

Communication on Progress 2013

Intesa Sanpaolo Bank Albania joins Intesa Sanpaolo Group efforts to contribute to the preservation of our natural environment, health, work, the future, the well-being of the entire community and the protection of the social relations system. In this framework Intesa Sanpaolo Bank Albania promotes and implements corporate and social responsibility policies and practices in relation to its employees, its customers, its suppliers, its shareholders and the environment.

In achieving this the bank is guided by the Code of Ethics, which is a governance tool, and part of the wider vision of the bank's social and environmental responsibility and attributes primary importance to our relations with our stakeholders. From constructive dialogue with them springs a process that activates a circle of continuous improvement, through listening to requests and balancing them with respect to company strategy.

For our Employees - Intesa Sanpaolo Bank Albania believes that respect for the personality and dignity of each employee is fundamental for developing a work environment based on reciprocal trust and loyalty and which is enriched by the contribution of each individual.

For our Customers - The bank believes that customers should always be at the centre of its attention and that only through an on-going dialogue can it truly understand their true expectations and maintain excellent relations. To achieve this, the Bank continuously implements systems and tools with this aim in mind.

The bank believes that enduring relationships based on trust require communication that allows customers to always understand the features and value of all the products and services offered to them and/or purchased by them. Thus it always seeks to simplify the products, make contracts easily understood and reduce possible misunderstandings and ambiguities by providing clear and exhaustive information. Thus a sustained focus was maintained on having clear communications and regular notification of customers regarding bank products and services through all available channels

For our Suppliers - The bank believes that behavior based on listening and sharing ideas with its suppliers fosters the on-going improvement of those relationships, reinforcing them and generating reciprocal value.

It is the bank's conviction that a clear and transparent attitude contributes to maintaining enduring relationships with suppliers. And that integrity is a fundamental premise of these relationships

For our Shareholders - The bank acts in such a way that the value of all shareholders' capital invested in Intesa Sanpaolo Bank Albania is protected and increased in a sustainable manner. It guarantees equal information and the best attention to shareholders, without any discrimination or preferences.

All the financial communications of Intesa Sanpaolo Bank Albania, as well as those submitted to the Supervisory and Control Authorities, both domestic and international, were based on the transparency, exhaustiveness and timeliness of the information, as well as on full respect for the law and the codes of self-discipline adopted. In order to guarantee equal information, various channels were used, including

the web, where financial statements, annual reports, press releases and presentations to the market of corporate results and principal corporate data are published.

For our Environment - Environmental protection is one of the key dimensions of the bank's commitment to fulfill its social responsibilities. We join the idea that a Group like Intesa Sanpaolo has a significant influence in terms of environment sustainability, particularly in the social and environmental context in which it carries out its operation, both in short and long term.

We continuously seek new and effective solutions for the environment even through the offer of products and services to our customers and solutions to our suppliers.

Yours Truly
April 01, 2013



Alexander Resch
Chief Executive Officer
Intesa Sanpaolo Bank Albania

QUALITATIVE INFORMATION

Intesa Sanpaolo Bank Albania even during 2012 focused its efforts to "listening 100% program and the internal survey on customer satisfaction as a tool to improve its products and services, and as the best way to receive a direct feedback on how customers perceive us in terms of corporate and social responsibility. In this context the Bank continued the University Award programme, aiming at implementing initiatives that contribute to customer satisfaction benefiting from projects proposed and implemented by student. A particular attention was dedicated to customer complaints. The implementation of CR-ISP and the modification of the organization chart that puts Customer Relationship and Customer satisfaction directly under the CEO, shows the increased importance that the Bank is giving to its relationship with customers.

Great efforts have been dedicated this year to the improvement of internal climate in the conditions of an increased workload for the staff. Issuance of new electronic newsletter has contributed to the increase of information for the staff and organization of internal events has contributed to a better life balance: it is worthwhile mentioning the initiative Children in the office that had one social aim, one education aim and closed with a charity contribution for SOS village. The staff has been involved in several charity initiatives during the year.

Regarding the suppliers' relationship and implementation of environmentally friendly materials, the regulatory framework is being implemented and reinforced and we feel that we have created the groundwork for some concrete results in the upcoming year.

In our relationship with the society we continued with the Intercultura scholarship and organized the selection in cooperation with State Police, granting the scholarship to the son of a martyr of the Police.

CUSTOMERS

PRODUCT OFFER FOR HOUSEHOLDS AND PRIVATE

products to promote financial inclusion for the most disadvantaged groups such as:

- mortgages for families and people in needs
- retired person
- students – young people

Bank's initiatives:

In 2013, the bank is planning to launch products/ package of products for the students/ retired customers. In addition the bank is in the process of evaluating possible cooperation with the Albanian government for the financing of Albanian citizens treated under the Government Social Housing policies.

SERVICES TO PROMOTE QUALITY IN RELATION

- Financial education initiatives

Bank's initiatives:

Customer Satisfaction University Award project is a yearly activity developed by Intesa Sanpaolo International Subsidiary Banks Division of and adopted by ISBA starting from 2011.

The project is aiming to:

- Open a "corridor" between local universities and ISBD in order to generate new concrete actions developed on predetermined CS themes
- Root out talented minds, that could be potentially new employees
- Emphasizing and making available our unique international experience in Customer Satisfaction within an academic environment

GREATER CREDIT TOWARDS THE ECONOMY

- Microcredit for the development of micro enterprises
- financing equipment for retail farmers
- development of female self-employment
- young entrepreneurs

Bank's initiatives:

Greater Credit toward economy, this year we are launching a Loan product for the Small Business Customers.

EMPLOYEES

- Global Performance Evaluation in enabling the realization of the key strategies of the Bank
- Educational Enhancement and equal Environment

Bank's initiatives:

During the year 2012, the Bank showed its commitment to encourage a competitive environment among its employees', developing their commercial skills and career path. Motivation through incentives and building up a remuneration system that contributes to the Bank's business growth has been one of the major projects focusing in generating reliable and solid relationships with the staff.

The Human Resources makes possible to its employees to cultivate and promote a professional and an individual level of performance. Because of that and as guided by Parent Company, a new methodology of appraisal system was applied by giving importance to the definition and the implementation of clear Key Performance Indicators. These KPI's were assigned to each role of staff, in the Head Office, alongside measurable targets for the Incentives System applicable to staff of Network, by enabling in this way the realization of the key strategies of the Bank.

The Bank is dedicated to develop and retain its employees by offering a transparent career path and further educational enhancement. The Bank considers the educational attainment as very important. Given that the HR has worked to create diversity responding and balancing the education & work experience of employees to their roles or positions in the Bank.

ISBA provides equal environment in which every employee, without gender discrimination, is given the opportunity to express and make use of their knowledge and work experience to support and contribute to the business and the Bank's growth. Promotion of employees who satisfy the new and more responsible assigned roles is very carefully managed by HR taking into account the employee's performance, knowledge and skills to develop and shine.

CORPORATE WELFARE AND WORK-LIFE BALANCE

- Being fully aware of the crucial importance that our employees have in the bank business development and in bank's perception by our customers, the Bank tries to give space and emphasize the role and possibilities of each individual, through a dynamic internal events life.

Bank's initiatives:

During 2012, over 70% of our employees engaged in almost 30 internal initiatives, local and international. The year started with the Thank You – Card, an initiative aiming to enhance positive communication and define "Good models" of professional & social way of behaving in team. The initiative champions the people that build trust and act responsibly and are considered by the staff as the Best Colleagues who share knowledge and help the others for the common benefit.

ISBA has 375 women colleagues and on the occasion of the International Women's Day under the slogan "Women, who build bridges of Communication, Love and Peace" the bank organized few activities to thank our women colleagues for the efforts they put in their daily job and their active participation at the social life of the bank considering their full engagement in the family's life as well.

Sports are considered as means of motivation for the bank employees for integrating these activities with employee's daily life, so as to develop communication, reinforce friendships and build team spirit. In this context the Volley & Football Teams of the bank participated in one local and two international sport events.

Being fully aware of the importance of the work/life balance as a corner stone in improving the quality and effectiveness of work and business results, meanwhile acting responsibly toward our employees and their families wellbeing (more than 50% of our colleagues are parents), the bank organized two splendid activities fully dedicated to the children of the staff: Children Carnival Party in March and Children in the Office in September.

The last successful internal initiative of 2012 was "Enjoy Life". It included two categories: "Just dance" and "Karaoke", and participant's splendid performance took place during the Christmas and New Year Dinner Party

The year closed with an ISBD group internal initiative "We are our stories", focusing in corporate storytelling, as a successful way of transmitting the real values of the daily job, in the relation with customers involving 31 employees organized in six teams.

The Corporate Social Responsibility spirit is also becoming part of the internal life of the Bank. Two visits were organized during 2012 in the State Elderly Home by sharing emotions, experiences and memories with retired old people, making them feel more active and still in competition through chess games and sports.

The Voluntary Blood Donors Group of the bank organized two blood donating initiatives, in April and November 2012, raising awareness about Blood Donation as a pure and highly appreciated civil act showing human solidarity.

300 colleagues of the bank continued during 2012 to give a monthly contribution from their salary to help Ryder Albania which is a palliative care association providing medical, psycho-social and spiritual support for the terminal.

Two charity collections were organized with the initiative of Retail Division Employees by donating either cash, toys or clothes for Orphans & Children from families in need, living in the State Orphanage Institutions in Tirana, Durrës and Shkoder, during December 2012. These were great examples of how effective and simple it is to get involved in making possible a better life for the community where we work and live in.

TRAINING AND INTERNAL CLIMATE SURVEY

Bank's initiatives:

Human Resources has arranged some specific in classroom trainings apart the ones that are considered mandatory such as Anti Money Laundering, Physical and IT Security issues.

Below are briefly summarized some of these trainings:

- Corporate Credit Culture – the target population included all the Corporate Relationship Managers and the Small Business Relationship Managers.

The main purpose of the project was to transfer the basic principles and skills for a correct analysis and evaluation of the creditworthiness of the Bank's customers.

- Training Programme on Global Performance Systems – the target population included the 1st and 2nd line managers.

The purpose of this training was the standardization of the evaluation system in the Bank, a system which was implemented at the same time across the entire perimeter of Subsidiaries Banks' Division.

- Training "To Be" – the target population included all Back-Office staff of the network.

The purpose was to redesign and simplify the Back-Office activities in the Branches and to centralize these in the Head Office.

- Various trainings offered by the Albanian Association of Banks.

E-learning platform

An alternative learning channel implemented during 2012, is a distance learning method, and an opportunity to enable the employees to fulfill their potentials.

This platform is an alternative to traditional learning that it is the transferring of knowledge and skills via electronic-based teaching rather than face-to-face classroom trainings.

The importance and the benefits of that platform rely on the fact that it is a very efficient means of knowledge delivery which enables employees to keep abreast of the job skill requirements and add to their skills set. It is time-effective as it can be arranged within the working hours, without completely disconnecting the employee from the daily job and employees are able to work at their own place of work.

An immense power of the Bank resides in its capacity to Listen to the voice of its employees through the Internal Climate Survey, a Group initiative that not only contributes to receive regular feedback on employees perception for: the management of the Bank, job satisfaction, behavior in the market, customers' perception, but also it allows a benchmarking against the other Banks of the Group and provides the management with a clear platform for improvements

The 2012 survey rose as main issues: Adequate Environment, Efficient Information Technology, Adequate Information, High Costs review. Based on this feedback, the action plan implemented in 2012 and the new initiatives undertaken contributed to improve substantially some of the issues emerging from the survey. Among various initiatives undertaken it is important to mention the one for the preparation and the introduction of a new monthly electronic newsletter called ISBA. Today, through which the staff receives regularly adequate information. The Chief Executive Officer of the Bank has also established a direct line of communication with the staff organizing regular informal meetings with them under the theme "Time for an espresso". At the same time, a personal quarterly newsletter from CEO informs everyone on the strategic initiatives of the bank.

SUPPLIERS

LISTENING AND DIALOGUE

Increasing listening and engagement

- Tools in place that facilitates dialogue and favor communication between the bank and its suppliers (e.g. e-portal, e-mail address, meeting and events, etc.).

Bank's initiatives:

Regular meetings with suppliers and potential supplier, site visits and companies areas.

TRANSPARENCY

Extend initiatives in order to foster transparency in the selection of suppliers.

- Initiatives in order to guarantee transparency and fairness in managing the relation with suppliers (bids management, gifts policy, etc.)

Bank's initiatives:

Clarification about the tender resulted and a transparent tender procedure.

PROMOTE SOCIAL AND ENVIRONMENTAL SUPPLIER SUSTAINABILITY

Qualify suppliers also on the basis of environmental and social requisites.

- Social and environmental criteria considered during the selection of suppliers (e.g. preliminary CSR questionnaire, qualification System, etc.)

Bank's initiatives:

As stated in Procurement Manual, the potential supplier with the RFP received the form Social and Environment Supplier Sustainability.

- System in place for the suppliers qualification/rating in terms of CSR and possible criteria that favor "sustainable suppliers"
- Social and environmental clauses included by your bank in some contracts, besides other general terms and conditions

Bank's initiatives:

Collaboration with Recycle Albania, company that manage the recycle of old equipments. In regards of the write off of the bank assets out of use, the bank has collaborates with the company to withdraw these assets. This collaboration will continue in the future

- Contracts approval subject to the acknowledgement of the Bank's Code of Ethics and/or other relevant policies

Bank's initiatives:

All the bank contracts are subject of the Bank's Code of Ethics.

COMMUNITY

SUPPORT TO THE THIRD SECTOR

- Development of initiatives in partnership with social enterprise and non-profit organizations.

Bank's initiatives:

Institutional presence in the **fundraising yearly event of the Albanian Children Foundation** – the focus of this year fund raising event and awareness campaign was on the National Center for Autism. According to doctors, one in 160 children born in Albania is affected by autism. Studies show that autism affects more boys than girls, 1 in 54 births to 1 in 88 births, respectively. Requests for treatment of autistic children grow daily. **Euro 3000**

SPONSORSHIP:

- Grants for social and cultural initiatives promoting the Bank logo (max two initiatives, please quote the grants accorded).

Bank's initiatives:

Granting of "Intercultura" - High School Student Scholarship for one year offered this year to a student from the community of children whose parents were dead in duty, as State Police Forces in cooperation with the General Directory of State Police in Tirana. With this initiative, Intesa Sanpaolo Bank Albania intends to offer access to education and access to another culture of living to excluded people contributing to the valorisation of the person, support for merit, cultural openness and tolerance. **Euro 8000**

Cooperation with "Namart" association for the production of a DVD with international classical music promoting touristic places of Albania. The initiative was in the framework of the 100th anniversary of the independence of the country. **Euro 5000**

DONATION:

- Grants for social and cultural initiatives without any commercial or marketing aim (e.g. charities) - max two initiatives, please quote the grants accorded.

Bank's initiatives:

A cooperation with "SOS Orphan's Children Village" for Christmas and New Years Greetings. The bank had sponsored 500 postcards utilizing the bank's staff children drawings, aiming to increase awareness among bank's staff children and their friends on the needs of children less lucky than them. **Euro 600**

"Albanians for Each-Other", is a humanitarian initiative for orphans and families in need.

The initiative was organized:

- in cooperation with one of our VIP clients, Albanian Qatar Foundation
- with the engagement of all our colleagues in Tirana.
- to help orphan children and families in need with what we have & what we can.
- to raise awareness about our responsibility for the society we work and live in.

300 bags spread between colleagues to collect used clothes, games, books, shoes for orphan kids and families in need and a donation Box was putted in Rr. "Durrësit" branch in Tirana, so customers & employees could donate directly for this social disadvantage category.

ENVIRONMENT - DIRECT IMPACTS

- ENERGY:**
- Use of renewable energy
 - Progressive reduction of electricity consumption

Bank's initiatives:

Energy reduction starts with the criteria for energy efficiency materials, implementation of staff training and awareness projects.

From February 2013 from General Services will be implement a team to make staff more aware energy efficiency. It will be implementing in offices and shared facilities instructions how to reduce energy consumption. (Aware messages how to reduce energy of office equipments and central one).

Electricity consumption is regularly checked and kept under control

- PAPER:**
- Extension of use of environmentally friendly or recycled paper and reduction of paper consumption
 - Differentiated collection and disposal of waste

Bank's initiatives:

The Bank initiatives are focused on using prints multiple pages to a sheet. Use this format for proofreading and discussion documents. Using scanner and not photocopy for the files to be save. Centralizing the printing process and copy process will be the next step for managing better the paper and energy consumption.

Collaboration with Recycling Albania for write off assets and other recycling materials.

We have to collaborate with a recycling company for the letter used on the HO and Rr Barikadave as are the biggest paper consumption. The problem today has been the place to storage the used paper.

On February 2013 we will put different baskets for paper and plastic.

- COMMUNICATION:**
- Training on environmental issue
 - Environmental Awards and involvement in domestic or international environmental events

Bank's initiatives:

Recommendation to all users to switch off the computer after working hour, to turn off the air conditioning when they are out of office, temperature controller for winter time and summer time to be as per standard climatic way. The general services office will make a plan on how to share in all the Branches the right information on how to evaluate the energy consumption.

Being part of Recycle Albania organization of different seminars about the environment and recycling materials.

- MOBILITY:**
- Mobility management

Bank's initiatives:

The branch are allocated in the places of public transport easily accessible, also during 2011 were used the bicycles with Intesa Logo. Also on 2012 from some departments (General Services, Security etc) were used bicycle with Intesa Logo.

Bringing order and efficiency of the bank vehicle using movement by area.

Strictly implementation plan of distribution of stationary materials and services only 1 time in 3 months and using chain organization (1 way for several branches). This plan eliminates hundreds of km witch calculated on thousand kg of CO2.

ENVIRONMENT - INDIRECT IMPACTS

- Offer of financial products for energy saving and renewable resources

Bank's initiatives:

Using Energy Efficiency standard parameters from the new equipments on the procurement process (company selection).

The Bank is using with high efficiency all the old materials and assets (furniture, IT equipments, and electrical equipments). The implementation of new Bank projects with low environmental impact.

The new Light sing design is LED lighting that means less maintenance and 10 time less energy consumption.

- Develop operational policies for managing environmental risks and energy efficiency

Bank's initiatives:

"Rules for Environment and energy policy"

During 2012 we implemented the document of Tender Participation "Social Responsibilities of Suppliers"