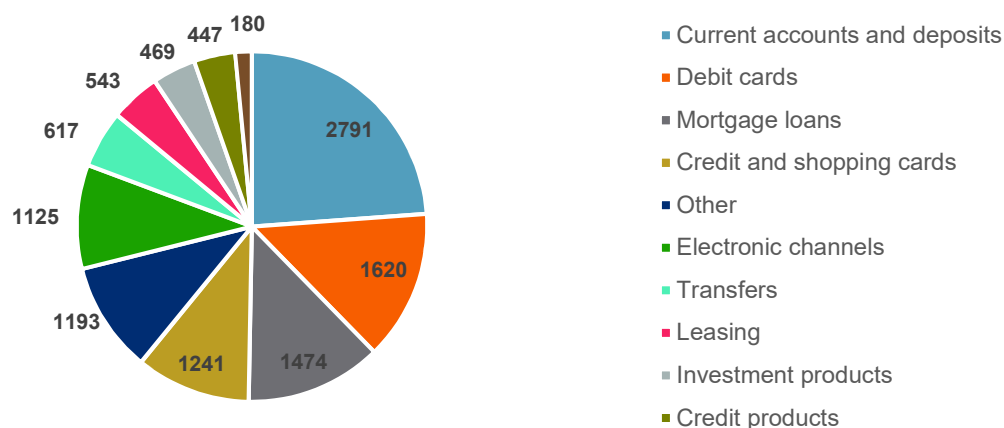
Number of complaints investigated in the CIB Group



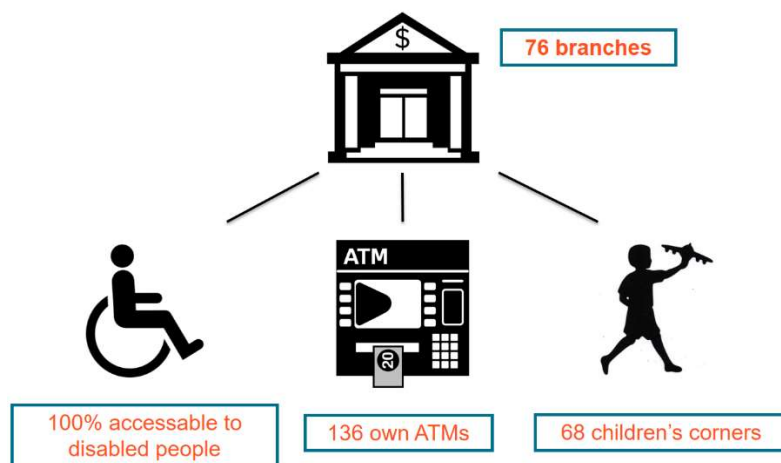
Complaints distribution by type in 2017



Distribution of complaints by products in 2017



2017. december 31-i adatok alapján



Based on data as at 31 December 2017

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. Since 2016, there are 70% more children's corners in our branches for our customers with small children.

CUSTOMER FOCUS 2017 - RESULTS AND CHALLENGES

In 2017 our program 100% Attention included many events through which we have been able to focus on increasing our customers' satisfaction for more than 10 years. The program supports the same thing since its establishment: our main goal is to increase our customers' satisfaction through our products and our services. Our efforts to have a long-term good business relationship with our customers have not changed.

In 2017, too, we launched our customer satisfaction surveys in several customer groups (retail and small-business): besides assessing our market position, in 2017, too, we contacted our own customers in the survey.

Our comparison to our competitors always gives useful information for us to position ourselves on the market and grasp the opportunities for renewal. The result of our surveys among our own customers gives us information which helps us know our customers' needs and habits better.

From the survey results it can be highlighted that the level of our customer satisfaction and loyalty indicators continues to confirm our efforts: our general satisfaction indicators and level of our meeting expectations have increased both among private individuals and small businesses.

Willingness to recommend has also increased, showing that our customers see CIB Bank's services as worthy of recommendation.

Besides our satisfaction surveys, we paid special attention to managing incoming complaints and inquiries. It is very important for us that in the case of these inquiries we seek the solution through a fair approach; we support this approach in the course of the year through trainings and expert assistance within the CIB Bank organisation. The number of our complaints is close to that in 2016, which shows for us that we could maintain our customer-centred and quality service in 2017, as well.

Similarly to the previous years, we collected, systemised and assessed the comments sent to the bank. In 2017, a total of 836 customer comments were received, some of which were clearly positive feedback to our bank and a good rating of our complaint management practice, as well.

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

Sustainability Report 2017 / Customer focus

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 profitable 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 was to be available as easily as possible and to the broadest possible category of customers. We

received feedback from our customers on the further developments of our digital channels also from our surveys, which confirm the success of our innovations and the direction of our future developments. The use of our multi-award winner Mobile Application is the primary channel in roughly one quarter of our customers, and its user-friendly interface encourages more and more customers to actively use it.

We are constantly developing our "100% Attention" program.

RESPONSIBLE CUSTOMER RELATIONSHIPS

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 loan payments 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 loan payments.
- 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 payments 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 loan payments.
- 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.

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

Testimonial

For 6 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.

Business breakfast

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.

Professional conferences

Business line leaders and our Bank's macro analyst are regular speakers and panel discussion members, or simple attendees at relevant trade conferences where company representatives discuss the current topics shaping the business world in Hungary. The conferences provide an excellent setting for establishing dialogue with companies.

In the first half-year of 2017, as the key sponsor of the professional event series of Portfolio and then in the second half-year, of Forbes, we provided to our customers an opportunity to participate at these professional conferences, also attended by our colleagues, thus creating an opportunity for personal meeting.

OUR GOALS AND PLANS – CUSTOMER FOCUS

	Commitment	Fulfilment
2017	■ 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	■ ■ ■ ■
2018	■ Continuation of digitalisation, further increase of the customer experience	
	■ Development of customer communications	
	■ Continuation of responsible and ethical corporate governance	
	■ Maintaining employee satisfaction at the high level of 2017	

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 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. The proportion of employees working part-time increased slightly since last year, this is how we help our employees to find the ideal work-life balance.
✓	Responsible employment

STABILITY 2017: IN A NUTSHELL

ECONOMIC ADDED VALUE CREATED AND DISTRIBUTED

HUF millions	2015	2016	2017
Total value generated	80 562	78 705	80 215
Total consumption	70 153	26 339	19 201
Gross value added from core business activity	10 409	52 366	61 014
Revenue from sale of tangible assets	-589	3 180	3 367
Total gross added value created and distributed	9 820	55 546	64 381



Based on data as at 31 December 2017

HUF millions	2015	2016	2017
Shareholders (dividend)	0	0	0
Employees (wage payments)	23 823	22 785	21 779
State (direct and indirect taxes)	23 478	16 960	14 333
Third sector (donations and contributions)	36	27	21
Corporate sector (profit reserve and depreciation)	-37 517	15 773	28 249
Total economic value distributed	9 820	55 546	64 381

Based on data as at 31 December 2017

STABILITY IN EMPLOYMENT



STABILITY IN SUPPLY CHAIN



STABILITY 2017: RESULTS AND CHALLENGES

In 2017, 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.

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 strategic objectives of the last years were:

- 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.

However, in December 2017, the past four-year strategic cycle ended, whose results confirmed that CIB as a universal bank can operate profitably in a sustainable manner. CIB's owner, the Intesa

Sanpaolo Group announced a new strategy for the next four years, the implementation of which in respect of the CIB Group is underway. The owner provides the same support for the achievement of CIB's growth goals.

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.

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.

OUR GOALS AND PLANS - STABILITY

	Commitment	Fulfilment
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 	<ul style="list-style-type: none"> ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
2018	<ul style="list-style-type: none"> ■ Expanding digital knowledge among our employees ■ Raising awareness about women's career paths and support for re-entry of mothers with young children with our "Womentoring" program ■ A more efficient operation of your internal communication channels, introduction of a new channel (Social MobilApp) 	

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.

PRODUCT PORTFOLIO AND DIGITALISATION 2017 – IN BRIEF

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

DISTRIBUTION OF CIB GROUP'S CUSTOMERS BY TYPE (PERSONS)

Number of customers:	persons
Retail	365 514
Corporate	62 047
Total	427 561



Based on data as at 31 December 2017

BREAKDOWN OF CIB GROUP CUSTOMERS BY AGE (%)

Breakdown of customers	%
0-32 years	18.7
33-42 years	22.6
43-52 years	24.2
53-67 years	22.5
Over 67 years	12.0

Based on data as at 31 December 2017

DISTRIBUTION OF CIB GROUP'S RETAIL CUSTOMERS BY DURATION OF RELATIONSHIP WITH THE BANK (%)

Breakdown of customers	%
0-1 years	5.5
2-4 years	8.1
5-7 years	9.8
8-10 years	24.3
11-20 years	50.4
20 years or more	1.9

Based on data as at 31 December 2017

RETAIL PRODUCT USAGE (INCLUDING MICRO-ENTERPRISE CUSTOMERS)

Product use	2015	2016	2017
Retail loans (HUF billion)	343.0	298.7	290.2
Retail deposits (HUF billion)	510.7	482.4	500.5
Number of active bank cards	348,066	343,054	375,521
Number of customers with an active CIB Internet Bank subscription (persons)	282,164	287,165	301,730

Based on consolidated IFRS data as at 31 December 2017

CORPORATE PRODUCT USAGE

Product use	2015	2016	2017
Corporate loans (HUF billion)	567.2	461.0	472.4
Corporate deposits (HUF billion)	597.1	691.5	693.9
Number of active bank cards	5,107	4,987	4,981
Number of customers with an active CIB Internet Bank subscription (persons)	4,139	3,914	3,865

Based on consolidated IFRS data as at 31 December 2017

Excluding loans provided to members of the CIB Group.

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
- Can be installed on custom PC and network
- Can be used by multiple users at the same time with different access rights
- Independent and joint signatures

PRODUCT PORTFOLIO AND DIGITALISATION 2017 - RESULTS AND CHALLENGES

With the end of the MNB's Funding for Growth Scheme, CIB Bank has placed new self-funded **HUF 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. Based on experiences with the HUF fixed interest products, it is expected that

EUR fixed interest products from own funds will be introduced in the second quarter of 2018.

The factor that makes business life more difficult both internationally and domestically is lack of trust between the parties, which typically arises from the default risk. Thus, services related to documentary transactions cannot be absent from the palette of

Sustainability Report 2017 / Product portfolio and digitalisation

commercial funding products, either, and they can help reduce these risks. We offer **documentary products** 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 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. In addition to financing from own funds, it is our goal to actively participate in offering subsidised financing facilities (among others, in the refinancing programs of EXIM Bank and MFB). In addition to SME and large corporate loans and leasing services, CIB Group also offers factoring services to bridge the short-term liquidity deficits. **The alternative channels took on**

CIB Bank's digitalisation program launched in 2016 proved successful, since the mobile application introduced in the first phase was used by 147 thousand customers at the end of 2017, and someone logged in the application every 2.5 seconds. With the latest update of the application of summer 2017, it became possible to apply for a personal loan completely online: customers receive a personalised offer in the application and if they are interested in the opportunity, in a few steps they can apply for a personal loan within the limit of the amount presented in the offer. Going through the process, automatic appraisal and disbursement of the requested loan amount into the customer's bank account at CIB Bank takes even less than 7 minutes.

As part of the digital switchover, we launched our responsive internet banking interface, CIB Bank Online, which follows the same structure and functions that were already been favoured by the

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**.

Our digitalisation developments make access to our services significantly easier.

customers in the application. At the same time, switchover is gradual, as the new online interface, for now, works in parallel with the already familiar CIB Internet Bank: until all of its functions are accessible in the new internet bank, customers will be able to use that one, as well.

Reducing paper use is a key objective at the bank: for this purpose, in July 2017 we started the introduction of completely paperless cash payments and deposits, which by the end of the year were available in 23 branches and later we will extend it to the entire network. Customers can handle certain steps of the transaction on a tablet, then at the end of the process, they do not have to sign a paper, but an electronic receipt via the tablet, which the Bank sends them by e-mail or via the CIB Bank mobile application and CIB Bank Online.

We continue to be committed to digital development, thus in 2018 we plan to introduce several innovative services that encourage the use of digital channels.

PRODUCTS LAUNCHED IN 2017

CIB Bank ECO Plus Bank Account

For our retail customers, we introduced the CIB Bank ECO Plusz bank account, with a monthly account management fee of HUF 0 on the condition that every month an amount equivalent to net 450,000 is credited by incoming transfer to the account. Our customers can use other facilities with the bank account.

Fixed-interest loans

With the end of the MNB's Funding for Growth Scheme, CIB Bank has placed new self-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.

Export Promoting Credit Program (EHP)

In the context of the Export Promoting Credit Program (EHP), under the terms of long-term framework or individual 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. In 2017, CIB disbursed the most new refinanced transactions and we improved our market position in terms of volume from 5th to 4th place.

Qualified Consumer-Friendly Loan

From September 2017, the Qualified Consumer-Friendly Loan with 5- and 10-year interest period is available. Our Bank, through a team of dedicated experts on the phone and phone home loan calculation, helps interested persons in selecting the facility appropriate for them.

OUR GOALS AND PLANS – PRODUCT PORTFOLIO AND DIGITALISATION

	Commitment	Fulfilment
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. 	<ul style="list-style-type: none"> ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
2018	<ul style="list-style-type: none"> Introduction of a new website Further development of the CIB Bank Mobile application Introduction of a new branch model Introduction of paperless processes 	

BEYOND BUSINESS

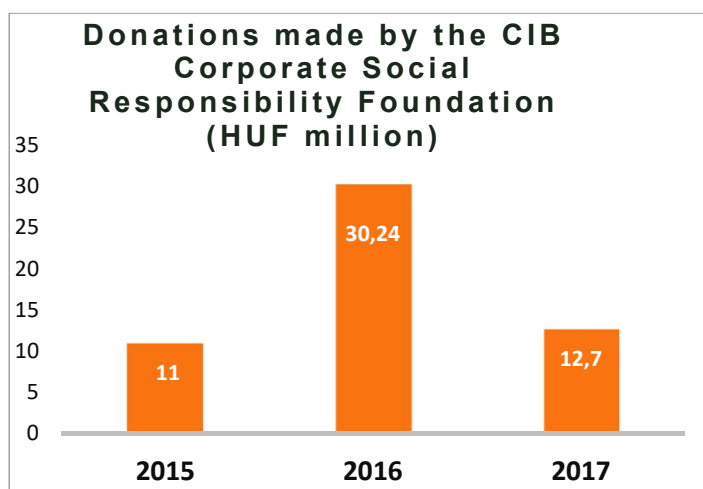
In addition to being financially profitable, it's also important for us to meet our responsibilities towards society. In the interest of ensuring that both our stability and our growth strategy are fully supported, we minimise social and environmental risks and aim to have a positive impact, for the good of our community and our environment. Our responsible operation extends also to our role in external relations and 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 2017 – IN BRIEF



Beneficiaries of the CIB Foundation:

Bátor Tábor (Camp of Courage) Foundation

HUF 5.7 million

Hungarian Food Bank

HUF 7 million

Based on data as at 31 December 2017

Food collection in figures			
	2015	2016	2017
Total food collected (tonnes)	270	226	236
Number of collection points (pieces)	300	200	200
Number of CIB volunteers (people)	350	200	190

Based on data as at 31 December 2017



Number of beneficiaries: 39 thousand people

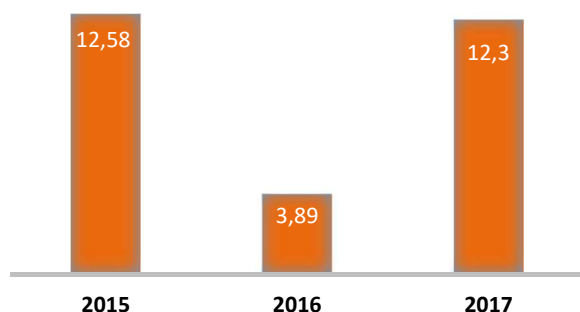
OUR ENVIRONMENTAL INDICATORS

	2015	2016	2017
Total energy use (GJ)	161 195	151 216	106 834
Other renewable energy (kWh)	71 580	22 172	70 000
Water use (m3)	36 498	29 460	23 781
CO2 emissions from energy consumption	11 868	12 119	8 584

Based on data as at 31 December 2017

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

Greenhouse gas emissions avoided through the use of solar collectors (tonnes)



- 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

Based on data as at 31 December 2017

ROLE IN THE COMMUNITY AND ENVIRONMENT 2017 – CHALLENGES AND RESULTS

OUR SUCCESSFUL COMMUNITY PROGRAMMES:

- In 2017, CIB Bank and CIB Foundation provided assistance of roughly **HUF 52 million**, helping to make the everyday lives of **60,000** people easier.
- **Community food drive weekend for a happier Christmas:** 2017 was the *seventh* year in which we gave special priority to the national food collection weekend in collaboration with the Hungarian Food Bank Association. 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 2017, of its previous key partners, the CIB Foundation renewed its cooperation with the Camp of Courage Foundation, and its cooperation with the Hungarian Food Bank Association. However, no new projects were added to the group of beneficiaries, due to a decrease in the Foundation's funds. In the course of the year the Board of Trustees allocated a total of HUF 12.7 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 the case of 8 bank branches, we decided to procure a new condensation gas boiler, which represent high efficiency as opposed to the old traditional gas boilers. With this change, we can save a full year's heating expenses of a CIB bank branch.
✓	In the course of renovating the bank branches, we strive to introduce the best available technology (BAT) in our properties. This applies in the case of lighting replacements, as well; in 2017, interior lighting was renewed in 15 bank branches, by which we can save 19,224 kWh of power in a year.
✓	An important step was propagating ISO 50001 awareness among the employees and the annual ISO 50001 examination for every employee. In 2017, as part of a successful external audit, we maintained the ISO 50001 certification, both in the case of the bank and repossessed properties.
✓	In 2017, in 10 bank branches a "smart measurement system" was introduced, which supplies online data to our Energy management system in respect of the power, heating and temperature values of the selected branches. This makes the work of the energy expert and facility management employees significantly easier. Numerous new ideas have occurred since then regarding the further utilisation of the system, which is currently under development and extension.
✓	CIB Group first joined Earth Hour, WWF's international climate protection initiative, 7 years ago, in 2010. We continued this in 2017, as well, and we disconnected the exterior lighting not only for one hour, but for the entire weekend, thus emphasising the importance of climate and environmental protection. With this activity, continuing the results of the previous years, we saved a total of 70.4 kWh of energy and our CO2 emissions decreased by 28 kg during this period.
✓	Paper usage per employee - office A4, A3 - (kg/person): 95.422 kg/2034 people =46.9 kg/person.

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.

Our volunteers participated in the Pénz7 program in 2017, as well, and on the occasion of the World Savings Day on 31 October, we joined the initiative of our parent bank, Intesa Sanpaolo, as part of which events popularising savings were held. Our Bank’s volunteers, in the course of one month, presented the importance of savings to more than 1,500 children in primary school in special interactive classes.

OUR GOALS AND PLANS – BEYOND BUSINESS

	Commitment	Fulfilment
2017	<ul style="list-style-type: none"> Review of the sponsorship and donation practices Experimental introduction of e-carsharing Fostering the dissemination of financial literacy Launch of a new national charitable initiative 	<ul style="list-style-type: none">
2018	<ul style="list-style-type: none"> Review of the sponsorship and donation practices Extending among our colleagues the use of community electric cars in Budapest Fostering the dissemination of financial literacy 	

ANNEXES

A WORLD OF REAL POSSIBILITIES



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 Biztosítási Alkusz Kft.	Hungary	Insurance brokerage
CIB Faktor Zrt. "v.a."	Hungary	No longer performing activity
Recovery Zrt.	Hungary	Financial consulting

This CIB Bank Group report focuses on the material aspects specified in the GRI G4 Guidelines. We have defined these in previous reports and we have updated them every year based on the external and internal stakeholders' opinions and expectations, on the basis of secondary sources. 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 2017, the bank group's CSR team and the experts who assisted in the preparation of the report reviewed whether it was justified to change the list of important matters.

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.

The primary target group of this report are the customers. 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 content of our report corresponds to the requirements of the ISO 26000 standard, as well.

Our report for the year 2018 is prepared in accordance with the GRI Standard, and essential matters are reviewed in it, as well.

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 (lawfulness, 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 and employee involvement
 - Customer-focused corporate culture and performance incentives

Medium priority:

- **Economic dimension:**
 - Suppliers
 - Subcontractors
- **Internal social dimension:** Diversity
- **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	14.	Owner Customers
2. Corporate governance - lawfulness - ethics - fair competition - fighting corruption	G4-34 G4-56,57,58 G4-14; G4-SO4	34-36. 5. 40. https://www.cib.hu/cib_group/sustainability/our_values/index	Customers
3. Intesa Sanpaolo and CIB Group strategy		5.	Owner
4. Suppliers	G4-12; G4-EC9	14. 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 and employee involvement	G4-26	5.	
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	3.; 19.; 40.	Customers
10. Financial exclusion, inclusion, responsible lending	G4-FS14	9. 21.	Customers
11. Quality and speed of service, complaint handling	G4-PR5	8.	Customers
12. Social engagement	G4-SO1; G4-EC1	22-23. 14.	Local community
Material aspects in terms of environmental performance			
13. Environmentally friendly solutions	G4-EN27	23-24.	Customers
14. Climate change	G4-EN3; G4-EN6; G4-EN16; G4-EN19	23-24.	Natural environment

The report also gives an account of our efforts to uphold the principles set forth in the UN Global Compact. In 2017, 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.
II. Organisational profile		
G4-3	Name of the organisation	3.
G4-4	Primary brands, products and/or services	3., 19.
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	39.
G4-12	Description of the supply chain	14. 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.
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	38-40.
G4-16	Memberships in associations (such as industry/sector associations) and/or national/international advocacy organisations	37.

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.	27.
G4-18	The process for defining the content of the report.	27.
G4-19	List of the material aspects identified in the process for defining report content.	28-29.
G4-20	With respect to each material aspect, the units within the reporting organisation in relation to which they are presented.	28.
G4-21	With respect to each material aspect, which external stakeholders of the reporting organisation they have a direct impact on.	29.
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
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	42.
G4-32	GRI Content Index	30-33.

G4-33	Policy and current practice with regard to seeking external assurance for the report	29.
VII. Corporate governance		
G4-34	Governance structure of the organisation	34-36.
VIII. Ethics and integrity		
G4-56	Internally developed statements of mission or values relevant to economic, environmental and social performance	5. 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	5.
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	14.
G4-EC9	Proportion of payments to local suppliers	14. 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.	22-23.

G4-SO4	Percentage of employees trained in the organisation's anti-corruption policies and procedures	40.
XIV. Environmental performance indicators (EN)		
G4-EN3	Energy consumption within the organisation	23.
G4-EN6	Energy saved due to conservation and efficiency improvements	23-24.
G4-EN16	CO2 emissions resulting from energy use	23.
G4-EN19	Initiatives to reduce greenhouse gas emissions, and reductions achieved	23-24.
G4-EN27	Initiatives to mitigate environmental impacts of products and services	23-24.
XV. Financial sector-specific indicators		
G4-FS6	Distribution of business-line portfolios by region, customer size (e.g. micro/SME/large corporate) and industry	17-18.
G4-FS14	Initiatives to improve access to financial services for disadvantaged people	9.
G4-FS16	Initiatives to enhance financial literacy by type of beneficiary	25.

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 structure of other decision-making bodies is:

- 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](#).



Members of the Board of Directors on 31 December 2017:

- Chief Executive Officer (Pál Simák)
- Retail (Dr. Tamás Ákos),
- Corporate (István Attila Szabó)
- Risk Management (CRO, Csordás Zoltán)
- Finance (CFO, Paolo Vivona)
- Operations (COO, Giorgio Gavioli),

The **Audit Committee** supports the professional activity of the Supervisory Board primarily in respect of internal audit, risk management, accounting and compliance tasks. The Audit Committee has three members and its composition on 31 December 2017 was:

Members of the Audit Committee on 31 December 2017

- Giampiero Trevisan – President (ISP business consultant)
- Franco Sgubin (ISBD SME Sub Department)
- Ciro Vittoria (ISP, Credit Risk Monitoring- Foreign Banks)

The **Supervisory Board** has 7 members.

Members of the Supervisory Board on 31 December 2017:

- Ezio Salvai – President (ISP business consultant)
- Francesco Del Genio – vice president (ISP, Credit Management Foreign Banks)
- Giampiero Trevisan (ISP business consultant)
- Franco Sgubin (ISBD SME Sub Department)
- Ciro Vittoria (ISP, Credit Risk Monitoring- Foreign Banks)
- Ilona Csuka-Fügedy (CIB, trade union representative)
- Zsófia Szabó (CIB, trade union representative)

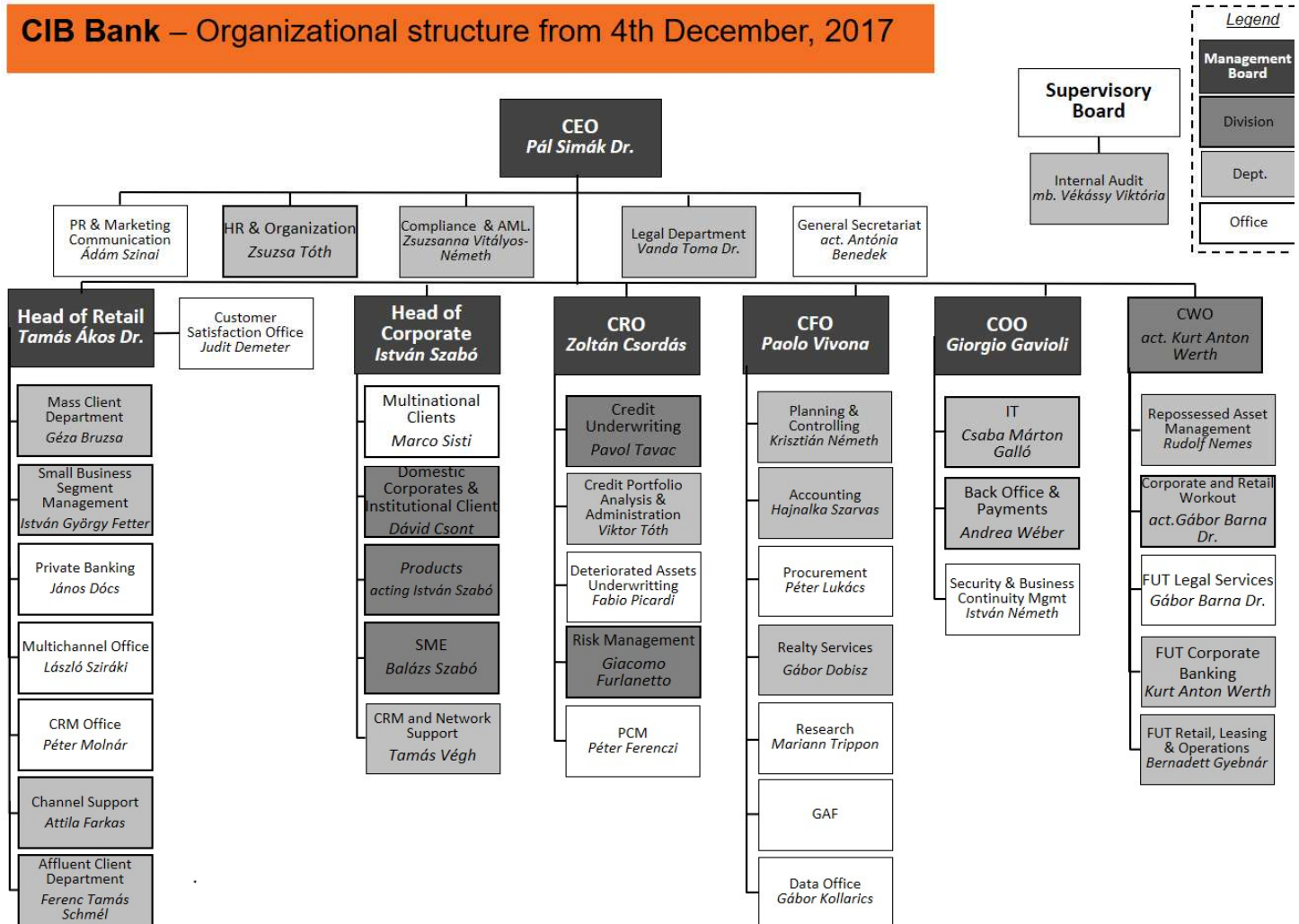
Annexes / Decision-making forums, organisational structure and professional organisations

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 Risk Management Committee		Financial Risk Committee	
	Change Management Committee		
Credit Committee		Operational Risk Committee	
Problem Assets Committee		Internal Controls Coordination Committee	
	Professional Committee for Financial Products		

ORGANISATIONAL STRUCTURE

CIB Bank – Organizational structure from 4th December, 2017



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.

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
Hungarian Canadian 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	More information
Human Rights		
1. Business should support and respect the protection of internationally proclaimed human rights.	<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. Average entry-level wage is 231% of the minimum wage.</p>	<p>Page 4</p> <p>https://www.cib.hu/cib_group/sustainability/our_values/index</p> <p>https://www.cib.hu/cib_group/sustainability/responsibility/index</p> <p>Page 8</p> <p>https://www.cib.hu/cib_group/sustainability/responsibility/index</p>
2. Businesses should make sure they are not complicit in human rights abuses.	<p>In 2017, we continued the implementation of the Code of Ethics and the Conduct Guidelines based on it and operation following the adoption of the rules of procedure and the system.</p> <p>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.</p> <p>In 2015 we achieved accessibility to disabled persons in 100% in our branches; in 2017 we significantly increased the proportion of bank branches that have children's corners.</p>	<p>Page 4</p> <p>https://www.cib.hu/cib_group/sustainability/our_values/index</p> <p>Page 9</p> <p>https://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. There is a trade union of employees operating, and it had 218 members at the end of December 2017. Representatives of the trade union make up what is known as the Social Committee, whose task is to manage certain forms of social assistance that we provide to employees. In May 2016, the Works Council was formed with 10 participants.	https://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.	<p>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.</p> <p>Our organisation is willing to appoint physically disabled staff to certain positions. In 2017 a total of 52 persons with acquired disabilities worked at the CIB Group.</p> <p>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".</p>	Page 4 https://www.cib.hu/cib_group/sustainability/our_values/index https://www.cib.hu/cib_group/sustainability/responsibility/index

Environmental protection		
7. Business should support a precautionary approach to environmental challenges.	<p>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.</p> <p>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.</p> <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>Pages 21-24</p> <p>https://www.cib.hu/cib_group/sustainability/environmental_impact/index</p> <p>Page 15</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>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>https://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 strive to take a role in raising awareness about environmentally friendly energy use, therefore we support our employees' efforts in this regard.</p>	<p>Pages 21-24</p> <p>https://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>https://www.cib.hu/cib_group/sustainability/our_values/index</p>

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

CERTIFICATE

HUNGARIAN ADVERTISING
SELF-REGULATORY BOARD
ADVERTISING, CLEARLY



Certificate
about

Corporate Social Responsibility
of

CIB Bank Zrt.

Önszabályozó Reklám Testület,
the Hungarian Self Regulatory Organisation
certifies that CIB Bank Zrt.

was full member of ÖRT between 1 January 2017 and 31 December 2017,
with its membership committed itself:
to responsible commercial communication,
to comply with the Advertising Code of Ethics,
to submit itself to the resolutions issued by the Advertising Jury,
asking for Copy Advice for prior control of the legality and ethical correctness
providing training for its staff about ethical standards.

Budapest, 27 April 2018

dr. Megyer Örs
Chairman

dr. Fazekas Ildikó
Secretary General

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