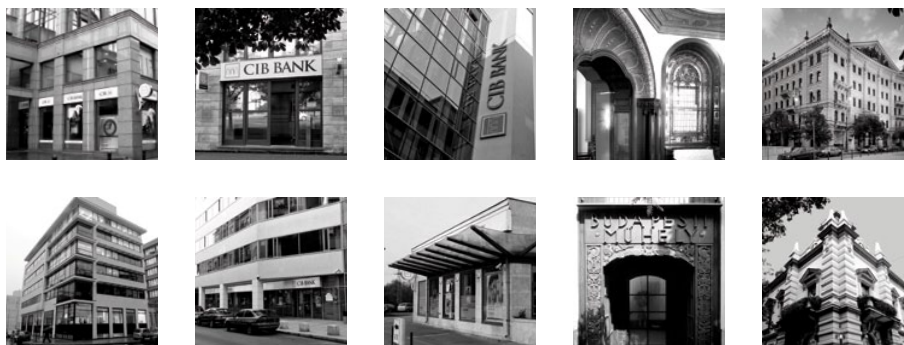


CIB Group Sustainability Report 2011



Our values



Integrity

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



Excellence

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



Transparency

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



Respect for local characteristics and differences

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



Equality

We are committed to eliminating all forms of discrimination from our conduct and to respecting differences in gender, age, ethnic, religious, political and trade-union alignment, sexual orientation and language, and to respecting the rights of persons with disabilities.



Values of the individual

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



Responsible use of resources

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

Key Performance indicators of CIB Group

300 million HUF

This amount (in HUF) has been donated to more than 100 civil organisations so far in the 6 years of operation of the CIB Foundation

500 thousand

This amount of money (in forint) was successfully raised in donations by the employees of the SME division in connection with a charity concert held last November.

62 thousand

We assisted approximately this many sick or healthy children and adults in need in 2011, either by providing financial support or equipment, or through voluntary work.

37 440

In 2011, as a result of selective waste disposal, some 37 440 fewer litres of communal waste had to be removed from our premises

8 444

This many cubic metres of natural gas were saved by the solar panels on the roof of our head office buildings, which is roughly equivalent to the annual gas consumption of three average detached houses.

990

In 2011 we collected 990 kg of PET bottles – three and a half times the quantity in 2010.

900

This many of us took part in CIB voluntary programs last year.

42

This many sick children were able to attend summer adventure camp at the Bátor Tábor (Camp of Courage) due to our support as a strategic partner

36

At the end of 2011, in comparison to the previous year, twice as many of our branches had children's areas.

18

This many frescos were completed at the small Roma village supported by the CIB Foundation in the framework of a long-term strategic partnership, the purpose of which is to revitalise the village – which lives in extreme poverty – through the creation of jobs.

10

The number of bicycles available as a part of CIB's own bike-sharing scheme.

7

The number of the Intesa Sanpaolo Group's core ethical values.

2

It's a two-hour journey from Budapest to the Fairytale Therapy Centre in Paloznak, of which the CIB Foundation became a key sponsor in 2011, and where severely traumatised children in state care are rehabilitated. With the Foundation's support the number of children that can be taken into therapy will double in 2012.

1

We have one planet, one country and one environment. Together we can do more for others, and thus also for ourselves.

Key performance indicators of the CIB Group

	2008	2009	2010	2011
Number of customers	727 110	720 851 ¹	717 247	681 517
Number of employees	3 657 persons	3 279 persons	3 091 persons	2 945 persons
Percentage of female employees (rounded to the nearest whole number)	66%	66%	66%	67%
CO2 emissions from energy consumption per employee	3.24 tonnes	3.18 tonnes	2.31 tonnes	2.38 tonnes
Energy consumption per employee	35.7 GJ	30.44 GJ	28.23 GJ ²	29.04 GJ
Total waste generated	29 688 kg	63 682 kg	66 548 kg	42 025 kg
Amount allocated and paid in support of public-benefit organisations (CIB Foundation)	HUF 62.6 million	HUF 51.7 million	HUF 34.6 million	HUF 45.3 million
Total economic value distributed	HUF 85.029 billion	HUF 50.636 billion	HUF 31.768 billion	HUF -5.108 billion
Proportion of spending on locally-based suppliers	98.17%	98.11%	97.75%	96.7%
Number of trade union members	355 persons	311 persons	323 persons	293 persons

As of 31 December.

¹ Adjusted in 2010.

² Adjusted in 2011.

Our most important commitments for 2011, and their fulfilment

The commitments listed below are described in detail in the sections relating to the individual groups of our stakeholders.

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

COMMITMENT	FULFILMENT STATUS
Corporate governance	
Continuation of simplification and rationalisation steps	● ● ● ●
• The New Bank Program continued at unchanged intensity in 2011.	
Comprehensive review of the Lending Framework System	● ● ● ●
• In 2011 the CIB Group articulated its Risk Management Strategy.	
For our employees	
Strengthening of employee engagement	● ● ● ●
• We significantly increased our participation in voluntary work related to various social causes.	
Launch of initiatives to strengthen employee commitment	● ● ● ●
• The CIB Spirit programs got under way.	
Raising of employee satisfaction	● ● ● ●
• The results of the survey showed a slight improvement.	
Further increase in the number of training courses	● ● ● ●
• More employees were able to take part in more training courses, for more training hours.	
For our customers	
Launch of new products	● ● ● ●
• We introduced new products in response to the statutory changes affecting foreign currency lending.	
Simplification of the product range	● ● ● ●
• The simplification of the entire product range continued.	
Engagement of our customers	● ● ● ●
• We continued to conduct our "100% Listening" surveys.	
For our suppliers	
Further incorporation of sustainability and ethical considerations into the supplier selection process	● ● ● ●
• In progress.	
Introduction of prequalification and post-performance rating systems	● ● ● ●
• In progress.	
Development of a suppliers' web portal	● ● ● ●
• In progress.	
Community relations	
Forging of new strategic partnerships	● ● ● ●
• We entered into a comprehensive partnership with the Hungari-an Food Bank Association	
Launch of local community initiatives	● ● ● ●
• We stepped up our activities related to social causes at local level.	
Stepping up of efforts to protect cultural heritage	● ● ● ●
• Contrary to our plans, no progress was made in this regard.	

Strengthening of dialogue

- As regards the development of our social relationships, we made even more progress than in 2010, and succeeded in strengthening our dialogue with local organisations.



Holding of a voluntary-work day

- Some 800 of our employees took part in various voluntary work projects during the year.



Holding of charitable events, exhibitions

- We organised our own fundraising events and took part in the implementation of fundraising events held by others.



For our environment

Launch of an energy project

- The project did not get under way in 2011.



Further communication of the environmentally-friendly aspects of our operation

- Compared with 2010 we communicated more information relating to environmental topics, both in-house and to our customers.



Expanding the scope of selective waste disposal

- The system was introduced in two more buildings.



Our most important commitments for 2012

COMMITMENT

Corporate governance

- Continued organisational integration of the environmental policy
- Further development of the rules of ethics procedures

For our employees

- Preparations for an internal ethics training program
- Elaboration and launch of a bank group-level benefits strategy
- Overhaul of the performance evaluation process and system
- Elaboration and launch of a career and talent nurturing system
- Expansion of initiatives to boost employee commitment and satisfaction

For our customers

- Simplification of the product range
- Further strengthening of customer engagement

For our suppliers

- Further incorporation of sustainability and ethical considerations into the supplier selection process

Community relations

- Maintaining the operation of the CIB Foundation
- Further expansion of voluntary programs
- Elaboration of new forms of cooperation with civil society organisations

For our environment

- Introduction of a policy setting out environmental guidelines related to the organisation of events
- Inclusion of more head office buildings in the selective waste disposal system

Message from the Chairman



The CIB Group treats and applies sustainability not as a series of initiatives, but as an in-built attitude that permeates the whole of company management, along the lines of solid ethical values and principles that apply to the bank group as a whole. We believe that the best practice is for the whole of the organisation, through its basic operation, to reflect the principles of sustainability.

In contrast to the majority of market participants, the cornerstone of the CIB Group's sustainable development strategy is to adopt a fundamentally different approach to structuring its CSR activities: we primarily work on forward-looking initiatives that are developed taking the views and expectations of our stakeholders into consideration, and which in many cases will only bear fruit after several years. All this takes place in a fundamentally different context to that which we have become accustomed to in recent years and past decades.

The year 2011 proved to be an even tougher period than expected for the entire population, the economy, and within it, the CIB Group. We had to continue all the efforts that were necessary to restore balance to our financial and business situation, while coping with having to support customers who had run into difficulties, as well as with the

realities of a declining corporate market, a regulatory environment that had turned negative, and the eurozone problems that kept resurfacing. We had to manage all this in a period that saw us significantly reduce our operating costs and achieve improvement in our processes and efficiency.

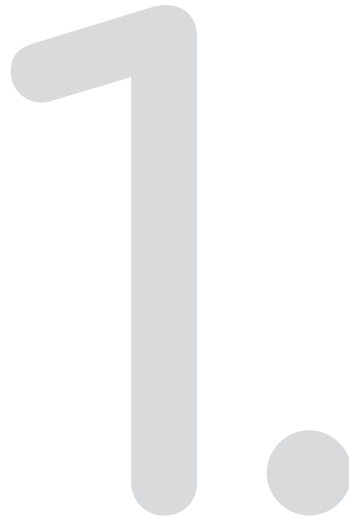
We remain committed to our mission, which is to become the bank of choice for highly discerning retail and business customers, differentiated by its outstanding quality of service, and to work hard to retain staff and develop their skills and potential through the application of transparent and performance-based HR management principles, while focusing more sharply on protecting the added value that we create. At the same time, the year 2011 was an important milestone in the sense that while we had to invest a great deal of energy in transforming business processes and adapting to the unpredictable regulatory environment, we also succeeded in increasing the level and diversity of our already substantial investments in social causes. In connection with our various programs, we directly assisted 62 000 sick or healthy children and adults in need, either through the provision of financial support or equipment, or through voluntary work. This is a figure we could never have been achieved without the active participation of our numerous third-sector partners and naturally our dedicated employees.

We report on the CIB Group's sustainability performance, and its individual programs, continuously and in detail in the Sustainability section of our website. This year again, please read through the report carefully – which also contains the level of compliance with the principles of the UN Global Compact for the fourth consecutive year - and share with us any thoughts and comments that you might have, so that by taking them into consideration we can perform even better in the year ahead, to the satisfaction and benefit of all our stakeholders.

Dr György Surányi
Chairman

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1. CIB's business strategy and priorities, business results and objectives

In order to assure long-term sustainable growth, in 2009 CIB Bank and its subsidiaries launched a transformation and restructuring drive in response to the altered environment in which it is operating. When implementing this shift in organisational and operational focus, CIB kept two key considerations in mind. Firstly, it has developed a group-based organisational solution: to boost operational efficiency and to take full advantage of internal synergies, it has integrated the group's support functions. Concurrently with this, in order to best meet the requirements of its customers, it has introduced a segment-based business model.

CIB provides numerous channels for the direct provision of feedback by its customers, and constantly monitors the results of this process, and based on this, it introduces innovative solutions designed to improve the quality of its services. In line with the above objectives, the group approved a three-year business strategy in April 2010, which takes continual account of impacts from the external environment. The direction set by CIB's strategy and medium-term plans is to ensure that customers choose the CIB Group as their primary service provider, by offering the best overall value proposition in the market. This value proposition will be built on the basis of optimally priced services, accessibility and ease-of-use of products, consistently transparent pricing and effective differentiation from the value propositions of competitors.

The bank group's institutional and business restructuring program, launched in 2009, reached a new milestone in 2011: the new program sets the earlier reorganisation activities in a consistent framework, and has the objective of comprehensively modernising the institution and its services. The fundamental concept is to apply a coordinated, carefully considered and focused approach to the transformation of our business model. A key element of this is the simplification of processes and the increasing of customer satisfaction. In this spirit, the CIB Group intends to stand out among its competitors by applying quality processes in all segments and providing its customers with exceptionally high quality services. We seek to implement the transformation process building on eight pillars, in support of our strategy and objectives articulated in the three-year business plan. The "New Bank" program is made up of the following elements: the development of commercial capabilities; operational excellence; Basel II; Workout and the management of problem assets; financial excellence; excellence in IT; excellence in HR; and compliance with the applicable rules and regulatory requirements. Moreover, beyond the standardisation and simplification of the product portfolio, the program is also aimed at developing core

activities and customer service through an improvement in the effectiveness of internal and customer processes. This will enable the CIB Group to respond to market needs with high quality, reliable services. The group seeks to achieve sustainable growth by providing real value to customers, and this basic principle will guide the group's future conduct in the market.

Based on the business strategy, the CIB Group targets two major areas of future business growth: the retail and the SME segments. A critical focus in the years to come will be on energising commercial activity in order to secure the bank's future revenues and defend its market position. CIB will place particular emphasis on the further development of its retail business, and accordingly, the bank aims to become the primary retail bank for its customers. This goes hand in hand with the ability to further improve deposit collection activity, and the provision of high-quality wealth management services. On the lending side, the bank's aim – besides retaining its leading market position – is to develop mortgage products that will give impetus to home renovations. The CIB Group has launched and continues to develop its own bank insurance broking division, with the help of which it is expanding its service portfolio with a full range of insurance products.

The other priority of CIB's medium-term strategy is the financing of the real economy, to which end it is further developing its products and services aimed at SMEs and micro enterprises. As a part of this, the bank is focusing specifically on supporting the manufacturing and service sectors. Besides corporate loans and leasing services, CIB Bank offers other means of financing to companies, e.g. through its factoring business line.

While the above sectors are currently its main areas of focus, CIB has set new goals to maintain the performance of its large corporate business, which has always represented a key segment. During the coming years CIB will build on the synergies offered by Intesa Sanpaolo, as owner, thereby strengthening its presence in the multinational sector. The primary objective is to establish a uniform, and therefore transparent and cost-effective, service structure. Consequently, CIB is one of the first banks in Hungary to have implemented, together with its parent bank Intesa Sanpaolo, a standardised electronic interface for banking transactions, through which it is able to provide a cross-border cash pool service. The purpose of introducing this service is to improve the quality of the services provided by the bank to multinational corporations in the areas of cash management and trade finance. Beyond these objectives,

boosting the effectiveness of customer relationship management, increasing the corporate deposit ratio and deepening cross-selling activities are also priorities.

To help safeguard the quality of the group's loan portfolio, the group had already set up a special Workout unit, which ensures the bank group's ability to achieve the best possible rate of recovery on its non-performing loans. CIB's purpose in developing its workout operations is to further enhance its collection processes and capabilities. In this way, in the interest of ensuring the general stability of the institution, it is possible to maintain a healthy balance between growth and sustainable, predictable loss rates. In the coming years, the bank will allocate more resources to the Workout unit in the interest of achieving these goals.

Main strengths of the CIB Group

Solid liquidity position

Cost-efficiency

Capital adequacy

Strong market position

Clearly defined organisational structure and a clear governance model

Business results

- The CIB Group's equity increased by HUF 3 billion to HUF 244 billion over the year, as the HUF 40 billion capital increase implemented by the parent company in April 2011 was almost entirely offset by the losses of the reporting year.
- The group closed the year 2011 with a loss of HUF 37.3 billion. The reason for the negative result was mainly the redemption of mortgage loans at a fixed exchange rate, which caused a loss of HUF 25.3 billion (after the 30% that can be offset against the bank tax). The deterioration in the external environment, the high ratio of non-performing loans and the growing cost of funds also contributed to the 2011 loss.
- The CIB Group's balance sheet total amounted to HUF 2,524 billion (+1.2%) at the end of December 2011. The higher volume of assets resulted mainly from the improved liquidity position, while the balance of customer loans shrank further.
- At the end of December 2011, the CIB Group's consolidated gross customer loan portfolio totalled HUF 2,178 billion (-6.8%). Within the overall portfolio, the proportion of retail loans (mortgage, car financing and others) reached 32.9% (+0.3%) by the end of the period, and was negatively affected by the fixed-rate mortgage redemptions,

while real estate financing contributed 22.4% (+2.0%) of the portfolio. The share of large corporate and SME loans decreased slightly during the year. Demand for new financing was low throughout the entire period, as new retail placements fell by more than 27% and lease financing by almost 22% compared to the same period of 2010, at which time the crisis was already having a significant impact on the financial markets.

- In line with the situation in the Hungarian banking sector as a whole, the quality of the CIB Group's loan portfolio deteriorated. The share of non-performing loans rose within the total customer loan portfolio, albeit at a much lower rate than in the previous year. The most notable increase in non-performing loans occurred in the retail segment, especially in foreign currency-based mortgage products, due to the depreciation of the forint. To cover potential losses from non-performing loans, CIB set aside provisions of HUF 106 billion during the course of the year.
- In 2011 our group continued with the repossession of properties that were serving as collateral for non-performing loans. As a result of this, by the end of the year the value of fixed and intangible assets rose to HUF 182 billion (+30%), of which the value of repossessed properties amounted to HUF 137.4 billion (+50.2%).
- The CIB Group's revenue amounted to HUF 120.4 billion (-11.0%), and its operating expenses to HUF 55.6 billion (-6.1%), excluding the bank tax. As a result of the cost-reduction program implemented by CIB's senior management over the past three years, the employee headcount of the CIB Group has fallen by 712 persons (-19.5%) compared to December 2008. Administrative costs increased by 1.3% in 2011 as the result of a one-off VAT payment obligation and the higher costs of collection activity. The cost-to-income ratio stood at 46.2% in 2011 (2.4% points higher than in 2010), as cost cutting measures were insufficient to fully offset the effect of the decline in revenues.
- New impairment recognised in the reporting period amounted to HUF 105.7 billion, while in 2010 it was HUF 83.1 billion. More than half of the new impairment came from the retail segment, due to the redemption of foreign currency loans at a fixed exchange rate (HUF 36.8 billion) and to the considerable depreciation of the forint. New provisions in the corporate business decreased by 33.4% in comparison to the previous year, thanks to the slower decline in portfolio quality. The cost of lending (Provisioning/Loans) was 5.5% in 2011. The coverage rate of non-performing loans improved by 10.8 percentage points, to 45.3%.

The CIB Group did not receive any government funding in 2011 (as was the case in the previous years).

1.1.

Significant external impacts

The government's Home Protection Program

The government introduced a number of new measures in 2011 with the aim of improving the position of households with foreign currency loans. The first phase of the Home Protection Program – which was announced in mid-September – included the opportunity to pay off foreign currency loans at a fixed exchange rate. This measure caused a substantial, HUF 36.8 billion, loss for CIB, and led to a considerable deterioration in the quality of the loan portfolio.

The measure of the second phase of the Program – which was announced in December – besides causing further significant losses for the banking sector and for CIB, could improve the quality of the loan portfolio as well as the consistency, in terms of currency, of assets and liabilities. The most important elements of the program are as follows: the option of servicing the debt at a fixed exchange rate that is lower than the current market rate for 5 years, and in the case of loans more than 90 days past due, the waiving of 25% of the debt.

Loan redemption scheme

On 19 September the Parliament enacted the bill on the redemption of foreign currency loans. The act entered into force on 29 September 2011. The loss arising from the difference between the fixed conversion exchange rate stipulated in the act (HUF 180 in the case of CHF/HUF and HUF 250 in the case of EUR/HUF) and the prevailing market exchange rate has to be borne by the banks.

Main features of the act:

- The exchange rate applicable when redeeming mortgage loans on residential properties was HUF 180 in the case of CHF/HUF and HUF 250 in the case of EUR/HUF, provided that the exchange rate applied at the time of disbursement did not exceed these levels, and the contract was active (with contracts cancelled after 30 June 2011 classified as active).

- The deadline for applying was 30 December 2011.
- The customer had to accept that the redemption would take place on the 60th day following the application, but the new regulations demanded that the funds coverage necessary for the loan redemption be checked on 30 January 2012 at the latest. The final deadline for the loan redemption was 28 February 2012.
- The bank can offset 30 percent of the loss against the 2011 bank tax.

Up until the day of the act's entry into force we drew up our procedural rules and trained the staff working in the branches and back-office departments, to enable them to appropriately administer the loan redemption applications of customers.

We prepared analyses to model the expected losses and the impacts on capital, revenues, financing costs and the bank's liquidity, and then finally on 7 November 2011 we commenced the provision of forint-based loans for the purposes of foreign-currency loan redemption.

Impact of the act on the banking sector

- Borrowers repaid approximately 24 percent of the overall foreign currency-based mortgage loan portfolio.
- The decrease in the foreign currency-based mortgage loan portfolio has, to date (August 2012), resulted in a gross loss of HUF 370 billion for the sector.

Impact of the act on CIB Bank

- Borrowers repaid approximately 31 percent of the foreign currency-based mortgage loan portfolio.
- The foreign currency-based mortgage loan portfolio decreased by HUF 126 billion (calculated using the average exchange rate for August 2012) relative to the figure for September 2012.

Special tax on financial institutions

The special bank tax of HUF 187 billion per year remained in place in 2011, although 30% of the loss on mortgage repayments is deductible from the tax. The additional revenue has been used by the government to meet deficit targets and to create fiscal room for the personal income tax cut that was put through at the beginning of the year. The cabinet decided to extend the tax into 2012, promising to adjust it to the level of the planned future EU-wide special tax on banks whenever it comes into effect.

The tax burden is well in excess of that levied in other countries of the European Union and has led to a deterioration in the profits of the banking sector players, in addition to harming their growth prospects.

The extraordinary bank tax has also significantly damaged the banking sector's capacity to generate revenue and to support the real economy through its lending activities. This has also damaged the regional competitiveness of the Hungarian bank sector.

Changes in the banking environment

The main challenges for the Hungarian banking sector in 2011 and in 2012 were:

- the deterioration in the external environment, which was principally a consequence of the debt crisis in the eurozone;
- the government's Home Protection Program, which significantly reduced the profitability of Hungarian banks and altered the domestic operating environment;
- the high ratio of non-performing loans due to the deterioration in corporate and household credit portfolio quality, as a consequence of the changed environment;
- the worsening financial market conditions, rising financing costs and liquidity risk

The deepening of the debt crisis in the European Monetary Union carries the possibility of a new financial crisis, and is exacerbating the global recession. This and the unorthodox economic measures implemented by the Hungarian government led to a significant depreciation of the forint and to increased local interest rates, and had a negative effect on the FX swap market. The Hungarian banking sector's reliance

on external funding remained high in 2011, and therefore it is especially reliant on stable foreign parent banks that are committed to their operations in the country; however, the EU debt crisis has also had a significant negative impact on the liquidity and capital position of the parent banks, which has in turn diminished the lending ability of Hungarian banks. As a consequence of this, the upturn in the banking sector's lending activity is being delayed further in both the retail and corporate sectors, contributing to a slower-than-expected economic recovery in Hungary.

Agreement between the Government and the Banking Association

To mitigate the negative impacts of the first Home Protection Program the Government and the Hungarian Banking Association agreed on a second package to assist customers with mortgage loans denominated in foreign currency. The key points of the agreement are as follows:

- 30% of the losses resulting from the first Home Protection Program can be offset against the bank tax;
- debt servicing at a fixed exchange rate that is lower than current market rates for 5 years;
- the waiving of 25% of the debt of customers in default for more than 90 days.

1.2.

Distribution of income, from a stakeholder's perspective

From the standpoint of sustainable growth we use an approach that examines the movements of income (income transfer), resulting from the company's business operations, between the various participants – customers, suppliers, employees, shareholders, the state, the third sector – operating within the economic community of which the CIB Group is also a part. The data pertaining to the generation and distribution of economic value reveal how the organisation creates prosperity for its stakeholders. The total gross value generated is the difference between the total value generated (revenues) and the cost of goods purchased

and services used (consumption). We performed the calculation of this data using the methodology applied by Intesa Sanpaolo. More information on the Bank's business results can be found in the 2011 Business Report and the Annual Financial Statements that contain it. A break-down of the economic value generated and distributed is given in the following table.

The 2011 data once again reflects the protracted difficulties faced by the Hungarian economy, and the impact of the substantially altered tax regime. Last year was closed with a negative profit, and there was no dividend payment. Another change with major implications last year was the introduction of what is referred to as the bank tax, which substantially increased our payment obligation towards the state. Overall, the explanation for the changes of 2011 can be summed up in the key points below:

- "Total value generated" decreased due to the fall in interest revenues;
- "Total consumption" increased due to the growth in impairment;
- "D" turned negative due to the losses realised on repossessed properties;
- the tax line shows revenue due to the deferred tax calculated on the losses, while we were able to reduce the bank tax by the amount of the losses from loan redemptions.

Economic value generated and distributed (HUF billion)

	2007	2008	2009	2010	2011
Total value generated (A)	192.441	269.148	270.125	212.354	197.434
Total consumption (B)	118.686	184.562	219.448	180.758	201.288
Gross value added from core business activity (A-B=C)	73.754	84.586	50.677	31.597	-3.854
Revenue from the sale of fixed assets (D)	0.183	0.443	0.041	0.172	-1.254
Total economic value generated (C+D=E)	73.937	85.029	50.636	31.768	-5.108

	2007	2008	2009	2010	2011
Shareholders (dividend)	2.500	0	0	0	0
Employees (wage payments)	27.232	34.614	30.356	27.966	24.744
State (direct and indirect taxes)	12.616	14.193	7.342	18.481	-0.723
Third sector (donations and contributions)	0.272	0.564	0.869	0.844	0.882
Corporate sector (profit reserve and depreciation)	31.316	35.657	12.069	-15.523	-30.010
Total economic value distributed	73.937	85.029	50.636	31.768	-5.108



Long-term programs

At the CIB Group, our efforts to achieve sustainability are based on a long-term commitment, and thus in 2011 we again launched several new initiatives, as well as continuing our projects that were already under way. In the following sections we give an account of these initiatives and our related practices, separately for each of our most important stakeholder groups.

2.1.

Customers

Besides taking steps to mitigate the impacts of the economic crisis, we focused particularly on ensuring that our customers receive a high-quality service. This involves being attentive to customers' needs, providing appropriate and suitable information, listening to and investigating their comments and complaints and, in short, maintaining active, two-way communication. It remains important for us to be capable of offering products and services that are suited to the needs of disadvantaged groups within society, thus affording them easier access to banking services. We also believe we have a mission, through the targeted provision of services that can be accessed at preferential terms, to help our customers cultivate a responsible attitude towards money, and a greater willingness to save. (For supplementary data and tables related to the section below, see Annex 4.3.)

Customer satisfaction and complaints management

Last year, the efforts to increase customer satisfaction continued to strengthen at the bank. As the economic crisis deepened further, CIB was faced with a growing number of new challenges in this area too.

In addition to our surveys of retail and SME customers and active users of the CIB Internet Bank, we conducted research among large corporate customers in 2011, which we intend to repeat every year and which will be financed by CIB from its own resources.

In 2010, as a part of the customer experience project, we strengthened direct customer engagement in the branches: the proportion of customers using the questionnaires printed on queue tickets to give feedback on the day's transaction was consistently over 20% in 2011 across the entire branch network, which can be regarded as an excellent result. In 2012, based on the results of the 100% Listening surveys, by putting questions that may be varied as frequently as every quarter and relate specifically to the individual branches, we plan to initiate targeted improvements in the branch concerned.

As was the case with customer satisfaction, we also faced new challenges in relation to the management of complaints in 2011. While the overall number of complaints remained at approximately the same level, an exceptionally high number of complaints were rela-

ted to loans, as well as to conditions and to certain fees. We continued to follow our previously introduced practice of taking an equitable approach to the assessment of complaints. As a result of this, the number of goodwill gestures rose, and the percentage of dismissed complaints decreased. In mid-2011 a new entity was added to the list of organisations working to protect consumers: the Financial Reconciliation Board undertakes to intermediate between financial institutions and consumers in the settlement of individual disputes. The CIB Group cooperates with the Board, and in the course of the hearings and negotiations, we assist in working towards an agreement by proposing customer-centred solutions. A high percentage of requests lead to a successful conclusion. Last, but by no means least, the CIB Group takes part in all cooperative initiatives that might deliver a solution for those of our customers whose situation has become untenable as a result of the economic crisis, with the aim of preventing or reducing the number of future complaints.

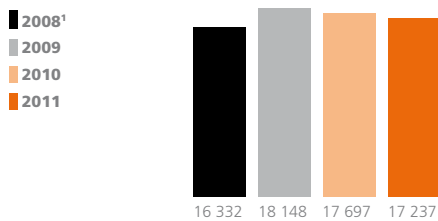
Impact of the loan redemption scheme

The preparations for the loan redemption scheme included the development of complaints handling processes, which was able to commence after the other business processes had been elaborated. We placed particular emphasis – not least due to the short and strict deadlines prescribed by law – on ensuring our ability to deal with and respond to the complaints as quickly as possible. The only way of ensuring this was to introduce a centralised process for dealing with non-standard cases (and here, more than half of the complaints were classed as non-standard), in contrast to the usual decentralised complaints management process. Owing to the sensitivity of the issue, certain central departments (Product Management, Legal Services, Credit Underwriting, etc.) stood by to state their positions regarding the complaints as a matter of priority, thus enabling us to provide the branch network or our telephone-based customer service desk, CIB24, with the requisite support.

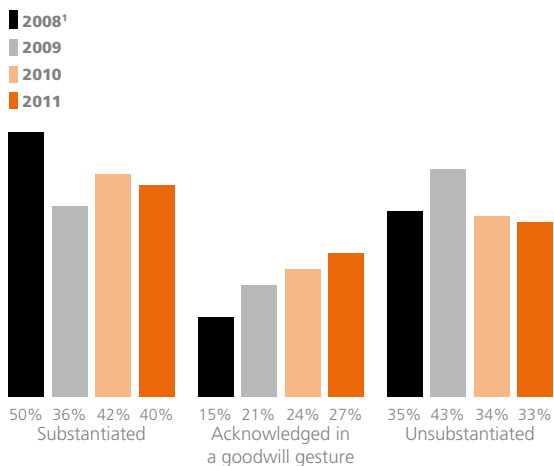
Overall, the majority of complaints related to loan redemptions were unfounded, as no identifiable error had been made by the bank, which can certainly be regarded as a good result. In a few cases, while refusing the request for loan redemption, as a goodwill gesture we made a decision on what kind of individual business proposal we could make to the customer that lodged the complaint.

Complaints related to loan redemptions were still being handled as late as in mid-2012, despite the fact that the loan redemption option is no longer available. The reason for this is that the majority of calls from the HFSA to hold investigations were not received until the second quarter of 2012. The closure of these cases is in progress.

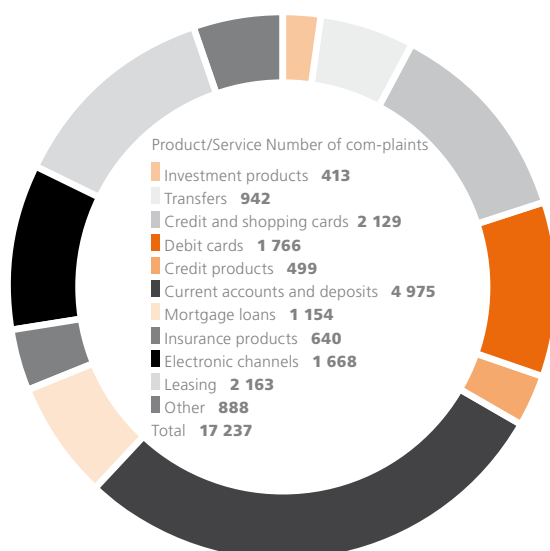
Number of complaints investigated by Voice of Customer (the complaints management department) at the CIB Group



Findings of investigations into complaints in 2011

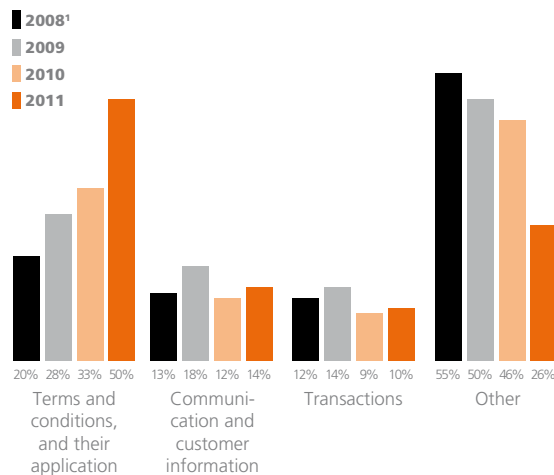


Complaints by type of service in 2011



¹ Due to data correction, we have modified the 2008 figure from 16 335 to 16 332.

Complaints by type



With respect to abuses of personal data, a total of 83 complaints were received (in 2010: 11), a significant proportion of which were related to external bank card fraud.

Ensuring access to services

We take seriously our obligation to ensure that everybody, including those of our customers who have disabilities affecting their movement, sight and hearing, or who are handicapped in other way, can gain equal access to our services. A part of this stems from fulfilment of our statutory obligations, while other initiatives are undertaken voluntarily.

- On 31 December 2011 some 64%, or 81, of our 128 branches were barrier-free, and one was equipped with a portable ramp. (In 2010, of 145 branches 88 were barrier-free, which represents 60%). The main entrances to our central office buildings, and the bank branches housed within them, have also been made barrier-free.
- By the end of 2011 the bank's branch network consisted of 128 units, and 186 CIB-operated ATMs were available to our customers. As in 2010, the CIB Group did not have any representative offices in 2011.
- By the end of 2011, compared to the previous year twice as many of our branches, a total of 36 (in 2010: 17) had children's areas, making it easier for customers with small children to do their banking.

Products for customers with special requirements

- The CIB Group also offers services to individuals and legal entities with special requirements. In 2011 we continued to market our products and services developed to suit the specific needs of youth and senior citizens, a campaign which we supported with special promotions. We offer special account products for retirees, people with large families, students, non-profit associations and apartment buildings.

2.2.

Employees

The guiding principle in our employee relations is to forge relationships based on true partnership with our colleagues, and we promote a corporate culture founded on initiative, performance, transparency, consistency and rapid decision-making. Moreover, from 2012 onwards we are devoting particular attention to identifying, retaining and developing key personnel and talent.

„In 2-3 years I would like to see a bank that functions efficiently, as a strong and highly motivated community, where the employees are happy to come to work and where they know precisely what their work is worth, and what the future holds for them.”

Quote from the Human Resources Strategy

In 2011 both the organisational structure and name of the HR unit changed, and human resources became a key priority during the course of the year. With the full backing of senior management, we established an HR structure that we believe is capable of ensuring fulfilment of the group's objectives even in today's changed circumstances, while bringing about an improvement in employee satisfaction. The new HR division is focusing primarily on the following areas:

- a competitive remuneration strategy combined with strict performance management;
- human resource development through structured career planning and talent nurturing that opens up new horizons;
- strengthening employee commitment through a healthy work-life balance and innovative motivational tools;
- state-of-the-art operational excellence solutions promoting customer satisfaction.

Employee engagement

- In December 2010, we again conducted the **internal employee satisfaction survey**, with questionnaires completed by staff at all the member banks of the Intesa Sanpaolo Group. We provided our employees with feedback on the results in the course of 2011, and in early 2012 we informed our colleagues about the results of the survey held at the end of 2011.

- Last year saw a continuation of the **“Simply Better!” program** launched in 2010, which supports the implementation of ideas underpinned by the high level of professional knowledge and experience amassed by our employees. The most important objective of the ideas competition is – with the incentive of a cash reward – to encourage employees to develop proposals related to the processes that they believe are in need of development or improvement, which will result in changes that are constructive and – especially importantly – measurable, and will further improve customer satisfaction and cost-effectiveness. Under the scheme preference is given to implementing ideas that have been drawn up by a team of several employees rather than a single individual, so it is necessary for several departments to cooperate in its development. In 2011 more than 100 ideas were received from the organisation, and prizes were awarded for nine of the proposals at the end-of-year awards ceremony. In addition, we awarded prizes to the three colleagues who submitted the best ideas in the course of the year.
- 2011 saw an expansion of the **employee awards system**, through which more than 10% of our colleagues were rewarded at the end of the year for showing superlative performance that went beyond what was expected of them.
- A means of ensuring that positive experiences, however large or small, don't pass unnoticed, is the **Thank You Card**, which was issued to every one of our employees, to be passed on to another colleague as a sign of their appreciation. At the end of the year, the 10 employees who had received the most cards were given a special prize: a trip for two to the Slovenian seaside resort of Portorož.
- In 2011 we launched the **CIB Club**, a series of informal events that we held every month, the venue for which was a pub in Budapest. The purpose of establishing the CIB Club was to create an opportunity for gatherings that promote a strong sense of belonging among our staff, in surroundings that differ markedly from the corporate environment. Under the auspices of the CIB Club we held ten events during the year, with a variety of programs: concerts, fancy dress parties, karaoke, dancing, improvised theatre and, on one occasion, a charity concert.
- Concurrently with this we continued our existing programs, such as the CIB Volunteering Day at the Bátor Tábor (Camp of Courage) in the town of Hatvan, in which around 110 of our employees participated in 2011. Details of this and our other efforts to engage staff in the interests of strengthening our social relations are given in the section on our community relations.

- Our parent bank continued with the employee climate survey, which had been conducted for the first time in 2009. The purpose of this survey is to find out what our employees working in the various countries think about their work at the bank.
- In the fourth quarter of 2011, together with an external consulting firm, we launched a new project relating to job descriptions and remuneration. The aim is to develop a compensation system that is based on common principles and is understandable for all our colleagues, and which will lead to an improvement in our competitiveness in the labour market and the consolidation of a performance-based corporate culture.
- The value of the benefits package provided under the **Cafeteria** system to full-time employees in 2011 remained at **HUF 17,500** per month. Part-time employees are entitled to receive cafeteria benefits proportionately to their working hours, while agency staff become eligible for fringe benefits under the system once they have been working with us for more than a year.

Our general benefits package continues to be made up of the following elements:

- **Mandatory:** occupational health services, reimbursement of travel expenses, CIB Voluntary Pension Plan, prescription spectacles
- **Provided voluntarily:** cafeteria system, CIB Voluntary Pension Plan, preferential banking services and discounted bank cards, staff loans, staff lease-financing plans, group personal insurance. Besides these, we continue to offer, as optional benefits, a family mobile telephony plan and vacation opportunities in Hungary and abroad, as well as discounts on purchases.

Our temporary or part-time employees are also entitled to all of the above benefits, with the proviso that quantifiable benefits are granted proportionately to the number of hours worked. All our employees are only eligible to receive benefits under the cafeteria system, and the employer's contributions to the Voluntary Pension Plan, upon expiry of the three-month trial period; and certain preferential staff loans are only available after one or two years of employment.

- Participation in all the periodical vocational and professional aptitude and fitness tests **prescribed by law** naturally continued to be compulsory for all of our staff in 2011.
- Managers above a certain level once again had the opportunity to attend an **annual executive health screening** in 2011. The **screening tasks** continue to be performed by a medical group, which has provided occupational health services since 1994 and today has a countrywide network. The service package primarily offers assistance in the pre-

vention and early diagnosis of cardiovascular and malignant diseases. The team screens for the risk factors associated with diseases, actively assisting in the development of a healthy lifestyle – advising on the appropriate diet and program of exercise – or, if necessary, in deciding on the most appropriate course of treatment.

- Since 2007 we have provided all our employees – through our partner insurance companies – with basic **life, accident and illness insurance cover**, which can be supplemented according to individual requirements.

"We are Intesa Sanpaolo Group"

In 2011, our international banking group continued the "We are Intesa Sanpaolo Group" programs, established with the aim of ensuring unified internal communications and a consistent corporate culture.

- The CIB Banking Group offers its employees, and, in certain cases, their family members, discounted holidaying opportunities at destinations both in Hungary and abroad. With the help of our parent bank, 48 children enjoyed a trip to Follonica, Italy, while many families spent their summer holidays in Magione and Alassio in 2011. Besides this, we enabled 25 to participate in the one-week daytime football summer camp held in July as a part of A.C. Milan's youth program.
- Our international banking group holds numerous sporting events, in which our employees can regularly take part. In 2011 a total of 94 of our employees represented the CIB Group in these competitions in Sarajevo, Belgrade, Portorož, Košice, and Budapest.

Training courses

We continued to stress the importance of training our employees and developing their professional abilities and interpersonal skills. The average number of hours of training per employee was 42 hours, which means that each employee received an average of 5.5 days of training over the year.

- The Leadership Development Program continued, with the participation of first and second line managers. A total of 75 managers from the CIB Group took part in the program.
- We held management training courses on various management topics, which were attended by more than 100 of our employees.
- For those of our colleagues who are engaged in the sale of retail products, we organised a series of all-day professional events: the National Micro Enterprise Day was attended by 200 people, while 110 people took part in the Premium-Private Banking Day.

- Based on a management decision, to promote the Lean Process approach within the bank group, some 60 employees attended a training course culminating in an exam.
- The Onboarding program launched in March 2010 continued, with the objective of ensuring that customers, from the very moment that they become our customers, are assured of a customer experience that paves the way for a long-term, active relationship. To this end, in February and March we trained 496 colleagues in the most important aspects of the program.
- More than 200 of our employees participated in a retail branch orientation program held, over a period of four (3 + 1) weeks, for new staff.
- In connection with the redemption of mortgage loans, to ensure the smoother performance of the tasks that fell to the branch staff, and the appropriate handling of difficult, stressed customers, we held a two-day course attended by 131 persons.
- The leasing and corporate division introduced a new transaction proposal system on the basis of the redesigned processes, and in the course of the year almost 500 colleagues learned to use the new system.
- From among the staff of the leasing division, around 200 people personally attended the anti-money laundering course, and 360 took an electronic exam on the subject. Some 950 people in the retail branch network, and 250 from the SME division, sat examinations on this subject.
- In the course of the changeover from the Lotus Notes messaging to the Microsoft Office Outlook system, the entire bank group received training via the e-learning channel, and 160 requested assistance in person.
- The almost 100 employees joining the Collection unit took part in a two-day orientation program, and then acquired the skills necessary for their work by attending the required specialist training courses.
- For the purpose of complying with the Basel II regulations, we developed training materials relating to the topics of Basel II basic skills, and Operational Risk and Credit Risk, in which subjects all employees had to sit an exam.
- In preparation for the insurance sales and financial services intermediation exams held by the authorities, we provided training courses in accordance with the requirements.
- Our bank's chairman, Dr. György Surányi, held a presentation, which attracted a very large audience, on the financial crisis and its implications for Hungary and the region.
- In 2011 a total of 514 people attended the English language courses supported by the bank group. Almost 40 of the senior managers took part in one-to-one training. Employees working in the provinces could choose an accredited language

school near to their place of residence, while colleagues in Budapest had the opportunity to improve their language skills in training courses held in small groups. We offered the chance to attend intensive, speech-centred English language courses for those at pre-intermediate or higher level who expressed an interest.

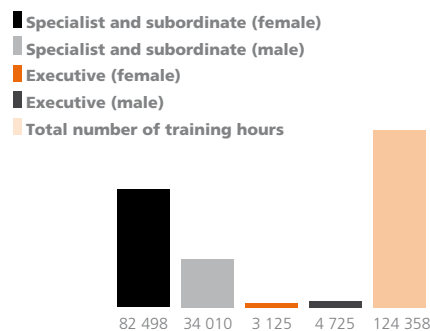
We launched regular ethics-themed communication via various internal channels, to prepare the ground for the ethics training program scheduled to begin at the end of 2012.

Annual average number of training hours per employee

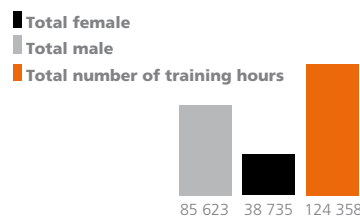


Based on closing headcount as at 31 December.

Number of training hours broken down by professional status in 2011¹



Number of training hours by gender in 2011



¹ Excluding training carried out in the school system and training provided in distance learning courses.

An unwanted effect of the crisis: layoffs

At the beginning of December 2011, due to the negative market developments, our retail banking division was forced to carry out branch closures.

- We made efforts to find suitable positions for the colleagues concerned at other branches that remained open, and thus the number of employees laid off was far lower than the headcount of the closed branches (less than half, in fact). Due to the staff transfers, the number of dismissals remained well below the headcount that would technically constitute a mass layoff.
- Those of our colleagues who were laid off were able to leave at terms that were more favourable than those of the mandatory severance package prescribed by the Labour Code. They were relieved of duties but permitted to remain in an employment relationship for a significantly extended period, which improved their social insurance status as well as their chances of finding another job.
- We continue to assist our laid-off employees in their search for alternative employment, with the assistance of a specialist partner. This service now also draws on our experience gained in previous years.

Employee representation

A trade union and Work Council operate within CIB Bank. The number of trade union members was 293 at the end of December (in 2010: 323; in 2009: 311). The Work Council hold regular meetings to discuss, with the chief executive, its position on issues affecting employees. It also actively participates in the internal communication related to these issues. Representatives of the Work Council and the trade union make up the Social Committee, which has the task of managing certain forms of social support provided to employees. The Work Council appoints two of the members of the bank's Supervisory Committee.

The first step in the change of corporate culture: standardising the system for launching new initiatives

We set in motion a number of new initiatives which, in addition to the fact that we now communicate them under a uniform name, clearly reflect the approach that is aimed at strengthening employees' motivation and satisfaction at work, while we continue to regard individual and team performance, transparency and consistency as principles of key importance. In 2011 these initiatives included:

- new reward schemes and performance recognition systems, alongside the continuation of the Thank You Card scheme (which was launched in 2010);
- team-building budget available to each organisational unit;
- flu jabs for employees;
- a Christmas gift for every employee;
- a massage voucher for every employee.

Equal opportunities and positive discrimination

The CIB Group ensures equal treatment for its existing and future employees in accordance with the Constitution of Hungary, the effective statutory provisions and the bank group's Code of Ethics.

We offer our employees the opportunity to apply for internally advertised positions (both at CIB and in the international group), and publish the relevant information on the Intranet. In 2011 the bank group was once again compelled to make multiple redundancies. In connection with this, as on previous occasions, it was decided that the downsizing should not affect any employee whose spouse or domestic partner working at CIB had already been laid off, or who is a single parent, a member of an ethnic minority, or a person living with a disability.

2.3.

Suppliers

The key principle when choosing suppliers is to display fairness and transparency in the selection process.

In the CIB Group's procurement processes:

- we operate a supplier selection system that **ensures transparency and a level playing field**;
- **we provide consistent and favourable payment terms** to suppliers;
- **in the course of our HR-related tenders** we carry out checks to ensure that the personnel used by our service providers **are employed legally**;
- **in certain of our 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.

Number of suppliers by geographical location (numbers)

	2007	2008	2009	2010	2011
Hungary	6 821	6 767	3 570	3 526	3 683
Europe	620	113	57	71	108
North America	45	12	9	8	12
Asia*	0	1	1	2	5
Total	7 486	6 893	3 637	3 607	3808

Data as of 31 December

Spending on services by geographical location of suppliers (HUF million)

	2007	2008	2009	2010	2011
Hungary	63 484	46 381	24 582	19 412	22 250
Europe	603	1 279	1 359	1 612	1 580
North America	1 387	362	457	170	134
Asia*	0	0,81	1	17	17
Total	65 474	48 024	26 399	21 211	23 980

Data as of 31 December

*Israel is included in Asia.

2.4.

Our social impacts

The CIB Group regards corporate social responsibility as a strategic issue that lies at the heart of its business operations, and not purely an exercise in philanthropy. The purposeful management of community relations is a part of the process by which the bank – with the collaboration of its stakeholders – aims to make dialogue into a fundamental prerequisite for the joint, and thus efficient, resolution of problems.

Responsible operation, sustainability, community. Grand words, but it's sometimes difficult to decipher what they actually mean at a corporate level. It's only natural that at home we do whatever we can to support our children's nursery school, collect paper, selectively dispose of waste where possible, show solidarity with the victims of natural or other disasters; and another very important thing to bear in mind: we pay taxes, thus providing the funds to pay for those community services that we too make use of. The CIB Group's efforts to be a responsible member of the community are the same, but due to our size they are on a different scale. We help where we can, using the tools and channels at our disposal.

The purposeful management of community relations is a part of the process by which the bank – with the collaboration of its stakeholders – aims to make cooperation into a fundamental prerequisite for the joint, and thus efficient, resolution of problems. This includes:

- developing financial literacy;
- relations with civic and professional organisations;
- civic engagement;
- social solidarity;
- charitable giving;
- corporate volunteering.

Our definition of community relations includes our relationships with the representatives of state institutions (government, local

councils, regulatory authorities and supervisory bodies), professional organisations (associations, trade federations, chambers) and the third sector (non-profit organisations, foundations, local communities). From the CIB Group's point of view the most important state institutions among our stakeholders, and those that have the greatest impact on our operations, are the Hungarian Financial Supervisory Authority (HFSA), the National Bank of Hungary (MNB) and the Competition Office (GVH). In many cases the value our steps taken in support of the community can also be expressed in monetary terms. HUF 219 million. This was how much CIB spent in 2011 on its support for the wider community in the broader sense of the word. Once again, it did so in a year fraught with exceptional difficulties.

Developing financial literacy

- Developing the financial literacy of Hungary's population is an important social objective. To ensure the quality training of the financial professionals of the future we supported some 80 training institutions with vocational training contributions amounting to approximately HUF 122.8 million.
- At the end of 2010, CIB Bank joined the "Everyday Finances" program, which is 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. The bank continued to participate in the program in 2011.
- At numerous special events we made use of a game designed to develop financial literacy, which helps young and old, children and adults alike to assimilate as much useful information as possible about savings and financial responsibility.

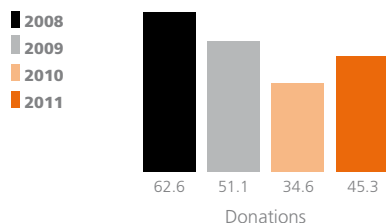
Social solidarity: the CIB Foundation in 2011

The CIB Foundation was less active than originally planned in 2011. Contrary to plans, in the second half of the year the Foundation did not announce a new round of the "We Can Do Something" scheme; however, the social engagement projects launched at the beginning of the year, the children's health projects and strategic partnerships carried over from the previous year (Camp of Courage, Bódvalenke Fresco Village) were all implemented. In the course of the year the board of trustees allocated a total of HUF 45.3 million, which, although lower than the target figure, nevertheless exceeded the previous year's amount by almost 30 percent.

Beneficiaries of the CIB Foundation in 2011 (payment made in 2011)

Bátor Tábor (Camp of Courage) Foundation
Gábor Kovács Art Foundation
Hungarian Reformed Church Aid Foundation (Bódvalenke)
Foundation for the Rehabilitation of Sick Newborn and Premature Babies (We Can Do scheme)
Parents' Forum Association (We Can Do scheme)
Early Intervention Centre Foundation (We Can Do scheme)
Foundation for Children with Special Disabilities (We Can Do scheme)
"Nővér-kék" (equestrian therapy) Foundation (We Can Do scheme)
Békés County Association of Persons with Disability (We Can Do scheme)
Foundation for Children with Impaired Vision (We Can Do scheme)
Association for Rainmen
Alliance of Nógrád County Gypsy Minority Representatives and Spokespersons (We Can Do initiative)

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



Fairytale Therapy Foundation

In 2010 the first Fairytale Therapy Centre in the world opened in Hungary, with the aim of applying a complex art-therapy model to facilitate the adoption of a well-adjusted lifestyle based on the individual's own internal values and the ability to maintain harmonious relationships with his or her immediate and broader environment, and to instil the capacity to attain happiness.

The Fairytale Centre was created for children and adults who, although considered to be physically and mentally healthy, have at some point in their lives faced difficulties that they are unable to cope with in the absence of outside assistance. The foundation primarily places the emphasis on avoidance and prevention in order to reverse, before it is too late, the processes that can cause physical and psychological illnesses. Through its support the CIB Foundation contributes to this work, enabling 20 children to attend a therapeutic camp.

Volunteering as a part of the corporate culture

Volunteering is an important part of the "DNA" of the CIB Group, and we regard it not only as a reflection of our corporate citizenship, but also as one of the pillars of our internal corporate culture. The CIB Group has a tradition of volunteering, linked to strategic partnerships and individual initiatives, that stretches back over many years, and which every year prompts a high proportion of our employees, anywhere between 10 and 20 percent, to take action. We implement centralised and local volunteering programs, and 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.

At the beginning of 2011, in the course of one of our visits to our parent bank, Intesa Sanpaolo in Italy, our attention was caught by an initiative that has succeeded in mobilising powerful forces in Italy. This is the food bank initiative, which was joined by our parent company many years ago; and we decided, in a knowledge of the activities of the local Hungarian food bank, as well as of the transparency and accountability that it has shown to date, to join the initiative in the framework of a pilot project and then, in the light of our experiences, make a decision on whether it is worthwhile to develop this into a long-term partnership.

The discussions were held in the spring of 2011 and we decided, as a part of the European Year of Volunteering framework program, to not only provide financial support but to implement a voluntary program encompassing the entire bank group, and to do so in partnership with the Hungarian Food Bank Association. On the basis of this partnership the CIB Group, as main sponsor, made it possible for the National Food Collection Weekend to be held on 25-26 November 2011.

We set the following as the objectives of the partnership:

- to collect durable foodstuffs sufficient for 15 000 families in need, and to distribute them – with the involvement of local civil society organisations – in good time for the Christmas period;
- for at least 500 of our employees to participate as volunteers (the total staff headcount was 3,000 persons), but in such a way as to ensure that all our branches participated in the local initiatives;
- to ensure nationwide coverage, for which as many retail food store chains as possible had to be involved.

On 25 November the collection started at 173 supermarkets in 111 towns and villages, assisted by thousands of volunteers – 2,500 altogether, including 700 CIB employees. Some

100 of our colleagues who took part in the collection also brought members of their families along, although these are not included in the official number of volunteers.

The results of the collection far surpassed those of previous years, owing to the fact that our volunteers, especially the branch employees, were able to make good use of their sales experience. The principles set out in the communication plan fulfilled our expectations: the media supported the collec-

tion with around 80 news reports, and we also succeeded in engaging a large number of our own customers.

The extent of local involvement also exceeded our expectations, and we received a great deal of feedback regarding how many customers of our branches had taken part in the collection through donations, associating positive feelings with the initiative, and obviously – as an additional impact – with CIB as well. This has made the initiative into one of the largest national food

Results in figures

Number of beneficiaries	15 000 families in need
Quantity of collected foodstuffs	80 tonnes (2010: 45 tonnes)
Number of towns in which the collections took place	111 (2010: 103)
Number of food stores involved	173 (2010: 139)
Largest quantity of foodstuffs collected at a single collection point	2.2 tonnes
Average quantity of foodstuffs collected	440 kg/store
Number of CIB volunteers	700 (23 percent of the total employee headcount), 80 percent of whom work in the branch network
Number of volunteers (including CIB employees)	2 500 (2010: 1 600)

collection programs of all time, with an unprecedented number of CIB volunteers (both in proportion and number) mobilised in support of a good cause. We are proud of the fact that, as a result of the added value that we contributed, we achieved far better results than planned, thereby fulfilling the most important objective of providing 15 000 families with a satisfactory food parcel.

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 the CIB 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. For a list of the organisations, see section 4.

2.5.

Managing our environmental impacts in 2011

In February 2011 we launched a selective waste collection program with the aim, through the establishment of a modern waste management system, of finding a solution for the selective disposal of waste generated in the building at Medve utca 25-29, thereby reducing the quantity of communal waste and improving our energy profile. Another objective of the program was, with the help of intensive communication related to the selective waste collection scheme, to strengthen our colleagues' sense of responsibility towards their environment. Based on the experience and feedback gathered in almost a year, we found that there is a demand to extend the selective

waste collection scheme to our other buildings too, so as the next step we also began to introduce the in the building of our telephone customer service centre in December 2011.

By setting up an in-house environmental protection database, the bank group further refined its system of sustainability reporting; the drafting of the sustainability report took place under this system in 2011, based on consultations with the CSR specialists at our parent company.

	Unit	2008	2009	2010	2011
Total energy consumption	GJ	131 696	112 883	103 159	102 089
Electricity consumption	kWh	20 162 303	18 755 237	18 648 750	17 653 388
Other renewable energy	kWh	115 189	111 969	89 061	80 221
Natural gas consumption	m ³	1 053 435	893 833	818 460	784 264
Vehicle fuel consumption	l	728 890	464 199	250 872	245 505
Water consumption	m ³	30 295	28 149	33 466	28 612
Vehicle fleet	db	450	206	154	141
Paper usage (office A4. A3)	kg	238 896	235 131	209 779	177 433
<i>Paper usage¹ (office A4. A3 other)</i>	kg		329 572	315 184	368 958
Paper usage per employee (office A4. A3)	kg/person	64.8	71.7	57.41	50.46
<i>Paper usage per employee² (office A4. A3 other)</i>	kg/person		100.5	86.26	104.94
Energy consumption per employee	GJ/person	35.7	34.43	28.23	29.04
Energy consumption per m ² of office space ³	GJ/m ²	1.21	1.17	0.93	1.21
CO ₂ emissions resulting from energy consumption ⁴	t	10 882	10 427	9 085.55	8 370
CO ₂ emissions from energy consumption per employee	t/person	3.24	3.18	2.31	2.38
Water consumption per employee	m ³ /person	8.21	8.58	9.16	8.14

¹ For reasons related to data collection, the 2008 annual data only includes the quantity of photocopier paper used. The 2009-2011 figures also include the quantity of marketing leaflets, newsletters, envelopes, forms, transaction slips and letterhead.

² For reasons related to data collection, the 2008 annual data only includes the quantity of photocopier paper used. From 2009 onwards the figures also include the quantity of marketing leaflets, newsletters, envelopes, forms, transaction slips and letterhead.

³ When calculating the energy consumption per square metre of office space the energy usage (GJ) arising from vehicle fuel consumption is not relevant, and therefore we have also modified the previous years' data accordingly. Defining the concept of office square meter also took place based on the definition approved by Intesa Sanpaolo; net office area in 2010 102 461, 85 m²; in 2011 84 664 m²

⁴ In respect of the 2007-2009 period CO₂ emissions have been calculated based on the conversion rates set by the Budapest University of Technology and Economics, which are, in the case of electricity, 401 kg/kWh, in the case of natural gas 1.9739 kg/m³, and in the case of vehicle fuel (diesel, petrol), 2.46 kg/l. With effect from 2010, the conversion rates recommended by our parent company Intesa Sanpaolo are as follows: in 2010, in the case of electricity 368 kg/kWh, in the case of natural gas 1.934 kg/m³, in the case of vehicle fuel diesel 2.672 kg/l and petrol 2.444

- In an important change to corporate governance practices, the CIB Group has adopted the parent company's compulsory sustainability principles to be followed when implementing external and internal events. The requirements influence both the choice of venue and the details of the implementation of corporate events. The central guidelines will become a part of the internal operating procedures for the departments concerned in the course of 2012. A report will be made on the enforcement of the principles.
- Owing to our energy-saving measures, as well as to the branch closures, our total energy consumption decreased slightly, but our water consumption fell by almost 10%. The decrease in vehicle fuel consumption was due to the fact that during the year we once again significantly reduced the size of our company car fleet. The 154 cars owned by the company decreased, through the sale of vehicles, to 141, while another contributing factor was that from 2011 use of the pool car is no longer permitted between sites in Budapest.
- This year, for the first time, our CO₂ emissions data also includes the carbon-dioxide emissions from business-related air travel, which was 73.8 tonnes. Had this quantity of carbon dioxide been generated from heating, it would be equivalent to the gas consumption of our smaller office building in Medve utca for the full duration of the winter heating season (October-April).³
- While in 2007 and 2008 we only measured the quantity of photocopier paper used, from 2009 the figures also include the quantity of marketing leaflets, newsletters, envelopes, forms, transaction slips and letterhead. The quantity of recycled paper used in 2011 was 23 250 kg, which is 6% of the total quantity of paper used.
- CIB Bank also does a great deal to ensure sensible and efficient energy use in relation to hot water supply. The solar collectors installed on the roofs of the office building in Petrezselyem utca and the two office buildings in Medve utca, as well as the CIB24 building, provide hot water to the four central office buildings. Last year the solar panels saved 8 444.32 m³ of natural gas, which is equivalent to the annual gas consumption of 3 average detached houses.¹

Greenhouse gas emissions avoided

	2008	2009	2010	2011
tonnes, as carbon-dioxide equivalent ²	22	24	17.94	16.33

Shaping attitudes

- As part of the spring and autumn "Bike to Work!" campaigns, 40-55 of our employees pedalled a total of 6 314 kilometres, thus saving their environment from a total of 1 243 kg in carbon dioxide emissions t.
- As the first of the financial institutions in Hungary to apply, we also took part in **WWF Earth Hour**, as a part of which – for the purpose of raising awareness – the CIB Group also switched off the exterior illuminations of its central office buildings for two hours.

Transportation

- Currently a **total of 83 bicycle parking spaces are available at our central office buildings in Budapest**: we have fitted **additional cloakroom lockers** in the Petrezselyem utca office building for the use of employees who cycle to work, so now a total of **157 lockers** are available to our colleagues. At the changing rooms in the Petrezselyem utca office – our largest building – **heating and hot water** are provided all year round, even outside the cycling season, for those diehard colleagues who also cycle to work in the winter. In a new development, by popular request we have marked out a total of 23 special parking spaces at our Medve utca and Petrezselyem utca

of-fice buildings for the use of our employees who ride a motorcycle or scooter to work.

- Almost 250 of our employees made use of the "CIB Bike Sharing" bicycle lending program during the year.

Development of services

- In the case of statements sent to the customers of CIB Bank, the leaflets used for marketing purposes (newsletters enclosed with statements) are made from **recycled paper**; the number of these **in 2011 was close to 2 265 million**.

Responsible Waste management, with benefits for society

- Two years ago the CIB Group concluded an agreement with the Hungarian Maltese Charity Service regarding the removal and reprocessing of electronic waste. The Charity Service has created the first electronic waste processing site to be licensed by the environmental authorities, in the small town of Tarnabod, which is both socially and economically disadvantaged. The facility, which is run as a social enterprise, has a maximum capacity of 600 tonnes per year, and besides achieving important environmental objectives it also creates jobs for disadvantaged groups within society. In 2011 the CIB Group had 6 130 kg of electronic waste transported to the site.

¹ Equivalent for achieving the same performance as that produced by the solar collectors, through the use of natural gas. (The conversion ratio applied by Intesa in 2011 was 1 m³ gas=9.5kWh, whereas in previous years we applied the 1 m³ gas=9.6 kWh specified by our energy consultant).

² Conversion ratio: 1.934 kg/m³ (Intesa), in accordance with Intesa's recommendation, we do not take the efficiency rating of the boiler into account

³ Source: Based on the list provided by our travel services provider and the recommendation of ISP's CSR specialist, we used the CO₂ calculator at www.jpmmorganclimaticare.com

- We continue to provide an opportunity to dispose of dry cells, which are classified as hazardous waste, in receptacles located in our central offices buildings and the CIB24 customer service area. The weight of dry cells collected in 2011 was 220 kg.
- Companies can generate high quantities of confidential documents. After being destroyed, these can go to the paper factory as a secondary raw material. High-capacity shredding and baling equipment is in operation at several of the CIB Group's business sites. Some of the branches send their office paper waste to an external service provider for destruction, while collection bins are located in the corridors of the central buildings. This paper waste is shredded in-house and deposited by us at the appropriate waste collection sites. In 2011 we deposited 31 550 kg of paper for recycling, from which approximately 25 250 kg of recycled paper was made. A new development is that in 2011 a new service provider also paid an acceptance fee for the waste, as well as removing it free of charge. Although the new process was launched in connection with the introduction of the selective waste collection system, the company also removes paper waste generated in our other head office buildings, and not only in the smaller office buildings in Medve utca.

Interesting facts and figures:

In 2011 we collected a total of 990 kg of PET bottles, three and a half times the quantity of the pre-vious year, because owing to the selective waste disposal system employees now take more responsibility for their environment and are more careful about collecting the bottles separately, and thus the quantity of communal waste has decreased. One kilogramme of PET consists of on average of 25 crushed bottles, which puts the number of selectively collected bottles at a total of 24 750. At the smaller of our head office buildings in Medve utca we have installed new, manual bottle crushers, which are more environmentally-friendly than the earlier, electrical models, since they consume no electricity and no toxic gases are released when using them. At our colleagues' request, we have installed manual crushers of this kind in place of the old ones, or where no crusher was previously available. The new crushers are popular; following their installation employees sometimes even queued up to use the devices.

Quantity of waste generated by type (kg)

	2008	2009	2010	2011
Paper	23 840	52 140	44 980	31 550
Packaging materials (paper, cardboard and plastic)	1 000	2 220	0	0
Office machinery	2 960	6 300	17 920	6130
Hazardous waste	1523	1 175	290	220
<i>Used dry cells</i>	365	745	155	220
Waste that is damaging to the ozone layer (e.g. refrigerators)	1 158	430	135	0
Other	365	1 847	3358	4125
Total	29 688	63 682	66 548	42 025

In past years we collected packaging materials in the building located in Váci út, Budapest, which was formerly occupied by CIB Leasing. These premises have since been vacated, however, so since 2010 we have had no means of separately collecting package materials. In a new development, since 2011 the boxes in which photocopier paper is supplied are now removed by our partner together with the non-confidential paper waste.

The increase in the quantity of office machinery waste in 2010 was due to the internal changes of premises, inventory-taking, the emptying of the storage facility in Budaörs, and the scrapping of equipment.

The types of waste we classify as hazardous include dry cells, as well as scrapped refrigerators and air conditioning units,

which we hand over to the Hungarian Maltese Charity Service. In consultation with the CSR specialist from Intesa Sanpaolo, starting from the second half of 2010 we changed the method used for determining the quantity of waste. We now list not only the oily sludge generated in car washes and kitchens as "other" waste, but also PET bottles.

The selective waste collection system was put in place with a minimal capital investment, and, since the quantity of communal waste has decreased as a result, the communal waste disposal service provider removes 34 560 litres less communal waste every year. As a part of the selective waste collection scheme we separately dispose of PET bottles, non-confidential paper waste, and where there was demand for it, tin cans and glass waste.

3.

Corporate governance

Corporate governance issues are central to the responsible operation of the organisation. As a member of an international group and an important market player, we must set an example and lead the way in terms of responsible corporate governance, not only by fully complying with the legal regulations, but also through initiatives that go beyond our core obligations.

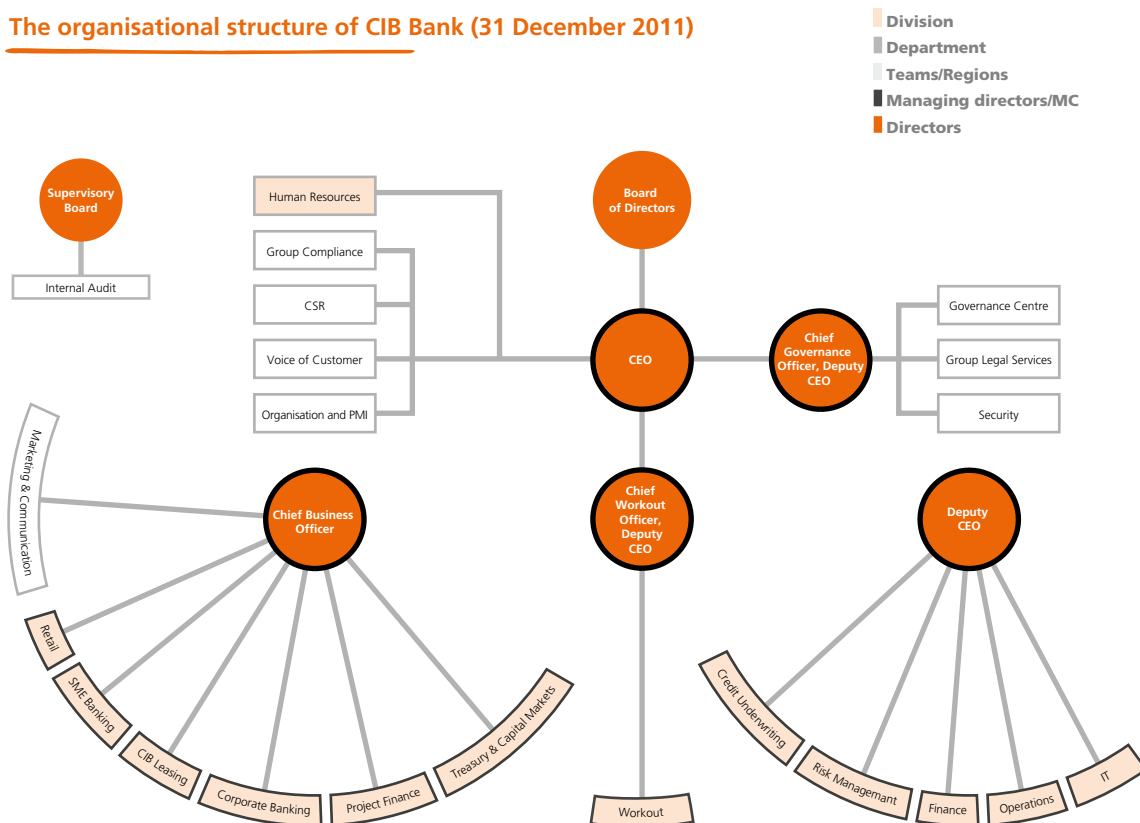
3.1.

Organisational structure

Our bank group provides commercial banking, leasing, fund management and factoring services to private and business customers in Hungary. Similarly to the other players in the sector, in recent years it has placed an emphasis on ensuring

continuous growth in its customer base; however, this trend was interrupted by the financial crisis, which shifted the focus to customer retention and gaining the best possible understanding of client needs. The loan portfolio reflects an even higher degree of risk-awareness than before, with efforts being made to improve loan quality, while in respect of deposits the aim is to further accelerate the rate of growth. Naturally, profitable operation remains an important objective, in the interests of which we are constantly improving our cost effectiveness. These objectives fundamentally serve the long-term stability of the banking group. We provide comprehensive information about our services on our internet site, and in our Annual Financial Statements, which can also be downloaded from our website. (For supplementary data and tables related to the section below, see Annex 4.3.)

The organisational structure of CIB Bank (31 December 2011)



Following on from 2010, several significant organisational changes – affecting the business and operating model – continued in 2011 as well. The most significant organisational change of the period was the re-structuring of the retail and SME network. In response to the stricter regulations and the protracted financial crisis, in 2011 we again had to rethink the size of our branch network. Following the closure of 18 branches and the opening of one new unit, at the end of the

year – while continuing to provide nation-wide coverage – we served our customers in a total of 128 branches.

We strengthened our private banking operation, organising it into a separate division. In order to better leverage synergies within the Intesa Sanpaolo Group, we joined the card association founded by our parent company, and accordingly the business-related tasks in this area were handed over to ISP Card Hungary.

Among the other significant changes, we would especially like to highlight the continued growth and organisational changes undergone by the bank's workout (collection, restructuring, asset management) area. As a part of this process, the position of Chief Workout Officer was created and is currently held by Jonathan Locke, reporting directly to the CEO. Within the division we also established a special asset management unit, which deals with the management and operation of repossessed assets.

The organisational structure of the Human Resources division has been completely overhauled, and the importance of its role is demonstrated by the fact that it is now exclusively dedicated to HR-related tasks. The role of the HR advisers is being steadily revised, with the focus shifting away from recruitment and towards a strategic partner role. Besides these measures, in order to strengthen employee commitment, the Staff Program Office was also set up.

In the interests of simplification and boosting efficiency, organisational changes were made at all the divisions following a review of the relevant processes.

The "New Bank" Program

- In future, drawing on the lessons of the past two years – and the ten years of rapid growth that preceded them – we

need to focus on developing a newly built bank group. To this end we have taken the decision to elaborate an in-depth and comprehensive restructuring program for the CIB Group. This means freeing up and mobilising management and employee resources in the interests of a coordinated, carefully considered and targeted transformation of our business model. The focal point of the changes will be simplification and the customer experience.

- The prime objective of senior management is for us to stand out among our competitors, in each of our business lines, through the quality of banking processes and the standard of services provided to customers. We plan to implement the strategy and objectives articulated in the bank's three-year business plan on the basis of six pillars. The initiative is known as the "New Bank" program, and consists of the following elements:

1. Commercial capabilities
2. Operational excellence
3. Basel II risk management program
4. Workout and the management of problem assets
5. Financial excellence
6. IT excellence
7. HR excellence

3.2.

Decision-making bodies in 2011

Members of the Board of Directors

Name	Organisation represented
Dr. György Surányi, chairman	Intesa Sanpaolo bank group
Fabrizio Centrone	Intesa Sanpaolo bank group
Paolo Sarcinelli	Intesa Sanpaolo bank group
Giampiero Trevisan	Intesa Sanpaolo bank group
Tomas Spurny	CIB Bank
Eduardo Bombieri	CIB Bank
Dr. Gábor Király	CIB Bank
Gábor Plank	CIB Bank
Jonathan Locke	CIB Bank

As at 31 December 2011

Members of the Management Committee

Name	Position, area of responsibility
Tomas Spurny	CEO (chairman)
Eduardo Bombieri	Deputy CEO
Dr. Gábor Király	Chief Governance Officer, Deputy CEO
Gábor Plank	Chief Business Officer, Deputy CEO
Jonathan Locke	Chief Workout Officer, Deputy CEO
Boglárka Kőszegi	Head of Human Resources
Krisztián Horváth	Head of Retail Banking
Dávid Csont	Head of Corporate Banking
Alessio Cioni	Head of Project Finance
Csongor Németh	Head of SME Banking
Áron Vitályos	Head of Leasing
Zoltán Tóth	Head of Treasury and Capital Markets
Zoltán Csordás	Head of Credit Underwriting
Zsuzsanna Németh	Head of Risk Management
Magdolna Juridesz	Chief Financial Officer
Andrea Wéber	Head of Operations
Attila Bukovszki	Head of Information Technology
Michael Clark	Head of Workout

As at 31 December 2011

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

- The bank's executive body is the **Board of Directors**, the members of which are employed either by the parent group or by CIB Bank.
- The **Supervisory Committee** is responsible for overseeing the bank's operations, and is chaired by Ivan Sramko. The Supervisory Committee has two members representing the employees, for whom it represents a means of communicating employees' recommendations to both the owner and the Shareholders' Meeting.
- The **Audit Committee**, chaired by Walter Chiaradonna, supports the work of the Supervisory Committee, primarily in relation to auditing, risk management and compliance-related tasks.
- The **Executive Committee** is authorised to decide on matters determined by the Board of Directors.
- The **Steering Committees** are authorised to independently make decisions and launch initiatives affecting the entire CIB Group, within the scope of authority delegated to them by the bank's Board of Directors:
 - Management Committee
 - Group Risk Evaluation Committee
 - Regulatory and Operational Risk Management Committee
 - Asset-Liability Committee
 - Credit Committee
 - Problem Assets Committee
 - Legal and Risk Evaluation Committee
- The **Operative Committees** are independent bodies charged with the making of non-strategic decisions at the level of the overall CIB Bank Group.
- The CIB Bank Group's **Technical Committees**, within the scope of their authority, have initiation, proposal and advisory rights.
- **Auditor:** Ernst & Young

3.3.

Selection and evaluation of managers

EA key factor in the success of an organisation's operation is the expertise of its senior managers. Therefore the selection and appropriate motivation of managers, and the evaluation of their performance, is an important aspect of corporate governance.

At the CIB Group, for all jobs – and this is especially true in the case of management and senior management positions – we have determined and recorded, in a job handbook and personalised job description, the expectations that it is essential to fulfil in order to hold the given post. In the case of senior managers this includes, among other aspects, the necessary formal qualifications (higher-education, specialised), the length and depth of relevant management and professional experience (for the management of larger units, several years of management experience) gained in the given specialist area (more than 8 years) and in the bank sector in general (5-8 years), the expected level of foreign-language proficiency (at least negotiation-level English) and last, but not least, the requisite interpersonal

skills, in accordance with the management competency model determined by the owner.

The appraisal of the individual and collective performance of senior managers – which also determines their remuneration – is approved by the owner based on the recommendation of the CEO. The appraisal, and thus remuneration, is based on the following factors, in the following order of importance: the company's profitability, the performance of the division/business line overseen by the given senior manager, and thirdly, the manager's individual attitude towards setting the organisation on a new development path. The evaluation of performance, in the case of all employees, takes place in the context of formal appraisal interviews, during which the fulfilment of the economic/social/environmental targets relevant to the given employee are jointly reviewed. In order to promote a culture of performance management among our managers, we have introduced performance management training as a selectable module in our management development program.

3.4.

Promoting ethically-sound and responsible operation

Code of Ethics and Code of Conduct

At the owner's request, but in a continuation of work already commenced by the Bank on its own initiative, in April 2008 CIB Bank's Board of Directors approved the parent company's Code of Ethics, applicable to all members of the international banking group. It also introduced the CIB Group's Code of Conduct. The Code of Ethics is a document that reflects our broader vision of our social and environmental responsibilities, and which attributes fundamental importance to our relationships with our stakeholders. It explains those values in which we believe, and which we have made a commitment to uphold. Our ethical values are listed at the beginning of this report.

New rules on ethics procedures

The procedural rules – which have been introduced, in keeping with special local requirements, at all the countries in which the Intesa SanPaolo Group is present – ensures compliance with the corporate values and principles espoused in the Code of Ethics, and allows any breaches of such values and principles to be identified.

All companies that operate in compliance with strict ethical norms have established mechanisms that serve to reveal risks that have previously, due to their nature, remained hidden. Ethical risks are typically of this nature. These can affect not only the company itself, but its employees or even its customers or suppliers. The purpose of the procedural rules is to open up a channel for the disclosure of issues in relation to which aggrieved parties have until now been unable to ask for help; but it also creates the opportunity to consult and request advice on certain ethical issues.

One of the most important principles of the new procedural code: to enable anyone who notices unethical conduct to report the matter, anonymously if needs be, with full

protection of the personal and – in the case of an employee – the employee's rights of the person making the report.

The investigation of the reports is carried out by the Ethics Committee, which is chaired by the bank's head of CSR, and whose members are the heads of HR, Internal Audit, Compliance and Legal Services. The ethical investigation – following a five-day preliminary assessment – takes 30 days. The Ethics Committee – in the spirit of the Code of Ethics – does not impose sanctions. Its task is to judge whether the accusations are warranted, and to take "educational steps" to share the lessons learned. Thus, at the end of the investigation there are two decisions that the Ethics Committee can make: it can either dismiss the allegation, or it can judge it to be warranted, in which case it hands the case over to HR for a decision to be made under labour law. In the majority of cases, ethical misdemeanors are in breach of the personnel regulations and/or the rules of conduct, and the decisions are made accordingly.

In 2011 a total of six ethics procedures took place. In one of these a condemnatory decision was made; in the remaining cases the Ethics Committee found the accusations contained in the report to be unfounded. In all cases the reports were made by employees, in the following categories:

- sexual harassment (in this case the accusation proved to be founded, and the employee was dismissed with immediate effect);
- abuse of dominant position;
- harassment;
- impeding the work of the employee representation body;
- disrespectful, threatening conduct.

In all cases that led to a finding of culpability the Ethics Committee shares the details of the case, and the lessons that can be learned (without compromising the anonymity of those concerned) with the employees.

The Code of Conduct is a means of articulating, in the form of regulations, the values enshrined in the Code of Ethics. It goes into detail regarding the finer points of banking operations, sets rules pertaining to the expected model of conduct, and deals separately with the prevention of corruption and the criteria for gift-giving. The Code of Conduct has been incorporated into the CIB Group's regulatory system as a Policy, the breaching of which has consequences under labour law. The Bank also clearly defines its fundamental principles pertaining to responsible practices in its **Organisational and Operational Regulations** (OOR). By these means, the Bank rejects all forms of discrimination and corruption in both its internal and external communication. Besides the above, the regulations governing compliance and risk management activities also proclaim similar principles aimed at supporting responsible operation.

Functions supporting responsible operation

Support for the appropriate handling of issues that are essential for responsible banking operations is assured by the clear definition of responsibilities, or in certain cases – to emphasise the importance of the given function – through the creation of a separate organisational unit. From this standpoint we regard legal compliance – especially with respect to the prevention of money laundering – and the appropriate management of the risks arising from our operation as being of particular importance.

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

We regard the continuous strengthening of fraud awareness within the bank group as being of key importance, whether this relates to the prevention of internal fraud, protecting against external fraud attempts, or the handling of any successful incidences of fraud. In 2010 we made an assessment to determine which of our activities within the Bank group are the most vulnerable to fraud. Based on this, in 2011 we are drawing up a completely new fraud strategy, in a project that also encompasses the development of the appropriate system of records, reports, and risk-mitigation tools.

• Responsible lending

Our framework system for risk assumption supports active but responsible lending. The responsibility is two-sided, since not only does it mean responsibility towards the CIB Group's shareholders and deposit customers, which presupposes cautious, risk-conscious lending in the interest of safeguarding the invested funding sources, it also means responsibility towards the customers that we finance; in other words, offering financing solutions that are consistent with the customers' risk profile and creditworthiness. To ensure the latter, we precisely assess our customers' financial capacity, while in the interest of the former we maintain a lending policy and approval procedures that are based on the Bank group's experience and an analysis of other information, we operate a monitoring system, engage in workout activities, and manage our risks in a complex manner, analysing them in their broader context. High-quality and effective monitoring activity is assured by an electronic solution that automatically computes what are known as early warning signs – information that can assist in identifying customers that could require special help. Besides supporting monthly monitoring, the system is also suitable for the maintenance of action plans and for reporting, making it possible to measure the results of action taken, which in turn assists in the fine-tuning of

the system and the processes involved, and in the provision of constant feedback.

• Internal Audit

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

• Assuring legal compliance

The purpose of compliance activities is to ensure that the bank's financial, investment and other service-provision operations are conducted within the constraints of the law, and with a view to mitigating related risk. The Compliance department has developed numerous internal regulations that provide the CIB Group with clear guidance regarding the rules to be followed in respect of issues that are particularly sensitive or potentially controversial.

• Prevention of money laundering and corruption

A separate team of specialists coordinates activities to combat money laundering. Their task is to screen for suspicious transactions, provide staff with training in anti-money laundering procedures, forward reports of suspicious transactions to the relevant authorities, and to ensure the necessary flow of information. In 2010, building on previous efforts, by developing its IT infrastructure the CIB Group increased the security and effectiveness of its efforts to prevent and combat money laundering. Our employees participated in distance learning courses and took electronic examinations in the prevention of money laundering, conflicts of interest and security awareness, via the e-learning (MultiLearn) interface.

In 2011 a total of 1 186 staff at the bank and 51 employees from the subsidiaries received training in the prevention of money laundering, and sat the examination that followed. The obligatory Code of Conduct, which was approved in 2008, includes a set of rules on the prohibition of corruption.

As a part of its efforts to combat corruption – in keeping with the relevant guiding principles of Intesa Sanpaolo – the CIB Group does not, in any way, support politicians or political parties, or institutions with which they are associated.

• Prevention of conflicts of interest

With respect to conflicts of interest, we proceed in accordance with requirements that are stricter than those set out in Act CXII of 1996 (Credit Institutions Act), Act CXXXVIII of 2007 (Investment Services Act), and Act XXII of 1992 (the Labour

Code). To this end we have amended our internal regulations pertaining to personal conflicts of interest, and proceed on the basis thereof.

• Consumer protection

As a consequence of the economic crisis, the demand for consumer protection in Hungary has strengthened under pressure from both society and legislators. The CIB Group, adapting to the new expectations, 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 operation, and that this attitude becomes an integral part of our corporate culture.

• Risk management, prudent investments

By necessity, the purpose of the Risk Management function is to identify the risks of the organisation, to measure the identified risks and manage them to ensure that they do not jeopardise prudent operation or the fulfilment of business objectives. Ensuring fully comprehensive risk management requires proper guidelines, appropriate limits and smooth reporting procedures, for which the appropriate departments are responsible at CIB.

In 2009, CIB Bank adopted and in 2010 implemented the Non-Armament Bank Policy in effect at its parent company Intesa Sanpaolo, and reviewed its customer portfolio to identify any clients suspected of being involved in arms trading, and to take the appropriate measures in respect of such customers.

In 2011 the CIB Group articulated its Risk Management Strategy. The purpose of the strategy is to describe the internal capital adequacy assessment process and concept, which encompasses the CIB Bank Group's risk assumption policy, its appetite for risk and the structure of risk control operations. The strategy includes a detailed definition of all the risks identified within the CIB Bank Group, and the basic principles and methodology for the qualitative and quantitative measurement of the risks.

In the course of its business operations, the bank group is mainly, and in the greatest extent, exposed to credit risk. The mitigation of this type of risk is achieved partly through compliance with the statutory requirements and internal limits, and partly through prudent lending and loss-provisioning practices.

Legal requirements and the best practices of risk management are incorporated into the bank group's daily operations through the internal regulations. The internal regulations address in detail the procedures related to debtor rating, limit-setting, the recognition and evaluation of collateral, loan and customer monitoring, and the measurement, reporting and

management of risks, applicable to the various customers and customer groups. They also specify in detail the lending-related responsibilities and duties of the individual organisational units. In keeping with the requirements of the supervisory bodies and its owner, the bank group pursues a prudent policy with regard to the assumption of risk.

The management of the lending process, from the initial customer request through the credit approval and monitoring process, to full repayment of the loan, or workout management if unavoidable, takes place in accordance with predetermined principles. The basis of all decisions related to credit risk is the overall exposure of the CIB bank group to customers that are related to each other.

In the course of conducting its primary business activity the bank has to deal with interest rate risk. Due to the nature of banking operations, a certain level of interest-rate risk has to be assumed, since this is one of the main potential sources of generating profit and creating value. Each year, the Board of Directors, under the supervision of the Supervisory Committee, determines the risk appetite and the corresponding limits. The appropriate risk management committees receive monthly reports on the current interest-rate risk position, the content of which is determined in the market risk management policy.

Special emphasis is also placed on the management of liquidity and cash-flow risks, due to the high importance of maintaining the Bank's solvency and ensuring the safety of customer deposits at all times. In the past year, due to the crisis that began in 2008, the bank's lending activity declined considerably. In the second part of the year, we had a considerable surplus of liquidity, which enabled us to repay to the parent bank the funds utilised during the crisis. Also as a result of the crisis, the bank group had to contend with the substantially higher costs of using the FX and basis swap market. Of the various price risks, the bank group is predominantly susceptible to the impacts of changes in FX rates, while changes in the equity and other prices have a lesser effect. The bank group seeks to hedge its FX positions as securely as possible: the carefully considered establishment of positions takes place as a part of the trading activities performed by the Treasury

• Labour law

The CIB Group, as a responsible money-market participant, complies with the laws pertaining to employment, and with the relevant provisions of the Constitution of the Republic of Hungary (paragraph 70/B). By adding its signature to the UN Global Compact it has agreed to be bound by the principles set forth therein, and thus – with respect to employment – to fully comply with the passages prohibiting all forms of child labour and forced labour.

3.5.

CSR management and communication

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

Stakeholder engagement

The basis of CIB's corporate social responsibility activity is the ongoing dialogue that it maintains with its stakeholders.

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.

An essential part of responsible operation is the engagement of stakeholders, and maintaining a continuous dialogue with them. This makes it possible for opinions, ideas and proposals to be heard, discussed and incorporated into the bank's operation. In the course of 2011, we continued using a variety of formats, communication tools and channels to engage with our stakeholders. The following are just a few examples, which are explored in more detail in the various sections of this report:

- As part of the Listening 100% program, we continued to survey the opinions of our customers and assess their satisfaction, by means of a questionnaire distributed in our branches and posted on our website.
- In an Employee Climate Survey, we assessed our employees' workplace sentiment, and their opinions and attitudes regarding CIB as an employer.
- We held consultations with the Staff Council, especially with regard to the mass redundancies.
- We gave our employees the opportunity to actively volunteer their services in support of the Bátor Tábor (Camp of Courage) Foundation.
- We have launched initiatives in several towns with the aim of improving financial literacy among the local community.

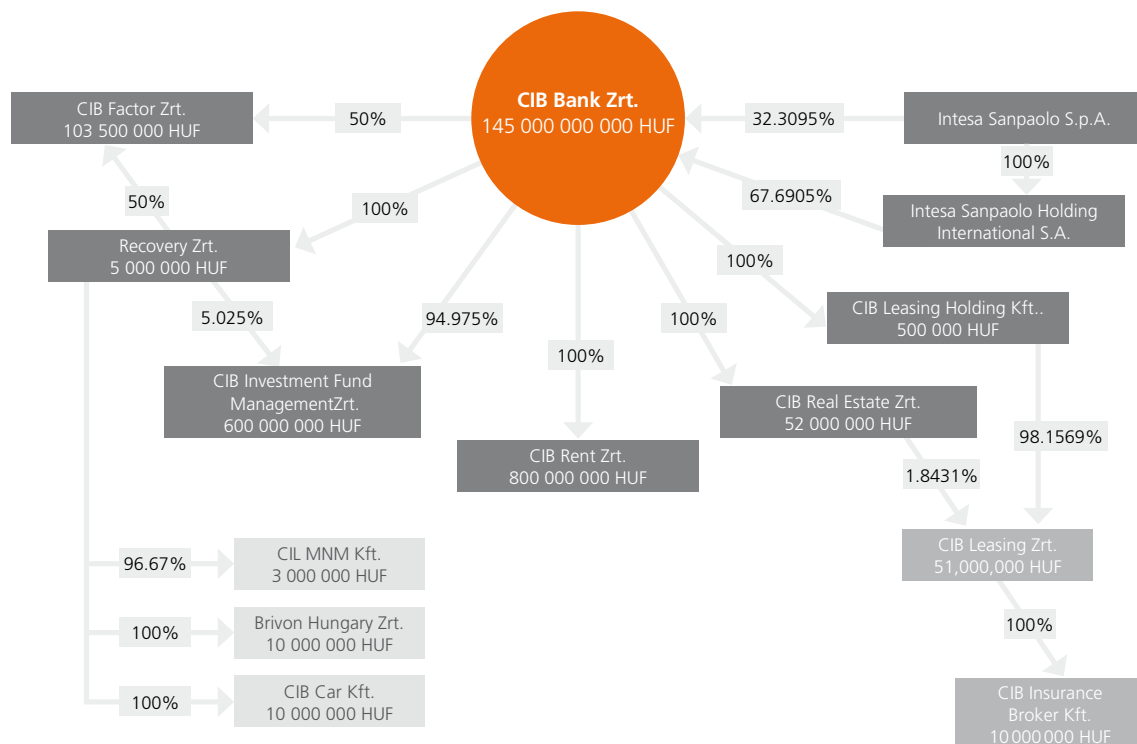
4.

Annexes

4.1.

CIB Bank – core data

Name:	CIB Bank Zrt.
Territory of operation:	Hungary
Form of incorporation:	Privately-held Joint Stock Company (Zrt.)
Ownership structure:	Intesa Sanpaolo Holding International S.A. 67.6905%
	Intesa Sanpaolo S.p.A. 32.3095%
	As at 31 December 2011

Members of the CIB Group¹

As at 31 December 2011

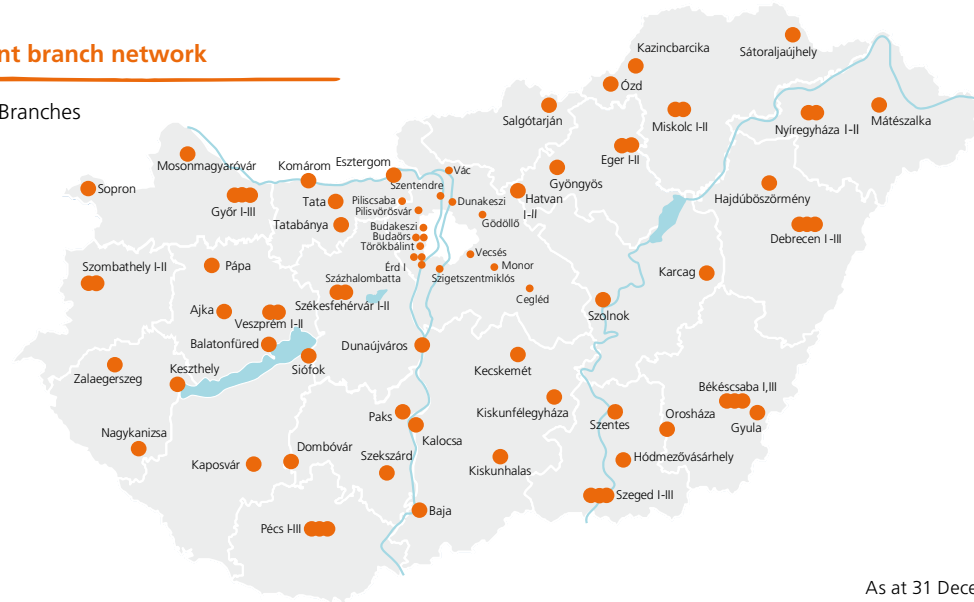
¹ Subsidiaries providing business services.

4.2.

Branch Network

Current branch network

● CIB Branches

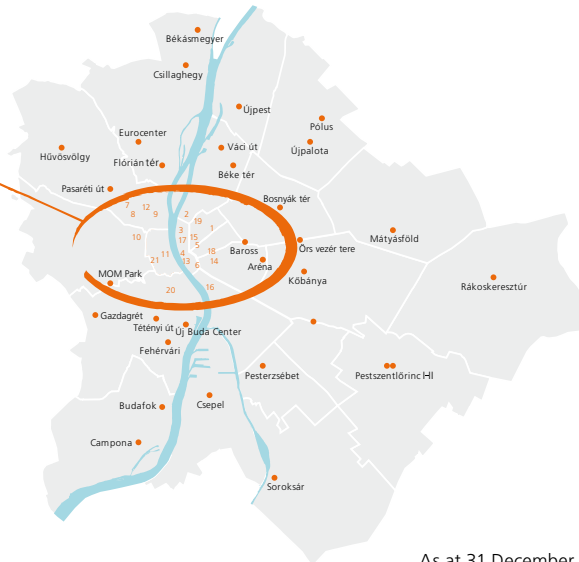


As at 31 December 2011

Budapest

● CIB Branches

- | | |
|-----------------------|-----------------------|
| 1 – Oktogon | 11 – Zöldfa |
| 2 – Nyugati tér | 12 – Fényes Elek utca |
| 3 – Szent István krt. | 13 – Ferenciek tere |
| 4 – Pilvax | 14 – Rákóczi tér |
| 5 – Károly krt. | 15 – Bajcsy |
| 6 – Kálvin tér | 16 – Ferenc krt. |
| 7 – Rózsakert | 17 – Szabadság tér |
| 8 – Lövház utca | 18 – Blaha |
| 9 – Medve utca | 19 – Westend |
| 10 – Képgolyó utca | 20 – Móricz |
| | 21 – Allee Skála |



As at 31 December 2011

Our presence across the country

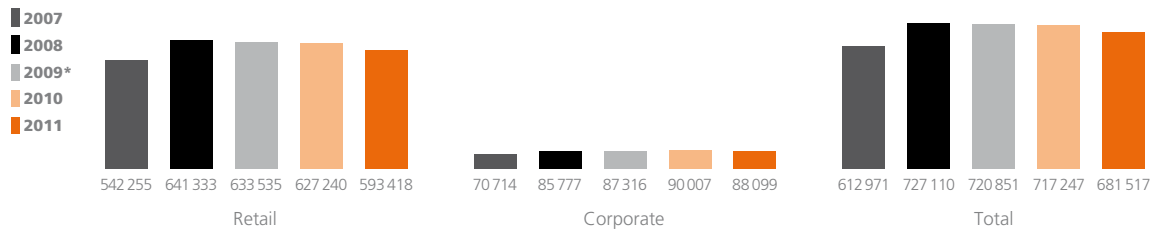
	2008	2009	2010	2011
Bank branches	153	151	145	128
Representative offices	42	24	0	0
ATMs	228	221	211	186

Data as of 31 December

4.3.

CIB Bank in figures

The CIB Group's clientele by segment (number of customers)



Data as of 31 December

The CIB Group's retail customers by age group (percentage)

	2007	2008	2009	2010	2011
0–32 years	28.6	26.5	27.0	27.6	27.5
33–42 years	25.5	26.4	26.1	26.0	25.7
43–52 years	19.9	18.5	18.2	18.1	18.2
53–67 years	20.8	22.4	22.1	21.5	21.2
Over 67 years	5.2	6.2	6.5	6.8	7.4

Data as of 31 December

The CIB Group's retail customers by length of relationship with the bank (%)

	2007	2008	2009*	2010	2011
0–1 years	41.8	16.8	14.0	9.2	6.4
2–4 years	41.7	50.1	43.9	38.3	32.4
5–7 years	11.1	20.6	27.6	32.7	33.9
8–10 years	4.3	9.4	9.7	11.9	16.4
11–20 years	1.1	3.0	4.8	7.8	10.9
20 years or more	0.1	0.1	0.1	0.1	0.1

Data as of 31 December

Retail product usage (including micro-enterprise customers)

	2007	2008	2009	2010	2011
Retail loans (HUF billion)	289.5	509.2	524.4	610.7	760.1
Retail deposits (HUF billion)	471.9	597.5	734.5	649.1	831.2
Number of active bank cards	354 417	439 257	459 259	458 799	420 524
Number of customers with an active CIB Internet Bank subscription	139 415	226 779	274 632	309 081	324 836

Consolidated, IFRS data as at 31 December

* Updated in 2010

Corporate product usage

	2007	2008	2009	2010	2011
Corporate loans (HUF billion)	1 005.5	2075.2	1834.0	1 727.7	1415.8
Corporate deposits (HUF billion)	626.5	888.3	913.6	824.5	636.7
Number of active bank cards	17 807	12 181	10 971	10 787	7 700
Number of customers with an active CIB	27 415	16 691	13 115	11 791	8 542
Internet Bank subscription					

Consolidated, IFRS data as at 31 December

Distribution of the loan portfolio by sector (%):

	2010 ³	2011
Trading	10.83	10.29
Private customers	30.76	30.80
Real estate investments	23.25	25.17
Other, mostly service industries	15.58	15.62
Food processing	2.55	1.75
Transportation and communication	3.55	3.47
Light industry	2.71	2.96
Heavy industry	2.90	2.56
Financial activities	4.13	4.55
Agriculture	3.16	2.28
Chemicals and pharmaceuticals	0.58	0.55

Consolidated, IFRS data as at 31 December

Authority proceedings

- Number of proceedings launched by the various authorities, concluded in 2011 with the passing of a resolution: 85 (in 2010: 20, in 2009: 16)
- Of these, the number of proceedings in which a breach of law was found to have been committed, and a fine imposed: 46 (in 2010: 13, in 2009: 8)
- Amount of fines paid in 2011: HUF 31.1 million (in 2010: HUF 15.9 million, in 2009: HUF 206.5 million)

The large statistical difference relative to the data from the previous years is due to the fact that since 1 January 2010 the HFSA has also launched consumer protection procedures. In the course of 2010 a significant number of procedures were launched against the CIB Group and the other market participants, the majority of which were concluded in 2011. Almost 95% of these procedures were launched on the basis of an individual complaint, and not at the authority's own initiative on the basis of its "classical" supervisory rights. These accounted for HUF 23.1 million.

Competition Office (GVH) and the Equal Treatment Authority

In 2011 neither the Competition Office nor the Equal Treatment Authority imposed fines on members of the CIB Group.

Awards and accolades

In 2011 the CIB Group did not receive any awards.

¹ Excluding loans provided to members of the CIB Group.

² Excluding deposits collected from members of the CIB Group.

Human resources data

Number of employees of the CIB Group

	2008	2009	2010	2011
Fixed-term	144	99	82	33
Indefinite-term	3 513	3 180	3 009	2 912
Total	3 657	3 279	3 091	2 945

Data as of 31 December

	2010	2011
Number of part-time employees	32	32
Number of employees with congenital disabilities	4	0
Number of employees with acquired disabilities	22	20
Number of agency employees	51	40

The CIB Group's employees by age and gender (percentage)

	2008	2009	2010	2011
Male, under 30	11.7	10.5	8.8	7.2
Female, under 30	24.4	25.6	17.7	17.1
Male, 30-50	20.8	18	23.6	24.7
Female, 30-50	36.3	40.4	43.4	44.7
Male, over 50	1.7	1.4	1.5	1.3
Female, over 50	5.1	4	4.9	5

Data as of 31 December

The CIB Group's employees by level of formal qualification (%)

	2008	2009	2010	2011
University	23.5	47.8	50.9	50.4
College	30.2	49.5	47.2	47.3
Other	46.3	2.7	2.5	2.3

Data as of 31 December

The CIB Group's employees by professional status (%)

	2008	2009	2010	2011
Executive male	4.9	5.1	5.5	5.7
Executive female	2.4	2.3	3.7	4.4
Male specialist	9.4	9.8	9.0	9.1
Female specialist	9.0	9.7	9.5	9.6
Male subordinate	19.9	18.9	19.4	18.4
Female subordinate	54.4	54.2	52.9	52.8

Data as of 31 December

Proportion of male and female employees at the individual levels of seniority (%)

	Male	Female
Executives	56.5	43.5
Specialists	48.7	51.3
Subordinates	25.9	74.1

The CIB Group's employees by geographical location (%)

	2011
Budapest	2375
East Hungary Region	304
West Hungary Region	266

Data as of 31 December

¹ The substantial difference in the figures is the result of database cleaning. In 2007 and 2008 the "other" category included those employees in respect of whom detailed information pertaining to formal qualifications was not available at the time of requesting the data.

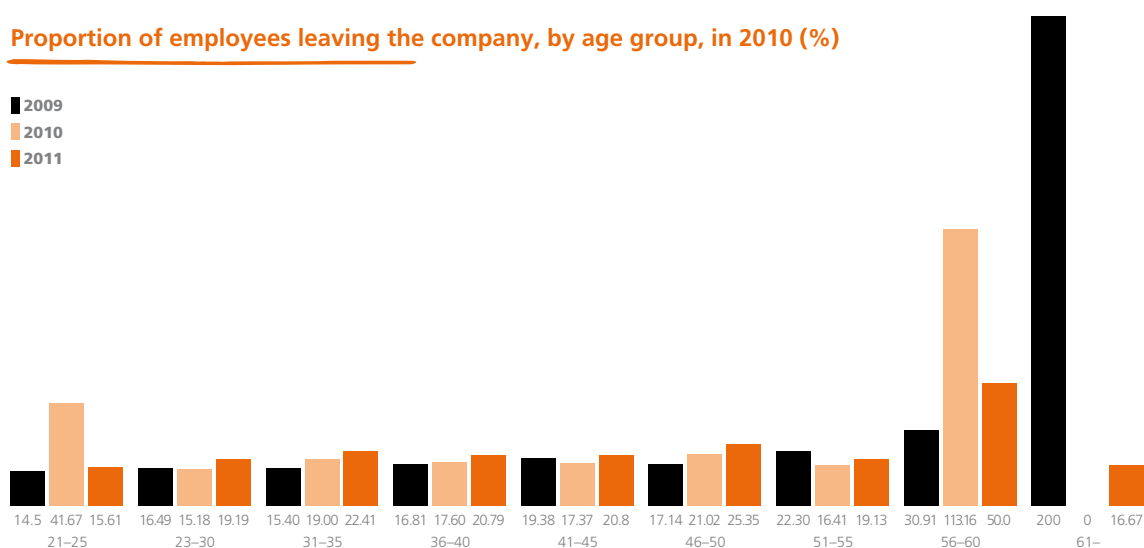
² Secondary school, vocational school, technical college, skilled-worker training

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

	2008	2009	2010	2011
Proportion of employees leaving the company	20.4	17.14	19.3	20.6

Proportion of employees leaving the company, by age group, in 2010 (%)

■ 2009
■ 2010
■ 2011



Proportion of employees leaving the company, by gender, (%)

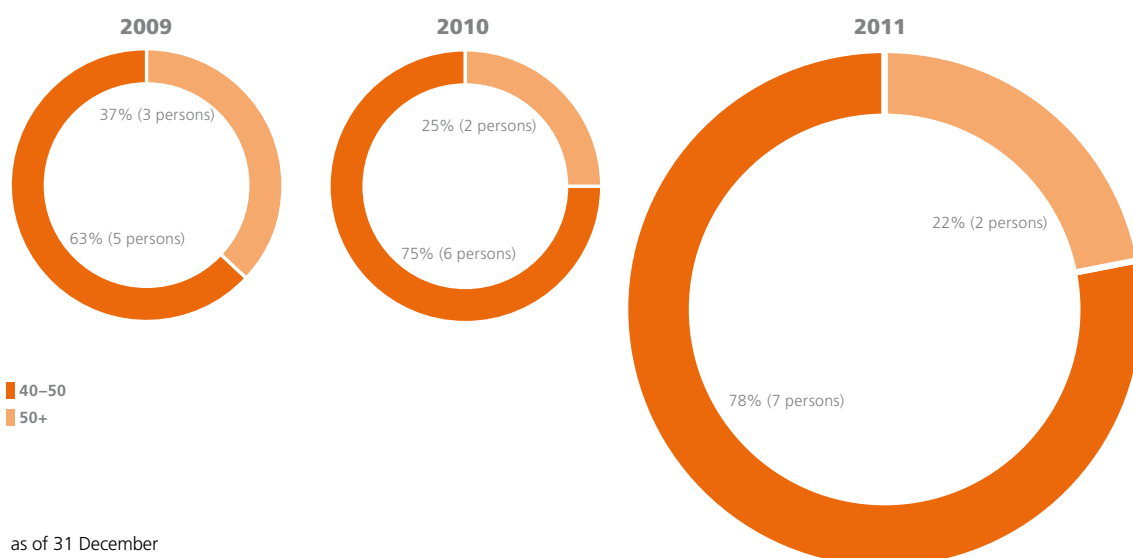
	2009	2010	2011
Male	19.01	23.8	24.5
Female	16.19	16.9	15.3

Employee turnover in the CIB Group (no. of persons)

	2008	2009	2010	2011
Employees joining	889	230	476	483
Employees leaving	747	562	598	621

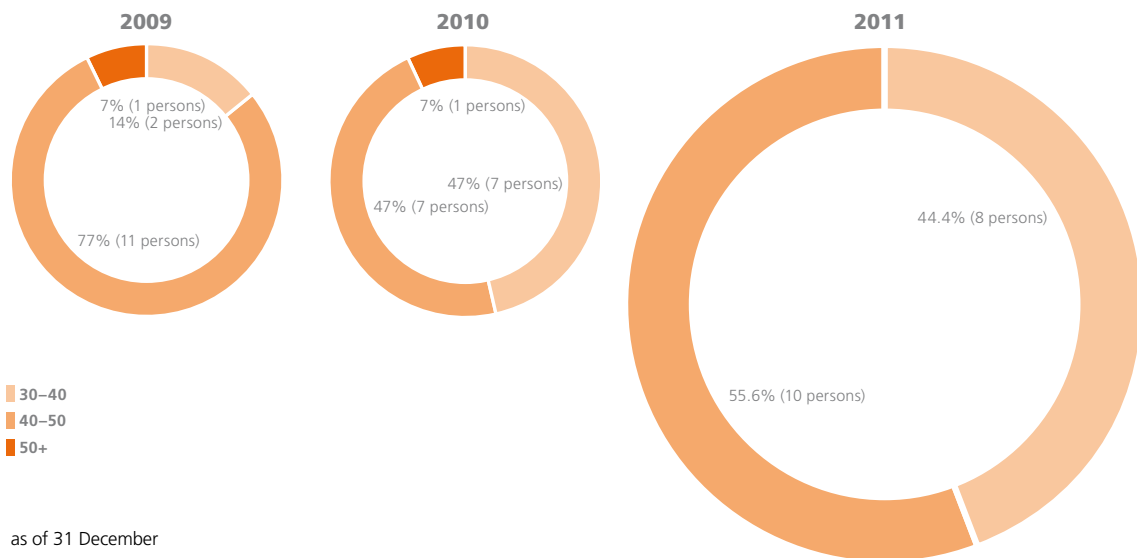
Data as of 31 December

Composition of the Board of Directors by age group (percentage, number of persons)

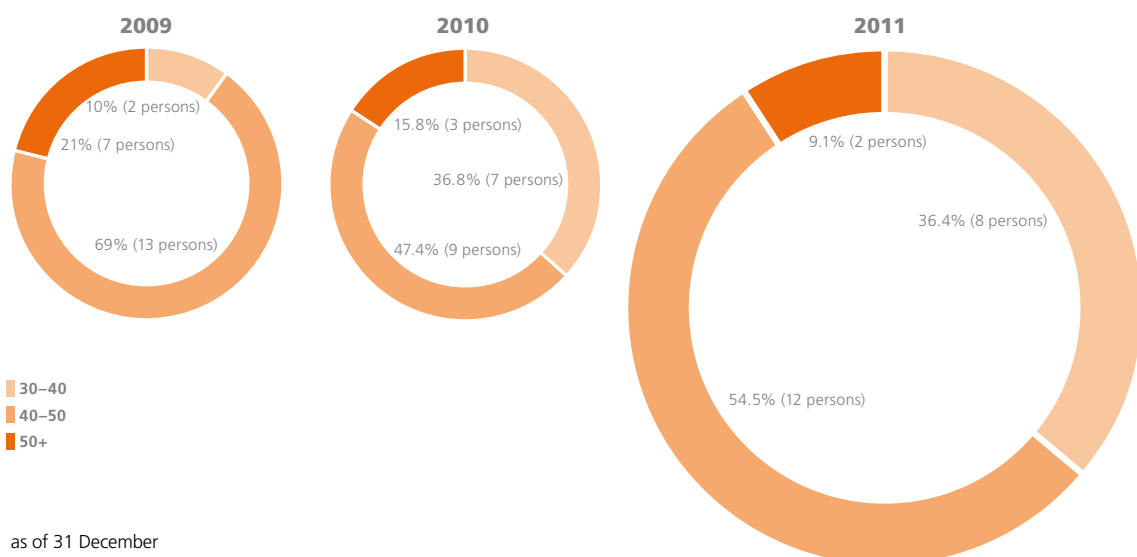


as of 31 December

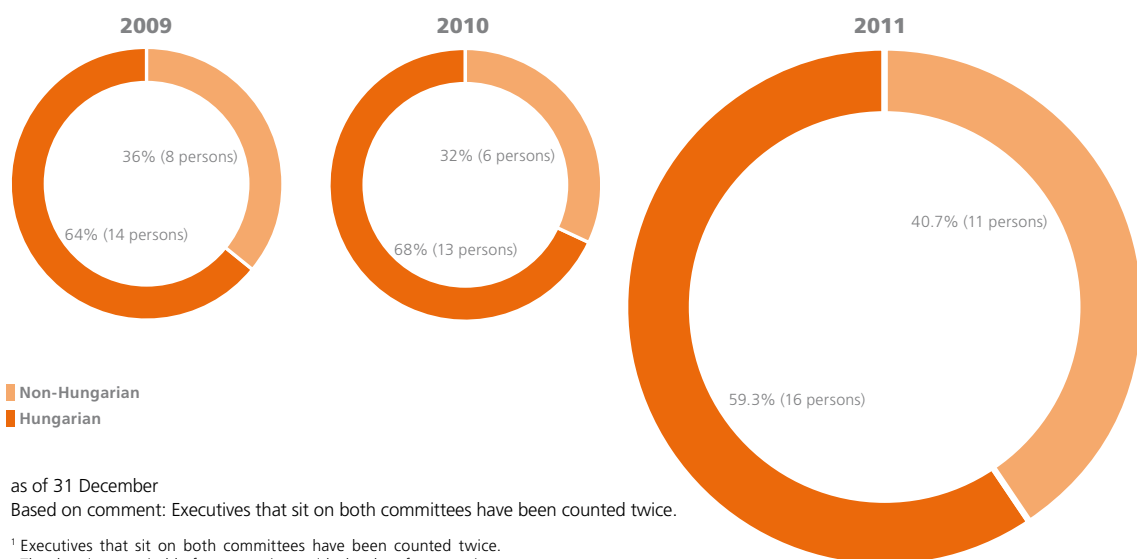
Composition of the Management Committee by age group (percentage, number of persons)



Board of Directors and Management Committee combined (% , number of persons):



Magyar állampolgárok aránya az Igazgatóságban és az ügyvezetésben (százalék, fő)¹



¹ Executives that sit on both committees have been counted twice. The data is not suitable for comparison with the data from previous years, when the same indicator was measured for a different group of senior executives. In 2008, the proportion of local executives within the senior management was 94%.

The average monthly salary of career starters recruited by the bank in 2011 was HUF 242 108, or 260 percent of the statutory minimum wage. In 2010 it was HUF 231 270, or 258 percent of the statutory minimum wage. (2009: HUF 211 450 gross, 236 percent of minimum wage; 2008: HUF 259 650, or 313 percent of minimum wage.) The base for calculation is the annual statutory minimum wage for jobs requiring professional qualifications.

Average annual basic salary of men and women by professional category (HUF million)

	2008	2009	2010	2011
Executive male	13.54	13.32	12.30	12.83
Executive female	11.89	12.44	10.63	10.36
Male specialist	7.08	7.22	7.66	7.75
Female specialist	6.91	6.93	7.03	7.03
Male subordinate	3.77	3.92	4.01	4.2
Female subordinate	3.35	3.46	3.47	3.52

Data as of 31 December

Accidents at work and the number of working days lost as a result (days)

	2008	2009	2010	2011
Number of workplace accidents	12	8	6	8
Number of working days lost	161	106	726	222

Data as of 31 December

Ratio of missed days by reason for absenteeism (%) ²

	2008	2009	2010	2011
Illness	28.4	26.7	26.2	17.9
Accident	0.2	0.1	0.1	0.1
Maternity leave	63.8	61.5	60.9	71.1
Other	7.6	11.7	12.8	10.9

Data as of 31 December

² As a proportion of total days worked

Membership of associations

Hungarian Banking Association

Hungarian SEPA Association

National Association of Securities Dealers

Budapest Chamber of Commerce and Industry

Association for Electronic Commerce

The Financial Markets Association ACI

ICC / International Chamber of Commerce

Association of Chartered Certified Accountants (ACCA)

IIA Institute of Internal Auditors of Hungary

ISACA / Information Systems Audit and Control Association

IIF Institute of International Finance

Hungarian Advertising Association

Hungarian Advertising Self Regulatory Board

Association for Electronic Commerce

4.4.

Compliance with the principles of the UN Global Compact

Global Compact principles	Our performance	Related GRI indicators
Human Rights		
1. Business should support and respect the protection of internationally proclaimed human rights.	<ul style="list-style-type: none"> • We have made a commitment to protect human rights in accordance with the 1948 Universal Declaration on Human Rights. We expect all of our Hungarian and foreign partners to do the same. • In the course of its operation the Bank fully respects the Hungarian Constitution and all other general domestic and international treaties on human rights and ethics. • We treat protecting the personal data of our customers as a key priority; we investigate complaints related to data handling, and take steps to reduce the number of complaints to a minimum. In 2011 a total of 83 complaints were received. • We provide our employees with fair and satisfactory working conditions and pay, as well as a wide range of other benefits (see section 2.2). The average starting monthly wage is almost three times the statutory minimum wage. 	<ul style="list-style-type: none"> • 4.8 • EC5 • LA7, LA8, LA13, LA14 • PR8
2. Businesses should make sure they are not complicit in human rights abuses.	<ul style="list-style-type: none"> • In 2011 we continued with implementation of the Code of Ethics, and the Code of Conduct based thereon. One of the most important steps taken in-house in 2011 was the drafting of the rules of ethics procedures. • We are committed to eliminating all forms of discrimination from our conduct and to respecting differences in gender, age, race, religion, political and trade-union alignment, and language, and to respecting the rights of those with disabilities. • In 2011 we continued with the barrier-free conversion of bank branches, at several branches we launched the procedure to obtain the planning permission for such conversions, and we also carried on with the installation of easier-to-use ATMs. 	<ul style="list-style-type: none"> • 4.8 • HR6, HR7 • FS14
Labour		
3. Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.	<ul style="list-style-type: none"> • A trade union has been established to represent the interests of employees, which had 293 members at the end of 2011. 	<ul style="list-style-type: none"> • LA4
4. Business should eliminate all forms of forced and compulsory labour.	<ul style="list-style-type: none"> • The Bank abides by the laws of the land, and the relevant provisions of the Hungarian Constitution (70/B). • We have made a commitment to protect human rights in accordance with the 1948 Universal Declaration on Human Rights. 	<ul style="list-style-type: none"> • HR7

- | | | |
|---|---|---|
| 5. Business should be effective in abolishing child labour. | <ul style="list-style-type: none"> • The Bank abides by the laws of the land and the relevant paragraphs of the Hungarian Constitution (70/B). | <ul style="list-style-type: none"> • HR6 |
| 6. Business should eliminate discrimination in employment and occupation. | <ul style="list-style-type: none"> • We declared in our Code of Ethics that we are committed to eliminating all forms of discrimination from our conduct and to respecting differences in gender, age, race, religion, political and trade-union alignment, and language, and to respecting the rights of those with disabilities. • Our organisation is willing to appoint physically disabled staff to certain positions. In 2011 a total of 20 persons with acquired disabilities worked at the CIB Group. • We place emphasis on achieving equality between the sexes: the difference between men's and women's wages is considerably smaller than both the Hungarian and the European average. Our long-term objective is to fully comply with the principle of "equal pay for equal work". | <ul style="list-style-type: none"> • 4.8 • LA13, LA14 |

Environment

- | | | |
|--|--|--|
| 7. Business should support a precautionary approach to environmental challenges. | <ul style="list-style-type: none"> • We aim to use all our resources sparingly. In this regard we promote conduct that is based on the best use of resources and on the avoidance of waste and ostentation. We give priority to solutions that have been designed with sustainability in mind. • In certain contracts we stipulate that in the course of fulfilling their obligations suppliers are obliged to use environmentally friendly technology, products and materials, and make efforts to recycle the waste that is generated. • We have launched numerous initiatives aimed at reducing energy and water consumption (for details, see section 2.5), including the installation of solar panels on the roofs of our central office buildings, in order to cut down on the use of non-renewable energy sources. | <ul style="list-style-type: none"> • EN8, EN18, EN26 • FS1 |
| 8. Business should undertake initiatives to promote greater environmental responsibility. | <ul style="list-style-type: none"> • We extended the opportunity for selective waste disposal to two more of our central offices. • Also last year, on several occasions we held week-long internal communication campaigns related to environmental awareness topics. On every working day of the week we explored a different topic via the intranet, which is accessible via the internal network. The issues discussed spanned the most important questions related to paper use, energy consumption, environmentally aware transportation and waste management, and employees were also provided with useful advice and practical tips. | <ul style="list-style-type: none"> • EN5, EN18, EN26 |
| 9. Business should encourage the development and diffusion of environmentally friendly technologies. | <ul style="list-style-type: none"> • We endeavour to assume a role in the promotion of environmentally sound energy use, and for this reason we support the efforts and work of our colleagues and various civic organisations | <ul style="list-style-type: none"> • EN5, EN18 |

Anti-corruption

- | | | |
|---|---|--|
| 10. Business should work against corruption in all its forms, including extortion and bribery | <ul style="list-style-type: none"> • The Bank abides by the laws of the country. • The Bank has approved the Code of Ethics and the Code of Conduct setting forth the standards of behaviour that are expected of our employees, which also has a section devoted to the prohibition of corruption. • All employees of the CIB Group have received training in the prevention of money laundering and conflicts of interests, through the e-learning interface (MultiLearn) accessible via the internal network. | <ul style="list-style-type: none"> • 4.8 • SO3 |
|---|---|--|

GRI Index

Indicator	Brief description	Page number
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2.5.	Countries where the organisation operates	page 40
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3.6.	Boundary of the report	page 56
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About this report

Reporting period:	calendar year 2011
Date of previous report:	June 2011 (GRI B)
Reporting cycle:	annual
GRI application level:	B

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 relied to a significant extent on the comments and expectations expressed by the panel of stakeholders held in July 2010. In accordance with the findings, we shifted our focus back to addressing the issue of the financial crisis, and presenting our responses to the crisis and the changes in the bank's organisation. Besides this, we naturally also give an account of our long-term initiatives launched in the interests of ensuring sustainable operation from an economic, social and environmental perspective. We have made every effort to disclose all the key information necessary for assessing the extent of our corporate social responsibility. We paid particular attention to ensuring that the raw data, indicators and comparative tables presenting the changes over a three-year period are accompanied by explanations to assist in inter-

preting the figures, and where possible we use case studies to illustrate the underlying factors related to data, decisions or objectives, and the reasons for changes. The scope and boundary of the report, and the measurement techniques applied, have not changed significantly in comparison to the previous reporting period.

Our economic data has been stated in accordance with the provisions of the currently effective Accounting Act and the requirements of the Intesa Sanpaolo Group, while the social and environmental information is from the company's internal data recording system. Unless indicated otherwise, the figures have been arrived at through measurement or calculation. The report only contains re-statements of previously disclosed information where this is necessary in order to comply with the GRI guidelines. To ensure comparability over time, the quantitative data used to describe our operations is given for a period spanning three years. Where this is not the case, we have specified the reasons separately. Where possible we have also attempted to find comparative market data, but at present the availability of sector-wide data is very limited both domestically and internationally. Descriptions of the data measurement techniques applied, and the bases for calculation, as well as the reasons for any restatements of data disclosed in previous are specified in the detailed description of the given data item.

Contrary to our plans, in 2011 we did not seek external assurance for the report.

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

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