

Sustainability Report 2013



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Ahoy! – Greetings from the Captain

1. Ahoy! - Greetings from the Captain

creative introductory text TO BE WRITTEN BY ÁDÁM



On DATE 2013 I stood on the deck, facing the entire crew. I knew I had to encourage them, rejoice at the fact that we'd survived the storm, and convince them that the damage could be repaired. I had to

give them guidance, show them the way forward, and how we will achieve our goals. But I had difficulty finding the words. I wasn't even sure of this myself. I knew that we would need to make some radical changes. I knew we'd have to change our working methods, the way in which we function as a team, our rules; we have to bid farewell to a few ports, while strengthening our ties with others. I decided to be frank, and share some of my own doubts as well. I knew that if the navigator, the helmsman and the whole crew all think as one, we'd find a good solution. I simply had faith in them.

The first to come to our assistance was the mother ship. The bill of lading was delivered by XY. They gave us an assurance of their support and trust. They described their own charted course, under which XXXXX, we were given a free hand in choosing our destination port... etc. etc.

Foreword by the CEO

The CIB Group treats and applies sustainability as an attitude that permeates the entire corporate culture and constitutes an integral part of operation. In concordance with the Intesa Sanpaolo Group, we believe that the best practice is for the whole of the organisation to reflect the fundamental principles of sustainability through its basic operation.

The year 2013 represented a positive turning point for the CIB Group in many respects. During the year countless rumours were aired regarding our future, to which our owner responded in the last quarter of the year by approving the bank's new, five-year strategy, the clear purpose of which is – with the solid support of our parent bank – for us to once again become a financial institution that is profitable in every respect by the end of the period. To this end, the decision was made to implement numerous changes, all of which clearly move the financial institution towards a strengthening of sustainable banking operations in the long term.

Our mission is, through the provision of an outstanding quality of service, to become the bank of choice for a base of highly discerning retail and corporate customers, and to make concerted efforts to retain our excellent staff and further develop their abilities and skills, while focusing more sharply on protecting the added value that we create. In this spirit we have forged ahead with the transformation of our corporate culture and business processes, and have successfully maintained the already high level and diversity of our social investments: through our various direct and indirect initiatives we have assisted 65 000 people in need. We could never have achieved this figure without the active participation of our many civil-sector partners and, of course, our committed employees.

Please take the time to read through this year's report which, for the sixth year running, shows the degree of our compliance with the principles set out in the UN Global Compact. A new feature this year is that when preparing the report we departed from the usual methodology, as we are the first of the Sanpaolo Group's subsidiaries to base our report on the latest GR14 methodology of the Global Reporting Initiative. The differences lie in the method of defining material issues, and the way that they are reported. Naturally, we give a detailed account of this in the report itself. Finally, I would like to ask you to 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.

Best regards,

Dr. Pál Simák CEO, Chairman of the Board of Directors

1.1. Weather log – Major external impacts in 2013

We've hoisted the sails!

Besides plotting our course and drawing up our schedule, we also had to allow for the currents and reefs already shown on our charts, and those reported by others, and we had to prepare for the storms and tough situations that demand an immediate, quick decision. The seas are constantly changing, which considerably reduces the shipping company's opportunities for docking and makes it impossible to lie peacefully at anchor; it can lead to shipwrecks and even affect individual crew members. We knew that every shipping company is constantly faced with new challenges as it sails the territorial waters. We have set sail. The voyage will not be uneventful; several storms have been forecast along the course that we have plotted. For now we are progressing slowly, at a speed of 10 knots. We've stocked up on the provisions necessary for putting out to sea, the ship has undergone a thorough inspection, and we have trained our crew.

Captain's entry in the Ship's Log, 2013, off the "CSR Isthmus"

1.1.1. Changes in the banking environment

- the government measures affecting the banking sector, which significantly reduced the profitability of Hungarian banks and altered the domestic operating environment;
- the high ratio of non-performing loans that resulted from the deterioration in the quality of the corporate and retail credit portfolio as a consequence of the changed environment;
- the continuing outflow of external funds from the banking sector; however, the banking sector's liquidity improved concurrently with that of the financial markets.

In the first half of 2013 the decline in the corporate loan portfolio of financial intermediaries continued. On the supply side the lending terms remained strict, which the banks mainly attributed to the prevailing macro-economic uncertainty. On the demand side, however, signs of an upturn could be observed, even with regard to long-term loans, something that has not been seen since 2010. Owing to the Funding For Growth (FFG) scheme, which was expanded in September, the pace of the decline in corporate lending slowed, while 2014 saw a reversal of the trend in lending in the SME segment; although in order to sustain this a further loosening of lending terms by the large banks is needed.

The portfolio of household loans continued to decrease in the first half of 2013, but a strengthening of demand was observed, with the result that new placements grew for the first time in years.

Although the slump in lending can primarily be attributed to the weak macroeconomic environment and profitability outlook, as well as to the worsening situation with regard to the predictability of the regulatory environment, the proportion of non-performing loans is also a major factor. The most important challenge for the domestic financial intermediation system is the management of the deteriorating loan portfolio.

The growth in new non-performing loans damages profitability by making it necessary to recognise new impairment. The high non-performing portfolio can reduce the willingness to lend; it weakens liquidity, compromises maturity matching and draws away funds that could be used to provide new loans.

1.1.2. Government measures affecting the banking sector

The Hungarian banking sector was affected by numerous government measures in previous years.

Measure	Impact
Extraordinary bank tax	This tax burden is considerably higher than similar taxes levied in other countries of the European Union, and damages not only the growth prospects but also the profitability of the stakeholders in the banking sector, as well as the banking system's return on equity and its ability to support the real economy through its lending activity.
Transaction duty	The Act on the Financial Transaction Duty entered into force on 1 January 2013. The intro- duction of the duty further increases the financial burdens on the banking sector.
"One-off supplementary transaction duty payment"	In addition to the increase in the financial transaction duty, a statutory amendment passed by Parliament also obliges banks to make a one-off supplementary payment, due to the fact that the financial transaction duty revenue fell short of the budgetary target. The supplemen- tary payment amounts to 208% of the transaction duty paid for the January-April period.
National Asset Management Agency	The most socially disadvantaged debtors who are unable to service their mortgage loans can apply to have the National Asset Management Agency (NE Zrt.) purchase the property serving as collateral for their loan. The Asset Management Agency buys the property at a heavily discounted price, and the debtor can rent the property back at a discounted fee. The original strict requirements have been relaxed, but it remains unclear whether the As- set Management Agency will be capable of purchasing the 25 000 properties prescribed under law by 2014. The number of residential properties earmarked for forced sale between the fourth quarter of 2011 and the fourth quarter of 2013 came to a total of 28 816 (15 216 properties in 2013), of which 3 228 properties were successfully sold in the first three quarters of 2013. Of the properties sold, 5% were sold by financial institutions and 25% by the debtors themselves, while 70% of them were bought up by the National Asset Management Agency (Source: MNB).
Exchange rate cap scheme	When a fixed exchange rate is set the payment obligations of foreign currency borrowers are reduced for a temporary period of up to 60 months. During this period they repay the foreign currency-based mortgage loan at a fixed exchange rate (HUF/CHF 180 for Swiss franc loans, HUF/EUR 250 for euro loans and HUF/JPY 2.5 for Japanese yen loans), while the difference between the fixed exchange rate and the actual exchange rate is only paid after the grace period has expired. The principal part of the exchange rate difference is borne by the customer, while the burden of the exchange rate difference on the interest payments is shared at a ratio of 50-50% by the lending financial institution and the state. The number of exchange rate cap agreements concluded between 1 April 2012 and 30 November 2013 exceeded 166 000 overall, which together with the 5 712 contracts concluded under the earlier, Phase 1 of the Exchange Rate Cap Scheme, makes a total of 171 801 contracts. The volume of foreign currency loans with a fixed repayment exchange rate came to more than HUF 1 329 billion at the end of the period. So far, people with holding account loans participating in the exchange rate cap scheme have been relieved of HUF 24.2 billion in interest payments, half of which was borne by the banking sector, and half by the state. (Source: PSZÁF)
Funding For Growth Scheme	The Funding For Growth Scheme considerably improved the terms of borrowing. Under the FFG scheme a total of HUF 701 billion in loans have been placed, which represents the utilisation of more than 93 percent of the available funds, so the scheme has had a significant effect on the activity of participants on both the demand and supply side. In the first pillar of the scheme, new loans amounted to 63 percent of total placements, and it is particularly favourable that 60 percent of these placements were investment loans. Owing to the capping of the interest margin at 2.5 percent, the burden of interest payments for businesses was significantly reduced both in the case of new loans and of loans used to refinance existing credit facilities. (Source: MNB)
Free cash withdrawals	In February 2014 the government introduced the opportunity for retail customers to make free cash withdrawals, twice a month, up to a maximum amount of HUF 150 thousand. This new obligation will have a negative impact on the sector's profitability, representing a burden of approximately HUF 40 billion. (Source: HVG)

1.2. Bill of Lading

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

Corporate governance

corporate governance	
Continuation of simplification and rationalisation steps	
For our employees	
Launch of ethics training	
• Launch of a talent management system for the Bank Group	
• Development and launch of a new, complex management development system	
• Review, revision and publication of HR processes and policies	
For our customers	
• Simplification of the product range	
Development of our interactive channels	
For our suppliers	
For our suppliers Further incorporation of sustainability and ethical considerations into the supplier selection process 	700000000000000000000000000000000000000
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 Further incorporation of sustainability and ethical considerations into the supplier selection process Community relations Holding of a voluntary-work days Holding of charitable events, exhibitions For our environment 	

1.3. Our most important commitments for 2014

Commitment

Corporate governance

• Continuation of simplification and rationalisation steps

For our employees

- Review of HR processes and policies
- Elaboration of a talent-nurturing program for specialists
- Extension of the sales incentives system to all business divisions

For our customers

- Development of our interactive channels
- Drafting of value-based propositions

For our suppliers

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

Community relations

- Holding of charitable events, exhibitions
- Elaboration of a sponsorship and donation program

For our environment

- Further communication of the environmentally-friendly aspects of our operation
- Expanding the scope of selective waste disposal

The Ship

CIB BANK ► SUSTAINABILITY REPORT 2014 ► THE SHIP

2. A Hajó

Ship's Certificate of Registry

Name: Territory of operation: Registered head office: Form of incorporation: Ownership structure:	CIB Bank Zrt. Hungary Budapest Privately-held Joint Stock Company (Zrt.) Intesa Sanpaolo Holding International S.A. Intesa Sanpaolo S.p.A.	67.6904% 32.3096%
Number of crew: Number of customers in ports: Proportion of spending on locally-based suppliers: Economic value distributed: Activities: Our nationwide presence	2 531 560 281 97.5% HUF -70 548 billion commercial banking, leasing and factoring a detailed list of branches can be found on Bank branches: 95 ATMS: 156	

2.1. Commanding the ship

The CSR sea is full of hazard, some known, some impossible to foresee. The ship's cargo, and the task of transporting it safely to the ports along the route, as well as the manner in which it conducts its trading activity at sea on behalf of the shipping company, are of key importance and bring much responsibility. Therefore the officers and captain commanding the ship, and the crew that serves on it, carry an especially heavy burden of responsibility, and it is no wonder that they were so carefully selected by the shipping company. The infinite sea stretches out before us. At the first officers' meeting

held before setting sail, in the interest of reducing our losses, we decided to place even more emphasis on our ports of call, our customers. We hold interviews in the ports, offering assistance and becoming a true pillar of support for the local inhabitants. This will help us to become a partner that they can rely on, so instead of the other trading companies they will choose to replenish their stocks from our cargo, and it is us that they will entrust with the task of transporting their goods.

Captain's log, half an hour after the first officers' meeting

Our ship's equipment

In order for us to sail safely across many oceans, it was important to prepare our ship as well as possible for the long voyage. Today three new deck officers reported for duty, and I have updated the crew roster accordingly. The engine room crew have reported that all of the instrument panels are in order and the engines are running smoothly, although yesterday's stormy weather used up more energy, and the

anchors were put under a heavy strain. The officers have vowed to be more careful when it comes to finding accommodation for the sailors. Tomorrow we expect calmer weather, and perhaps we will be able to put out to sea...

> Captain's entry in the Ship's Log, 2013. In dock at the port of Rhetoric

2.1.1. Our owner Intesa Sanpaolo

The CIB Group's owner is Intesa Sanpaolo S.p.A, one of Europe's largest banking groups. ISP is committed to the Central and Eastern European (CEE) region, and to the Hungarian market, which is of strategic importance to the group. ISP has not only provided CIB with considerable capital and funding support in recent years, but has also shared with it the best group-level operating practices.

In 2013 our owner resolved to pursue a new strategy that focuses on growth. Intesa Sanpaolo's new business plan is aimed at achieving **solid and sustainable value creation and distribution** by the year 2017. This is envisioned as taking place along the lines of a clear and comprehensible action plan that requires a joint effort to put into effect, **with people and investments representing the key factor in its implementation.** The four main pillars of the business plan:

New Bank of Growth

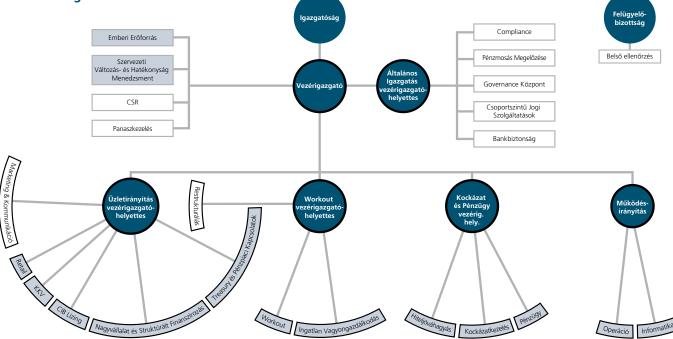
- Bank of Internal Growth
- Low Capitalisation Bank

People and investments as key factors

The main focus is on a substantial improvement in profitability, **underpinned by a pronounced increase in revenues, continuous costs management, and dynamic loan and risk management.** Its objective is to become the **"Bank of new growth"**, i.e. the engine of new growth, by fully leveraging the value inherent in its existing activities, that is, to be a "Bank of internal growth".

At group level, as well, the plan focuses on the establishment of multi-channel sales, private banking, asset management and insurance centres, and the provision of 360° banking services to corporate customers, all of which also feature in our Bank Group's strategy.

Our parent company is strengthening its presence in the markets deemed to be the most important and/or which offer exceptional opportunities, and is also maintaining a presence, while giving consideration to opportunities for expansion, in regions that are undergoing a transformation, such as Hungary.



2.1.2. Organisational structur

As was the case in 2012, the year 2013 also brought a number of important changes in terms of the corporate structure: we approved the strategy for the next five years, the implementation of which is only possible with a simpler, more transparent and more efficiently operating organisational structure. Accordingly, the work got under way in 2013, and in what follows we will describe the most important results of these efforts.

The most significant change affecting the organisation was the creation of the Focused Customer Management Division (FCMD). The new division, together with Workout and Real Estate Portfolio Management, is comprised of the FCMD Corporate Relations and FCMD Retail Leasing and Operation units, headed up by the Chief Workout Officer Michael Clark. The purpose of establishing the division is for customers with credit products that would not suit our business objectives to maintain in the portfolio to be managed by FCMD from the beginning to the end of the process, from the front office activities to the operational processes, so as to free up the business divisions to focus on their task of implementing the new strategy.

In the interest of appropriately separating the areas of responsibility, the FCMD Credit Underwriting unit, established at the same time as FCMD, is under the direct supervision of the Chief Finance and Risk Officer.

The Realty Services department has been transferred from Asset Management, and is now under the direct supervision of the Chief Financial Officer.

Another important organisational change in the reporting period was the continued restructuring of the retail and SME network. In response to the stricter regulations and the protracted financial crisis, in 2013 we had to further streamline our branch network. Following the closure of 13 branches – while continuing to provide nationwide coverage – as of the end of the year we served our customers in a total of 95 branches. The number of SME departments fell from 20 to 12, and thus, in terms of their size, the portfolios managed by the departments have become more evenly distributed. Concurrently, the boundaries of the SME departments and regions have also changed, helping to also reduce the number of departments in geographical terms. The SME Sales and Network Management unit has ceased to exist, so that the regions now report directly to the division head. The changes are made necessary by the fact that, on the one hand, the lower segmentation threshold for the SME division has risen (from a HUF 100 million annual net revenue to HUF 250 million), and consequently the SME division manages considerably fewer customers; and on the other hand, in line with the Bank Group's strategy, our aim is to build an efficiently operating, sustainable division that works to achieve profitable growth and fully leverage cross-selling opportunities.

In line with the principle of organisational efficiency, the post of Chief Administrative Officer has been abolished. As a consequence, Bank Security has been moved to the Efficiency and Change Management Division. The remaining organisational units (Group Legal Services, Compliance and Prevention of Money Laundering), now report directly to the CEO.

In the interests of simplification and boosting efficiency, organisational changes were made at all the divisions following a review of the relevant processes; the most important changes – besides those already mentioned – took place in the HR, Risk Management, IT, Treasury, and Corporate Banking & Structured Finance divisions.

A change affecting the CIB Group's structure was that on 14 January 2013 CIB Fund Management – as a result of the Regional Asset Management Project – became a member of Intesa Sanpaolo Group's Luxembourg-based EURIZON Capital SGR group.



2.1.3. Decision-making bodies - the Officer's Mess

Members of the Board of Directors

Name	Position	
Fabrizio Centrone, Chairman	CEO	
Eduardo Bombieri	Chief Risk Officer	
Michael Clark	FCMD Deputy CEO	
Gábor Plank	Chief Business Officer, Deputy CEO	
Giorgio Gavioli	Chief Operating Officer, Deputy CEO	
		As at 31 December 2013

Members of the Supervisory Committee:

Name	Organisation represented	
Dr. György Surányi, chairman	Intesa Sanpaolo Bank Group	
Massimo Malagoli	Intesa Sanpaolo Bank Group	
Giampiero Trevisan	Intesa Sanpaolo Bank Group	
Christophe Velle	Intesa Sanpaolo Bank Group	
Paolo Sarcinelli	Intesa Sanpaolo Bank Group	
Giorgio Spriano	Intesa Sanpaolo Bank Group	
	As at 31 Decem	hor 2013

As at 31 December 2013

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 by CIB Bank. The Supervisory Committee is responsible for overseeing the bank's operations, and is chaired by Dr György Surányi. The Audit Committee, chaired by Christophe Welle, supports the work of the Supervisory Committee, primarily in relation to auditing, risk management, accounting and compliance-related tasks.

The Steering Committees are authorised to independently make decisions and launch initiatives affecting the entire CIB Group, within the scope of authority delegated to them by the bank's Board of Directors:

- Credit Committee
- Asset Quality Section
- Financial Risk Committee
- Operational Risk Committee
- Change Management Committee
- Problem Assets Committee

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 guarter and the challenges of the coming period.

2.2. Strategy – New shores, new ports of call!

In 2013 the good ship CIB, taking its operation of past years into account and responding to the external environment, to reorganise and restructure its on-deck operations. It is simplifying and accelerating processes, and replanning its schedule along these lines, and will later submit its new course to the shipping company (Intesa Sanpaolo) and the port authorities that help the ship on its way. The main objective was, while retaining its existing markets, to explore new seas by running an effective organisation, mapping out new opportunities and thus discovering new markets and additional buyers for its cargo, and increasing its dominance of the territorial waters.

the shipping company, we used the sextant to plot the precise course of our voyage spanning the whole year, giving consideration to the most efficient routes, and examining precisely which ports and bays need to be visited in order to ensure a successful voyage. We have determined how many nautical miles we aim to travel in 2013. We have inspected the entire structure of the ship, scrutinising every single part, and are also agreed on how to reorganise the work of the ship's crew, encompassing everyone from the lowliest cadet to the highest-ranking officers. Everyone is agreed on the direction, and we can weigh anchor as soon as the ship has been fully prepared."

Once we had received the necessary approval and support from

Captain's log entry in the dock of the port of Rhetoric...

CIB is focusing on offering the best value proposition available in the market, and thus becoming the primary financial service provider for our customers. We are continuously fine-tuning our business model, with the aim of simplifying bank processes and increasing the satisfaction or our customers. We aim to differentiate ourselves from our competitors with our exceptional services, rather than with our pricing policy.

We devote particular attention to the development of our retail division, and as a part of this we have set ourselves the goal of being the primary retail bank for our customers. All this is accompanied by an improvement in the effectiveness of deposit collecting, through the provision of professional asset management and high quality, standardised services, both through the electronic channels and the branch network. On the retail lending side the Bank, while retaining its prominent market position, intends to develop processes and systems in the field of mortgage loans and unsecured lending, through which it can increase the number of its loan placements. Besides this, the CIB Group continues to develop its bank insurance product range, and is also focusing on multi-channel sales. CIB's medium-term strategy is to finance the real economy, and thus it is placing emphasis on the further development of products and services provided to the SME segment. This includes the leasing and micro-enterprise segment. In addition to corporate loans and leasing services, CIB Bank offers a range of other financing options to businesses, for example through its factoring services division.

Although at present it is concentrating its efforts on the above sectors, CIB has set new objectives for itself in the interest of maintaining its performance to date in the large corporate sector. In the years ahead CIB would like to take full advantage of the synergies that exist with its parent company, Intesa Sanpaolo, with a view to strengthening its presence in the multinational corporate sector.

CIB's business objectives continue to centre on profitable areas, and therefore the Bank will in future continue to manage separately those of its customers who have loan products that it longer wishes to retain in the portfolio. For the departments, this internal segregation in a non-legal sense is of key importance for the successful implementation of the business strategy.

2.3. Stand by our values!

2.3.1. The Ship's Code – Ethically-sound and responsible operation

Running a ship is only possible if it cuts through the waves by adhering to a set of ethically-sound rules of conduct. Our system of rules had already been approved (in April 2008), and we have steered our	we should do in the event of a pirate attack. The question arises of how far I can go, and how I can act in defense of my people without compromising my integrity. And what is more a growing number of our customers are using electronic channels, which
boat in accordance with these principles ever since then. It was in	are the most popular targets of fraud – we protect our customers
2013 that the entire crew last gave an account of its knowledge of the Code of Ethics applicable to the entire merchant shipping	24 hours a day! Furthermore, I have decided to appoint one of my sailors as consumer protection officer, so that we can give
company, as well as the Rules of Conduct applicable to the Ship and all its crew.	this issue, too, its rightful place in day-to-day life on board ship
We haven't even set sail yet, but many have already asked what	Captain's Log entry in the dock of the port of Rhetoric

Our **Code of Ethics** reflects our broader vision of our social and environmental responsibilities. It explains those values in which we believe, and which we have made a commitment to uphold.

As a company that operates in compliance with strict ethical norms, we have put in place a number of mechanisms that reveal risks that have previously, due to their nature, remained hidden; these include ethical risks. The purpose of the procedural rules is for victims in ethics cases, who until now have been unable to ask for help, to be able to consult and request advice, before taking action, if needs be, and to do so in an anonymous manner. The Intesa Sanpaolo Group has set up a system of local ethics ombudsmen, which with a few exceptions investigate ethics-related reports in the given member country, with the decision also made at local level. To enable us to take local conventions into account, in addition to the ethics ombudsman the CIB Group is also establishing an Ethics Committee, the chairperson of which – as the ethics ombudsman – is the Bank's head of CSR. We automatically send a notification of every report to our head office in Italy. In 2013 a total of 7 ethics complaints were received. Of these, 5 were not ethics-related, while we closed one case with the issuance of a resolution, and the investigation of another continued into 2014. Issues:

- Unauthorised disclosure of information to a third party
- Verbal insulting of an employee
- Investigation, on the basis of ethical principles of the use of internal post for personal purposes
- Investigation at the request of a coworker into the dishonest settlement of overtime
- Clarification of the Code of Conduct
- Conduct of direct supervisor, overtime settlement
- Statutory compliance in respect of internal regulations

The Ethics Committee does not impose sanctions, its task is to judge whether the claims made in the report are warranted, and to take steps to share the lessons learned. If the accusations are substantiated, the Committee passes the case on to the appropriate professional department for investigation and a decision, and also to HR for a possible labour-law investigation.

In 2012 we produced an interactive training course that all employees had to study, in order to sit an examination in the course of 2013. The produced learning material took the form of a comic strip-style story, which provides the most important information and uses interactive exercises and case studies to guide employees through the maze of the Code of Ethics, the rules of conduct and the Code of Ethical Procedure. The purpose of the education programme was to make the most important information relating to our ethical values and ethical procedures comprehensible and interesting, both in the way they are presented and in terms of the related tasks, by making them easy to understand through exercises that also illustrate the rules of conduct with examples.

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 rules of personal conduct and 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 Bank Group's regulatory system as a policy, the breaching of which may have 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.

2.3.2. Functions supporting responsible operation

In terms of responsible banking operations the clear definition of responsibilities, or in certain cases – given the importance of the given function – the creation of a separate organisational unit, is of key importance.

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 **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.

The CIB Group is committed to fair market conduct; it performs its activities in accordance with the standards of fair competition, and in compliance with competition-law requirements. If the authorities establish that this is not the case, we seek legal remedy in the courts. We also did this in the case of last year's decision to penalise the banks for cartelism. Fair competitive behaviour is assured by preliminary legal and compliance support.

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 Risk Management divisions are responsible for these activities. In 2011 the CIB Group elaborated its Risk Management Strategy, which is reviewed annually in line with the CIB Group's business strategy, and which has the purpose of describing 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 greatest risk that we face in the course of our business operations is credit risk, the mitigation of which is achieved partly through compliance with the statutory requirements and internal limits, and partly through prudent lending and loss-provisioning practices.

In 2013 the Bank Group introduced a new system of indicators designed to show risk appetite, in harmony with our parent bank's guidelines in this regard, with which we define the framework system based on which we determine – depending on the extent of the risk – when, how, and at what terms we provide services.

We set up the Focused Customer Management Division, an organisational unit with the primary objective of mitigating risks and reducing exposures in respect of the group of customers concerned, by pursing an individual, customised business strategy on the corporate side, and developing and launching restructuring products in the retail segment.

In the course of its business operations the CIB Bank Group is exposed to a variety of market risks. The CIB Bank Group has identified interest risk, liquidity risk and price/exchange rate risk as measurable market risks. Each year, the Board of Directors, under the supervision of the Supervisory Committee, determines the appetite for market risk in line with the parent bank's tolerance for risk, and then sets out the corresponding limits and limit system. Risk Management is responsible for the operation of the limit system, the related processes, back-testing and reports. The appropriate risk management committees, including the Board of Directors and Supervisory Committee, regularly receive risk reports broken down for each risk type, and in summary, which conform to the system of indicators introduced in 2013 to determine the risk appetite. The CIB Bank Group, in addition to the retrospective analyses, also plans on an ad-hoc basis the future changes expected in terms of such market risks and liquidity planning and forecasting.

Areas of key importance are **preventing and protecting against internal and external fraud attempts,** and dealing with any fraud that is actually committed. To this end we have elaborated a new fraud strategy and developed a system of appropriate risk-mitigation tools. The most typical forms of fraud today are crimes that take place using the electronic channels, which we treat as a priority area. To cut down on this, in connection with the bank cards that we issue, our staff operate a prevention monitoring system 24 hours a day – just to mention one example of our efforts made to achieve this goal.

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 2013, 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.

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. Our framework system for risk assumption supports active but responsible lending. This means, on the one hand, responsibility towards our shareholders and deposit customers, which presupposes cautious, risk-conscious lending in the interest of safeguarding the invested funding sources. Therefore 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. The monitoring system automatically calculates what are known as early warning signs, which assist in identifying customers that could require special help. On the other hand it also means we have a responsibility towards the customers that we finance; in other words, offering financing solutions that are consistent with the customers' risk profile and creditworthiness. To this end we make a precise assessment of our customers' financial capacity.

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.

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.

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 taking into consideration in the course of day-to-day operation, and that this attitude becomes an integral part of our corporate culture.

2.4. Eco-ship – Managing our environmental impacts in 2013

To power a sailing ship we primarily make use of wind energy. However, we also have to prepare for times when we are becalmed, or when we are preparing to enter a harbour but the wind is too strong to strong for us to do this without damaging the mast and tearing the sails. In these cases a motor is used, which drives propellers or paddles. Surprising as it may seem, these increase the oxygen content of the river's water, thus helping the aquatic fauna to survive. Besides this, the damaging effects of noise pollution are minimal in view of the fact that this machinery is relatively well-insulated, and to be honest there aren't many residential buildings in the middle of the ocean whose residents might complain about the noise. Our ship, in comparison to the previous year, reduced its electricity consumption by some 3.2 MWh, which in turn prevented 1 190 tonnes of CO2 from being emitted. But how many people know this?

Today we held a training session for the crew about the importance of environmental protection and energy awareness on a waterborne vessel. I shared a few statistics with them in order to put my point across more emphatically.

Captain's Log entry, somewhere in the CSR Sea

	Unit of measure- ment	2009	2010	2011	2012	2013
Total energy consumption	GJ	112 883	103 159	102 089	93 408,65	72 325
Electricity consumption[p1]	kWh	18 755 237	18 648 750	17 653 388	17 077 022	14 320 552
Other renewable energy[p2]	kWh	111 969	89 061	80 221	71 022	53 407
Natural gas consumption[p3]	m³	893 833	818 460	784 264	780 781	605 270
Vehicle fuel consumption[p4]	I	464 199	250 872	245 505	210 726	273 589
Vehicle Fleet	number of vehicles	206	154	141	129	129
Paper usage (office A4, A3, mar- keting materials)	kg	329 572	315 184	368 958	287 829,7	290 532
Paper usage per employee (office A4, A3, marketing materials)	kg/person	100,5	86,3	104,9	104,5	114,7
Energy consumption per employee	GJ/person	34,4	28,2	29,0	33,9	28,6
Energy consumption per m ² of office space[3]	GJ/m²	1,2	0,9	1,2	1,1	1,35
CO ₂ emissions resulting from energy consumption[[4][p5]	t	10 427	9 086	8 370	6 945	6459
CO ₂ emissions from energy con- sumption per employee	t/person	3,2	2,3	2,4	2,5	2,5

Our most important achievements and initiatives in 2013:

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 three central office buildings. The solar panels resulted in a saving of 8 444 m3 of natural gas in 2013, which is equivalent to the annual gas consumption of 3 average detached houses.

Greenhouse gas emissions avoided through the use of solar collectors (tonnes, as carbon dioxide equivalent)

2009	2010	2011	2012	2013
24	17,94	16,33	14,3	10,75

- In 2013 some 50% of the office paper we used was already recycled. In the case of statements sent to our customers, the leaflets used for marketing purposes (newsletters enclosed with statements) are made from recycled paper; the number of these in 2013 was close to 2 265 million. Cycling to work grew in popularity, with the number of people using this mode of transport increasing from 142 to 176 in 2013. In our Petre-zselyem utca head office the men's and women's changing rooms were expanded, providing capacity for an extra 30 persons.
- The replacement of traditional light bulbs with LED units is ongoing; in 2013 we replaced the lighting in the whole of the Petrezselyem utca head office, as well as in the 24-hour zones of the branches in Budapest. When preparing and implementing the training programs we take special care to respect the values of our natural, economic and social environment, and make an effort to manage our resources responsibly and without waste. To this end we give preference to electronic communication (e.g. in the process of sending out invitations, information or training materials), and where paper-based documentation is absolutely necessary we produce this economically, with double-sided printing.
- In 44 branches and in the Medve head office, we replaced the old, obsolete uninterrupted power supply (UPS) units. The installation of smaller, modern, energy efficient UPS units led to an approximately 10% reduction in UPS energy use, with a corresponding decrease in CO2 emissions, while due to the increased battery life a significant drop in the quantity of hazardous waste is also expected over the next 5-6 years.
- 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.
- 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.
- 1 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; in 2012 82 662 m2; in 2013 66 312 m2
- 4 In respect of the 2009 CO2emissions 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 0.368 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 kg/l; in 2011, in the case of electricity 0.335 kg/kWh, in the case of natural gas 1.934 kg/m3, in the case of vehicle fuel diesel 2.352 kg/l and petrol 2.622 kg/l.

In 2012, in the case of electricity 0,319 kg/kWh, in the case of natural gas 1.918 kg/m3, in 2011, in the case of vehicle fuel diesel 2.672 kg/l and petrol 2.444 kg/l; in 2013, in the case of electricity 0,335 kg/kWh, in the case of natural gas 1.934 kg/m3, in the case of vehicle fuel diesel 2.024 kg/l and petrol 2.099 kg/l.

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

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

6 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.jpmorganclimatecare.com.

Our voyage across the ocean – Our business activity

3. Our voyage across the ocean – Our business activity

Our mission is to transport the goods entrusted to us undamaged, in good condition, and while retaining or increasing its value, to its destination port to the satisfaction of the customers there. We have to do this to deadline, in a manner that is reliable and represents good value for money, and in compliance with all the guiding principles. Sailing is our life. We have sworn allegiance, we are committed and our aim is for our ship to cut through the waves, to feel the soft caress of the water, and withstand the tempestuous storms for a long time yet to come. In order to ensure the operation of our ship in the long term, every year we launch numerous initiatives, and we are continuing those that we have started previously, each of which has the purpose of securing the future of our vessel. We do this by towing it into the dock from time to time, even lifting it out of the water, in order to repair any damage to the bottom of the hull; and we also engage and open a dialogue with the residents of every town and village where we drop anchor.

Of course, the strategy is worth nothing unless we are capable of trading. In recent years our sails were battered and torn not only by the storms, but also by the regulations that impede trade, as well as by the fall in demand. At the shipping company's regular meeting of captains, for precisely this reason we decided that our prime objective should be to develop and improve our trading activity, to ensure that we can hoist our sails for many years to come. To achieve this, however, we need to trade in a way, and to offer the kinds of services, that serve to ensure our customers' fullest satisfaction. So in terms of both quality and the standard of service, we have to assess what is needed, and in this way we will be able to provide our customers with the experience and standards that they expect. And to put all this into place we need stability, both up on the captain's bridge, and down on the decks. We seem to be on course; keep going, people!

Captain's Log entry, passing through the Gulf of Know-how

Our bank group provides commercial banking, leasing and factoring services to private and business customers in Hungary. Similarly to the other players in the sector, in recent years we have 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 our Bank 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. Strategy

The strategy rests on three main pillars:

repositioning/balancing through development of the consumer and small business segments, as well as retention of the current market share in the corporate division, and the proactive management of the riskiest parts of the portfolio,

- the clear internal organisational separation of the inherited portfolio that is not a strategic priority
- a portfólió legkockázatosabb részének proaktív kezelése.

The objectives are clear:

- for the Bank to become the primary bank for its customers;
- the gradual creation of stable profitability;
- a strong, sustainably profitable bank with a smaller organisation.

3.1. Distribution of income, from a stakeholder's perspective

The data pertaining to the generation and distribution of economic value reveal how the organisation contributes to the prosperity of 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 2013 Business Report and the Annual Financial Statements that include it.

The 2013 data continue to reflect the protracted difficulties faced by the Hungarian economy, and the impact of the much changed tax regime, as the economic value generated fell due to the special tax on banks, the drop in interest revenues, impairment and other losses; but at the same time we reduced our loss somewhat in comparison to the previous year.

Economic value generated and distributed (HUF billion)

	2009	2010	2011	2012	2013
Total value generated (A)	270,125	212,354	197,434	172,067	148,247
Total consumption (B)	219,448	180,758	201,288	238,686	178,220
Gross value added from core business activity (A-B=C)	50,677	31,597	-3,854	-66,619	-29,973
Revenue from the sale of fixed assets (D)	0,041	0,172	-1,254	-25,846	-40,575
Total economic value generated (C+D=E)	50,636	31,768	-5,108	-92,465	-70,548

	2009	2010	2011	2012	2013
Shareholders (dividend)	0	0	0	0	0
Employees (wage payments)	30,356	27,966	24,744	24,161	23,261
State (direct and indirect taxes)	7,342	18,481	-0,723	24,491	35,229
Third sector (donations and contributions)	0,869	0,844	0,882	0,725	0,047
Corporate sector (profit reserve and depreciation)	12,069	-15,523	-30,010	-144,842	-129,084
Total economic value distributed	50,636	31,768	-5,108	-92,465	-70,548

3.2. Our trading partners

The main port of call for the good ship CIB when plotting its course is Customers' Island, where it maintains the closest possible relationship with the inhabitants. It has taken the findings and lessons learned from them, and incorporated them into its operating model. It is of primary importance to maintain a relationship with them that is based on sufficient attentiveness, appropriate and equitable provision of information, and constant two-way communication, when we lower our anchor in another harbour.

"We had a relatively uneventful voyage to the first port. The day of our arrival coincided with the local market day, so as well as making use of the postal services we provided the opportunity for all our trading partners to voice the opinions that they had formed about our relationship with them. This is the sixth year in which we have done this, with the aim of further raising the level of their satisfaction. It is hard to describe just what a positive experience it is, as the seagulls flock overhead, with the sunbeams bouncing off the water and the familiar monotonous crashing of the waves in the background, to sit on the shore in a circle with our customers, and listen to what they have to say. And this is to say nothing of when, in response to one of their concerns, we manage to change, to make the necessary changes – at such times I am truly proud of the crew."

Captain's Log entry at Stakeholders' Island

3.2.1. Customers



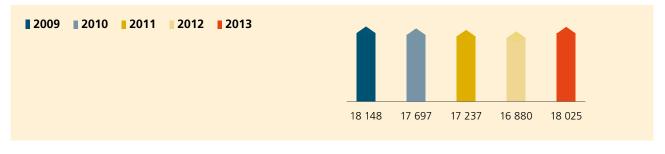
The CIB Group's clientele by segment (number of customers)

Customer satisfaction and complaints management

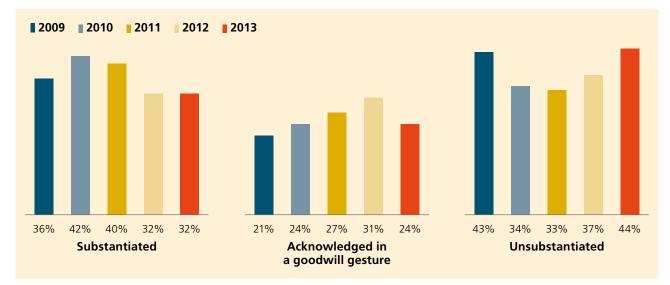
- Our 100% Listening programme has entered its sixth year.
- We conduct segment-specific customer satisfaction surveys among our retail and SME customers.
- With the help of a system based on a short questionnaire accessible via the queue ticket dispensing machines in the branches, last year we elicited 375 000 responses from our customers. The questionnaires, which are updated quarterly and are tailored specifically to the individual branches, have made it possible to initiate targeted improvements in the branches with adequate speed.
- With respect to complaints management where there was a 7% rise in the number of complaints relative to the previous year we faced considerable challenges. Most of the complaints were received in respect of bank cards and current accounts, and leasing and credit products. Last year we found some kind of equitable solution for our customers in the case of every fourth complaint. Some 51% of the complaints were related to terms and conditions, and only 3% concerned customer communication. With respect to abuses of personal data, a total of 78 complaints were received (in 2011: 83, in 2012: 82), a significant proportion of which were related to external bank card fraud.
 - The CIB Group regularly cooperates in the hearings and consultations held by the Financial Arbitration Board in the interest of arriving at settlements that are based on customer-oriented solutions.

Data as of 31 December

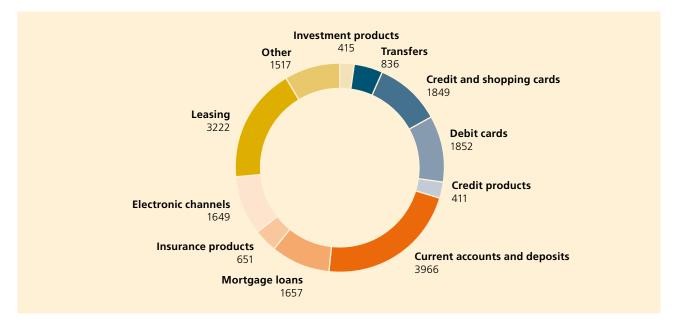
Number of complaints investigated by Voice of Customer (the complaints management department)



Adjudication of complaints in 2013



Breakdown of complaints by type of service in 2013



We consider it important that everybody, including those of our customers who have disabilities affecting their movement, sight and hearing, or who are living with any other handicap, should have 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 2013 all of our 95 branches were barrier-free in compliance with the statutory requirements. (In 2012, some 75 of 108 branches were barrier-free, representing 69% of the network.) 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 2013 the bank's branch network consisted of 95 units, and 171 CIB-operated ATMs were available to our customers. As in 2012, the CIB Group did not have any representative offices in 2013. At the end of 2013, a total of 40 of our branches had children's areas, making it easier for customers with small children to do their banking.

Indebted customers

The government introduced numerous new regulations with the aim of improving the situation of borrowers with foreign currency-based mortgage loans. Although the majority of the programmes were concluded in 2012 (full early repayment at a discounted exchange rate and the write-off of 25% of non-performing mortgage loans), the exchange rate cap scheme (opportunity to make repayments at a fixed exchange rate) was extended.

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.

Our customers have several options for the bridging of their repayment difficulties, depending on what type of loan product they have.

- In the case of unsecured credit there is an opportunity to request a temporary reduction in the repayments (50% for 6 months), but we charge the unpaid principal and interest in the following period. There is also the possibility of lengthening the repayment term, in which case the monthly payment decreases although not proportionately, due to the increase in the overall loan fees while various loan debts existing simultaneously can be replaced with a debt consolidation loan.
- Where property-backed loans are concerned, we offer numerous other solutions. With the CIB Solution Loan we provide what is known as a period of forbearance, during which only a part of the monthly payment needs to be paid, but we charge the unpaid principal and interest over the remainder of the term. There is the option to convert a Swiss franc-based loan into a euro or forint-based one. Based on the statutory provisions our CIB Exchange Rate Fixing Loan II product, which also ensures a temporary period of easing at the fixed exchange rates specified in the relevant statutory provision. The CIB Replanning Loan could be of assistance to those of our customers with Swiss franc-based mortgage loans who, due to changes in the exchange rate and/or their life circumstances, are unlikely to be able to continue meeting their current contractual payment obligations over the longer term. Furthermore, the monthly payment can be reduced by lengthening the term of the loan. For the amendment, it is also necessary to reissue the notarized deed and amend the contract.

3.2.2. Suppliers

Our suppliers play a key role in our ship's trading activity, as they too help to ensure our undisrupted operation, provide our equipment, performance maintenance, keep things clean, and supply us with provisions etc. Therefore, the most important principle when choosing our suppliers is to display fairness and transparency in the selection process. This is why it is especially important for us to maintain satisfactory relationships with them. They are important, because it is through them that we can stock up on provisions, and they also know where to find new sources of fresh water. They say that

their latest discovery is a spring that yields the purest water on the whole island. I can hardly wait to see it for myself. I've prepared 100 barrels, which are now all waiting to be filled. And I also need to procure stocks of the popular drink used to fortify the crew after a particularly dangerous manoeuvre. I like trading with small companies from the indigenous community, although we also buy from large international corporations; nevertheless, we make an effort to give preference to local small businesses.

Captain's Log entry, from the guest hut on the edge of the village

Our aim is to operate an effective costs management system and procurement process, to control expenses and procure all of the goods and services that are necessary for the group.

Our operation is based on responsible procurement. The same terms apply to all our suppliers, and in the course of their selection our procurement principles and rules are enforced consistently.

Our procurement principles:

- a supplier selection system that ensures transparency and a level playing field;
- consistent and favourable payment terms;
- insisting on legal, above-board employment at subcontractors too;
- the use of environmentally friendly technologies, environmentally friendly products and materials, and the recycling of waste is encouraged and in certain cases compulsory.

Our regulations are harmonised with the standards of our parent company ISP. This general set of rules is periodically reviewed in the interest of ensuring that the principles of transparency and equal opportunities are continuously met. (The last review was held in 2012, and concluded that our procurement processes taking place along these lines ensure transparency and equal opportunities.)

In keeping with the ISP principles, ethically-sound conduct is also reflect in our processes as an obligation associated with the contracts that we conclude, according to which our suppliers have to warrant that before signing the contract they have read our Code of Ethics, understood the parts of it that relate to them ("Guiding Principles for our Stakeholder Relationships" and "Guiding Principles for our Supplier Relationships"), that they agree with its content and will fully comply with its provisions in the course of their own operation. In addition to the above we have set ourselves the objective of incorporating, as an addendum to the CIB Group's guidelines on its procurement processes, Intesa Sanpaolo's sustainability rules relating to the procurement and use of paper and other materials. We plan the introduction of this to take place in 2014.



Number of suppliers by geographical location

	2010	2011	2012	2013
Hungary	3 526	3 683	3 940	4 022
Europe	71	108	97	92
North America	8	12	12	10
Asia*	2	5	2	0
Total	3 607	3808	4051	4 124

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

	2010	2011	2012	2013
Hungary	19 412	22 250	25 617	23 798
Europe	1 612	1 580	2 000	2 212
North America	170	134	223	211
Asia*	17	17	46	0
Total	21 211	23 980	27 887	26 221

*Israel is included in Asia.

3.2.3. Authorities

- Number of proceedings launched by the various authorities, concluded in 2013 with the issuance of a resolution: 86 (in 2012: 94, in 2011: 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: 51 (in 2012: 64, in 2011: 46, in 2010: 13, in 2009: 8)
 - Amount of fines paid in 2013: HUF 868.3 million (in 2012: HUF 33.9 million, in 2011: HUF 31.1 million, in 2010: HUF 15.9 million, in 2009: HUF 206.5 million)

The large visible difference in the statistics relative to previous years' data is attributed to the fact that in 2013 the Hungarian Competition Authority ruled that the banks committed a breach of the law between 15 September 2011 and 30 January 2012, by harmonising their strategies when restricting the availability of redemption loans. In connection with this case, a fine of HUF 835.4 million was imposed on CIB Bank.



Number of consumer protection proceedings conducted by PSZÁF/MNB, concluded in 2013: 85, of which the total number of resolutions imposing a fine was 50. Consumer protection fines imposed on the Bank, in total: HUF 10 million 350 thousand.



3.2.4. Pricing

When determining our pricing we comply with the prevailing statutory provisions and fully observe the rules of fair competition, while giving priority to both maintaining the Bank's solvency and ensuring the safety of customer deposits. Our prices are determined by fair market competition, the business strategy and the aspects of the regulatory environment that affect pricing. An example of the latter is the legislation that places exceptional restrictions on unilateral contract amendments, and the tightening of credit coverage rules applicable in the course of lending.

3.3. Products

CIB Bank is one of the most capital-strong financial institutions in the domestic market, with firm support from the parent bank and more than 30 years of experience, providing the full range of services to more than 500 thousand customers in the domestic money market, while constantly seeking innovative solutions tailored to suit the needs of its customers. The services of CIB Bank Zrt. are available to businesses, institutions, municipalities and sole traders, as well as to retail customers. Besides the bank's branches, customers also have an exceptionally wide variety of electronic channels to choose from, through which to manage their finances quickly and conveniently, such as CIB Internet Bank, mobilCIB, or eBroker, the Bank's information and securities trading system.

Keeping pace with the changing market environment, our Bank revamped its services in 2013 in order to offer a new and more transparent product range from which customers can choose the financial service that is the best suited to their requirements. The CIB Group also offers services to individuals and legal entities with special requirements.

Products/services that the Bank Group offers to its customers:

Investment products
Transfers
Credit and shopping cards
Debit cards
Credit products
Current accounts and deposits
Mortgage loans
Insurance products
Electronic channels
Leasing
Other

Secure banking

In order to make using CIB Internet Bank and mobilCIB more secure, from 8 August 2013 onwards CIB Bank began incrementally introducing the obligatory use of a password generating device for identification purposes, in line with the security requirements specified by the Hungarian Financial Supervisory Authority in respect of two-factor authentication.

To achieve a high level of security, taking into consideration the varying needs of customers, we offer two different types of identification device for our customers who use the CIB InternetBank. Our MobilToken application makes it possible to access our electronic services from anywhere using a mobile handset, while for those of our customers who prefer to use more conventional equipment, a physical token device is available for the electronic administration of their banking affairs.

With regard to its services CIB Bank devotes particular attention to providing its customers with as much information as possible to help them make informed financial decisions. For this reason it participates in programmes that have as their primary goal the promotion of a culture of financial awareness.

The "Financial Compass" Programme

CIB has for many years sponsored the "Financial Compass" Programme (in which it participated in both 2012 and 2013), which is coordinated by the National Bank of Hungary. For more details about this, see the section entitled "Financial Literacy".

"Piggy Bank" Savings Account promotion

In 2009 CIB launched a personal savings account intended to encourage regular saving. The account pays higher interest for every month in which the customer deposits HUF 10 000 or more in the savings account. Since the product's launch, more than 110 000 such accounts have been opened at CIB, although since then a number of the accounts have become inactive. In the interest of encouraging saving among our customers, CIB launched a promotion in October of 2012. Owing to the success of the campaign, it continued the initiative right up to the end of 2013, providing an extra "bonus" to customers who set aside money in 12 consecutive months.

Retail product usage (including micro-enterprise customers)

	2010*	2011*	2012	2013
Retail loans (HUF billion)	767,2	671,3	521,2	432,1
Retail deposits (HUF billion)	724,2	819,8	804,7	629,8
Number of active bank cards	460 098	419 787	425 369	371 178
Number of customers with an active CIB Internet Bank subscription	308 555	324 392	325 910	302 896

Consolidated, IFRS data as at 31 December *: Updated in 2012.

Our corporate customers have a key role in stimulating the economy. Therefore we provide them with supplementary services that assist them in the further development of their business.

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Support for raising the financial awareness of micro customers with the Start Up Guide and Revol Software – in a continuation of the practice from previous years

To advance the financial education of micro-enterprise customers, we provide a 240-page Start Up Guide to all customers who open an account, containing lots of up-to-date financial advice (for example: business plan, what does financing mean, state subsidies, running a business – tax and accounting questions, insurance, legal questions, day-to-day business issues – how to negotiate, what to sell and for how much, basic communication skills, internet use).

Another useful tool that we offer free of charge is the Revol Software program, which is an invoice planning program that considerably simplifies the process of billing for customers.

SME segment:

The various customer segments all expect financial service providers to satisfy different needs. For this reason CIB Bank does not bombard its customers with standard propositions, but offers them solutions which – in keeping with the life cycle of the business – represent a complex package of financial services. It is a fundamental principle for us that we should meet our customers as many times as possible, because it is this personal relationship that enables our advisers to provide the managers of the businesses with as much information as possible, in a knowledge of the company's present financial situation and plans. It is essential for customers to feel secure, and to be confident that they can trust their financial relationship manager. We believe that a long-term relationship built on trust is what forms the basis for the upkeep of a business that is built and run on stable foundations. Today competition based purely on price has been pushed into the background, giving over to an effort to forge relationships of trust. It is also in this spirit that our SME Division provides its services.

"Relay Baton" and Business Breakfasts:

"Relay Baton" is an initiative under which the managers of CIB Bank's SME customers are given the opportunity to present the secrets of their business success, for example: management structure, strategy building, or perhaps their planning and governance, in the pages of relevant business media organs. These articles are published in national and local newspapers, as well as in the online media. In every case the interviews are accompanied by educational articles relating to special financial products, such as leasing facilities or subsidised loans, for example.

In the autumn and spring of 2013, CIB Bank's SME Division held a series of business events focusing on special business topics with relevance to SMEs. The purpose of this initiative was to generate dialogue between the SMEs, and to help them take all the latest "best practices" on board. These events provide an excellent opportunity for networking across the regions, between SME managers and banking specialists, and they also function as a superb platform for the sharing of valuable experience and exchange of tips, and for working together to find solutions to business challenges.

Corporate product usage

	2010*	2011*	2012	2013
Corporate loans (HUF billion)	1 376,2	1 230,2	996,7	820,4
Corporate deposits (HUF billion)	618,9	597,7	506,2	572,9
Number of active bank cards	9 880	8 437	8 445	7 889
Number of customers with an active CIB Internet Bank subscription	13 026	8 986	8 610	8 106

Consolidated, IFRS data as at 31 December

*: Updated in 2012.

Initiatives to support our retail customers

People may find themselves in situations, or faced with unexpected events, that make it difficult to meet their contractual loan repayments temporarily or for a longer period. In such cases it is extremely important that our customers notify their bank of this as soon as possible, as we have elaborated numerous options in the interest of – working together – finding a solution that makes it possible to continue making the repayments.

Particularly prominent among our proposals aimed at households and individuals are financial products, such as mortgages, loans, etc., that promote financial integration and provide support for the groups in society that are at the greatest disadvantage in the crisis, such as:



- People and families in need
- The elderly/pensioners
 - Students/youth
 - Workers subject to redundancy
- Immigrants

For more details about the favourable opportunities available to retail customers, see the section entitled "Indebted Customers".

Participation in the Funding For Growth scheme of the National Bank of Hungary (MNB)

The Micro-Enterprise Division joined Phase 1 of the MNB Funding For Growth scheme in 2013 (the 1st phase ended in August 2013), then in November 2013 it joined Phase 2 of the scheme (the scheme will finish at the end of 2014). The lending initiative is designed to strengthen the Hungarian economy through the provision of discounted loans to SMEs at an interest rate of only 2.5% (the refinancing cost for the banks is 0%; the funds are provided by the National Bank of Hungary). A total of HUF 2 000 billion was earmarked for the banking sector as a whole in Phase 2 (90% of these funds have to be placed as new loans), while in Phase 1 a total of HUF 700 billion was utilised (of which HUF 300 billion went on the granting of new loans, and the remainder on the refinancing of existing facilities). In Phase 2 we plan to disburse loans totalling HUF 1.5 billion within the Small and Medium-sized Enterprise segment.

Distribution of the loan portfolio by sector (%):

(millió Ft)	2011 (%)	2012 (%)	2013 (%)
Trading	10.29	10.67	7.53
Private Banking customers	30.80	28.65	27.09
Real estate investments	25.17	25.10	24.82
Other service sector	15.62	18.00	17.08
Food manufacturing	1.75	1.87	2.26
Transport and communication	3.47	3.19	5.98
Light industry	2.96	2.94	2.96
Heavy industry	2.56	2.66	2.50
Financial activity	4.55	4.00	4.22
Agriculture	2.28	2.35	4.11
Chemical and pharmaceutical industry	0.55	0.57	1.45
Total	100.0	100.0	100.0

All customers who enquire about our services receive equal treatment. As a part of our responsible operation, following a precise assessment of their needs all our customers receive a personalised offer; but in order to meet the requirements of responsible operation, and taking into account the long-term interests of the customers, we only provide the given service, or refuse to provide it, after carrying out preliminary checks. The Bank complies with the provisions of the Code of Conduct, through the application of the principles of compliance and symmetry, in all of its dealings with customers.

3.4. Responsible marketing

Our existing and potential customers learn about or products and services as a result of our marketing activity. It is important for us that we provide comprehensible and proper information in a way that generates interest in our products and services.

We finalise our marketing communication materials following consultation with the Legal and Compliance departments, in the interest of ensuring responsible operation and legal compliance. During our advertising campaigns we take both ethical and sustainability guidelines into account. The CIB Group does not advertise in any media organs that give space for the expression of any extreme views.

In the course of producing our publications we place emphasis on the use of recycled paper wherever there is an opportunity for us to do so. We print our newsletters on recycled paper.

Consistently with the rules of responsible communication, and in compliance with the statutory provisions, we do not offer our products to minors, and do not advertise in public institutions where the education or training of people under 18 years of age takes place.

Our ship's crew – "Only become a sailor if you love the sea"

4. Our ship's crew– "Only become a sailor if you love the sea"

There are lots of good officers serving aboard this ship, but this massive several-tonne vessel could not be sailed without a crew of suitable proficient sailors, and of course cadets. It is perhaps even more important for us to retain the best members of the crew, as we wouldn't want them to leave us to serve on the ships of a rival shipping company. For this reason, the senior officers have got together and selected the most talented deckhands and colleagues, and we are deliberately training them to take on management roles, strengthening their talent and skills. Because a ship such as ours can only be run properly if its leaders prepare for their role deliberately and in good time. This is also in line with the merchant shipping company's expectations. It's difficult to find good specialists these days. Recently 10 of my sailors, who were extremely skilled at repairing sails and taking prevent this, or I'll run into problems...

... I've consulted with the helmsmen, and accepted the solutions proposed by them. I am confident that in this way I can motivate my crew and once again forge them into a community.

The past year has seen a great many changes in our work processes, in the interest of enabling us to get the highest possible quality of work from the ship's crew, and ensuring that they receive the appropriate support for this. We are also working to improve our ship's culture, as just what kind of spirit prevails for months on end is far from unimportant when we are travelling and working so closely together

> Captain's entry in the Ship's Log, 2013. In dock at the port of Rhetoric

I am especially proud of the fact that, even with their heavy and difficult workload, almost a fifth of my crew also do voluntary work. Volunteering constitutes an important part of the ship's "DNA". A small party of crew members came across an isolated community living in the middle of the forest. Upon returning they collected food, clothes

soundings, transferred to the Star Liner as petty officers. I have to

and other tools, and took them back to these people. The next time they go I will join them too. They might have some interesting local information.

Captain's Log entry, off the coast of Accountability

4.1. Crew statistics

At the end of 2013 our Bank Group employed 2 531 people, almost all of whom had indefinite-term employment contracts, which for us is also symbolic of a committed employment relationship that can be planned for in the long term. To meet our seasonal labour requirements, we also employed 32 persons under a contract staffing arrangement. Although the proportion of part-time employees decreased slightly, we use other means of helping our staff to achieve a healthy work/life balance. We are proud of the fact that the number of our employees with altered abilities increased by four in comparison to the previous year.

Number of employees of the CIB Group

	2008	2009	2010	2011	2012	2013
Fixed-term	144	99	82	33	16	21
Indefinite-term	3 513	3 180	3009	2912	2739	2510
Total	3 657	3 279	3091	2945	2755	2531

Data as of 31 December

	2010	2011	2012	2013
Number of part-time employees:	32 fő	32 fő	34 fő	29 fő
Number of employees with acquired disabilities:	22 fő	20 fő	20 fő	24 fő
Number of agency employees:	51 fő	40 fő	45 fő	32 fő

The proportion of women working at our Bank Group is significantly higher than that of men, which is due to the fact that women are in the majority in units with high staff numbers (branch network, accounting, operation).

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

	Male	Female	
Executives	55%	45%	100%
Specialists	48%	52%	100%
Subordinates	25%	75%	100%

The head office of our Bank Group is located in the capital city, and thus most of our employees also live primarily in the Budapest region. Nevertheless, we also provide the opportunity for those of our staff who life in other regions of the country, but whose work requires them to be present at head office, to only spend certain days of the week in the capital, and perform their duties in a distance working arrangement, in one of our provincial branches. Thanks to this, and to our branch network, we also employ almost 500 persons in the provinces.

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

	2011	2012	2013
Budapest	2375	2232	2048
East Hungary Region	304	278	264
West Hungary Region	266	245	219
		5	ate as of 21 December

Data as of 31 December

We do not consider our organisation's average staff turnover to be high, and there is no visible difference between the sexes in this regard; however, we note that last year the number of employees leaving was over four percentage points higher, which was attributable to the uncertainty prevailing in 2013 with regard to banks in general and the future of the financial institution, which typically stemmed from the external economic and political circumstances. There was no significant change in the proportion of new employees joining the company, and the number of staff is currently in line with the new organisational structure and challenges.

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

	2008	2009	2010	2011	2012	2013
Proportion of employees leaving the company	20,4	17,14	19,3	20,6	17,28	21,45

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

	2009	2010	2011	2012	2013
21–25	14,5	41,67	15,61	16,9	26,8
26–30	16,49	15,18	19,19	19,29	26,0
31–35	15,40	19,00	22,41	17,02	22,2
36-40	16,81	17,60	20,79	16,31	22,7
41–45	19,38	17,37	20,8	16,35	18,4
46–50	17,14	21,02	25,35	16,11	9,8
51–55	22,30	16,41	19,13	14,15	17,9
56–60	30,91	113,16	50,0	26,92	18,5
61–	200	0	16,67	12,5	0

	2009	2010	2011	2012	2013
Male:	19,01	23,8	24,5	18,31	21,24
Female:	16,19	16,9	15,3	16,75	21,56

Proportion of employees leaving the company, by gender, %:

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

	2008	2009	2010	2011	2012	2013
Employees joining	889	230	476	483	317	283
Employees leaving	747	562	598	621	476	543
Data as of 31 Dec						

The average monthly wage of career starters recruited by the bank in 2013 was HUF 255 788, or 260% of the statutory minimum wage. In 2012 it was HUF 251 430, or 270% of the statutory minimum wage, and in 2011 it was HUF 242 108, or 260% of the statutory 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)

	2009	2010	2011	2012	2013
Executive male	13,32	12,3	12,83	11,92	12,43
Executive female	12,44	10,63	10,36	10,32	10,38
Male specialist	7,22	7,66	7,75	7,69	7,57
Female specialist	6,93	7,03	7,03	6,91	6,89
Male subordinate	3,92	4,01	4,2	4,38	4,25
Female subordinate	3,46	3,47	3,52	3,65	3,64

Data as of 31 December

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

	2008	2009	2010	2011	2012	2013
Number of workplace accidents	12	8	6	8	15	9
Number of working days lost	161	106	726	222	273	366

Data as of 31 December

	2008	2009	2010	2011	2012	2013
Illness	28,4	26,7	26,2	17,9	16,58	12,0
Accident	0,2	0,1	0,1	0,1	0,2	0,2
Maternity leave	63,8	61,5	60,9	71,1	80,97	72,1
Other	7,6	11,7	12,8	10,9	2,25	15,6

Ratio of missed days by reason for absenteeism (%)

Data as of 31 December

4.2. Performance counts – and good performance is rewarded

In 2013 we continued the process of redefining the corporate culture within the Bank Group, commenced in the previous year. All employees of every division attended workshops through which they got to know the objectives and milestones of the process, while our special CIB Spirit programmes continued in the interest of strengthening employee commitment and loyalty. A few dedicated employees joined to form the CIB Spirit Team of Ambassadors, who have undertaken to contribute directly to the change of corporate culture through examples, initiatives, innovative ideas, and by coordinating inspirational programmes. This community of Ambassadors, together with the HR and Communication departments, continue working to ensure that the elements of the new CIB corporate culture are more clearly visible to as many people as possible. Our objectives relating to the change of culture are reflected in our manager training, as well as in the orientation and skills development courses held for new employees.

Performance is one of the most important foundation stones of our corporate culture. For this reason we have reinforced the performance-based approach in the HR systems; for the purposes of selection, remuneration, promotion and benefits, for example, we are launching our proprietary SAP applications, the Performance Management System (TÉR) and Career Management System (KARMA). These make it possible for performance assessment discussions to take place in a documented fashion. In summer of 2013 we launched the Management Talent Programme, in which we prepare suitable candidates for their possible future role.

In 2013 we prepared the ground for changes to the Cafeteria system of fringe benefits, and in 2014 we are switching from settlement based on the net allowance, as used until now, to one that takes the gross amount as its basis, which gives employees a 40% higher allowance for non-cash benefits.

4.3. Professional HR – Active support on a day-to-day basis

In 2013 we continued to update the regulations on HR processes, our regular operation and service provision activity. As a part of this, our new labour, training, recruitment and selection, and remuneration policies were approved, and we drafted the performance assessment, career planning, and staff mobile telephone policies. At the beginning of 2013 we successfully launched our SAP Training Management and Records System (KeMÉNy).

Besides this we provided active HR support in connection with the Bank Group's organisational restructuring; based on a decision made by the senior management in the early summer of 2013, starting in December 2013, the Bank's portfolio of what are judged to be risky assets began to be separated internally from the divisions that manage performing customers, allowing us to concentrate in a more focused manner on achieving our business objectives. For the same reason, we restructured our Retail network and re-segmented our customers managed in the SME and Retail divisions, based on their sales revenue. In two stages we reduced the number of our branches to 94 over the course of last year, and implemented many other organisational changes in line with the strategy.

To assess the satisfaction of our employees, as in previous years, both in January and in November of 2013 we participated in the "Climate Survey" initiated by our parent bank.

The most important finds in respect of the reporting year were as follows:

The perception of the Bank's management and the management's commitment to renewal continues to be positive.

- There has been no change to your opinion that, for customers, the Bank is characterised by bureaucracy and slow processes.
- At the same time a negative shift can be detected in the opinions expressed with regard to the Bank's growth in business terms, and to its profitability. Fewer of you consider the bank to be competitive. A marked decrease can be observed in this regard.
- But we have the following to be proud of: this year more than 9 out of every 10 colleagues feel that they are mostly or very proud of their work.
- 7 out of 10 employees still tell their friends and family that they are happy, or very happy, that they work at the CIB Group.

We have overhauled our sales incentive system for employees working the business divisions, basing it on the processes developed by our owner and applying both financial-economic and quality-related indicators.

The wide-ranging system of fringe benefits is an important part of our new remuneration strategy. The value of the benefits package provided under the Cafeteria system to full-time employees in 2013 remained the same, at HUF 17 500 per month. Part-time workers continued to be entitled to Cafeteria benefits on a pro-rata basis. In the course of 2013 we reviewed the operation of the Cafeteria system, with the involvement of employees' representatives, in the interest of providing workers with an even wider choice of options from 2014 onwards. For the new system, we increased the previous net allowance by the extent of the tax payable by the company on the benefits, and also permitted the selection of items that are taxed at a 0% rate. With this step, from 2014 instead of the previous HUF 17 500 allowance, employees can select Cafeteria benefits up to a value of HUF 23 750 a month.

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 2013. For managers above a certain job grade, owing to the higher-risk environment, in 2013 we provided executive medical screening as part of the annual occupational health examination. The screening tasks continue to be performed by the Oxyvit medical group, which has provided occupational health services since 1994. To ensure that our employees receive the best possible service, in 2014 we are advertising a tender for the provision of occupational health and executive medical screening services.

We make an effort to create the optimum physical conditions for working (suitable office furniture, technical equipment, recreation rooms, dining opportunities, etc.). In this way we can reduce the risk of accidents at work and cut down on the incidence of absenteeism due to illness.

We ensure equal treatment for all existing and prospective employees, but at the same time we also give special consideration to the work opportunities for people with disabilities or altered abilities. In 2013 the Bank Group was again forced to make numerous redundancies. In connection with this, as on previous occasions, it was decided that the downsizing should not affect any employees who are in some way disadvantaged or living with a disability. Where necessary, we adapt the hiring process to accommodate the special needs of people with altered abilities.

A trade union operates at CIB Bank, and the number of its members was 364 at the end of December (in 2012: 309; in 2011: 293, in 2010: 323). Representatives of the trade union make up the Social Committee, which has the task of managing certain forms of social assistance provided by us to employees. The workplace council elections announced in 2013 were inconclusive, and the next workplace council election will take place in August 2014.

4.4. Winds of change bring the need for a new culture

In 2013 we continued the process of redefining the corporate culture, commenced in the previous year, a key element of which was the series of culture workshops held for division employees. At these events, typically held in large groups (of between 30 and 200 persons), we presented the results of the Corporate Culture survey and our cultural guiding principles to the participants, and then we put our heads together to think about the best ways in which to incorporate the guiding principles into our everyday lives.

Another important part of the change of corporate culture is the new management development system launched in 2013. We elaborated a complex development package for our managers that, on the one hand, offers development in line with their management career path – this is known as the MyWay management training series – and, on the other, is also linked to the competencies that need to be developed, in the form of management skills training courses. Focusing on the main junctures in the management career path, we announced three different types of training: Management for Non-Managers, Training for Newly Appointed Managers, and Change Management and Self-Awareness Training for Experienced Managers. On the latter training course, some 224 managers received feedback about the extent to which their management style is consistent with the desired corporate culture, in the interest of promoting the change of corporate culture. In addition to the new corporate culture, in November 2013 our new bank strategy was also announced, as 331 managers – the Bank's entire management team – took in the first strategy off-site event, where on behalf of Intesa Sanpaolo Mr. Ignacio Jacquotot, head of International Subsidiary Banks Division, reassured those present that the parent company still wants to maintain its presence in Hungary, and the Bank's senior management imparted the main messages of the strategy.

4.5. Talented sailors deserve special attention

One of the main successes of the career management system launched by the CIB Group in 2013 is that we have now identified those of our colleagues who could become the managers of the future. For them we have elaborated the Management Talent Programme, for which 155 employees have been selected. The first Management Talent Programme got under way in May 2013.

Participants in the programme have access to almost 30 development courses in 3 categories.



training (10%): e.g. management and company-specific talent training courses, skills development training courses, etc. In collaboration with the Central European University (CEU), in 2013 we launched the Mini MBA course, in which 17 management talents participated.



demonstration (20%): e.g. mentoring programme, coaching, publications, etc.

practical experience (70%): e.g. project management, project participation, rotation, on-the-job training, visits to other departments, etc.

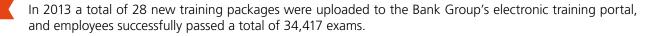
A compulsory element of the programme is the mentoring scheme, when certain managers from the Bank Group voluntarily use their experience to help with the development of the management talents.

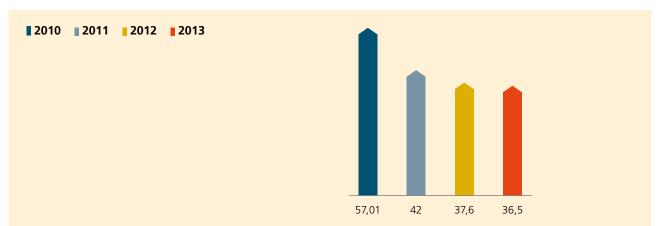
Some 34 of the participants in the Management Talent Programme launched in May 2013 have already received a management appointment, or have been promoted to a management position with greater responsibility.

In view of the success of the programme, we plan to continue it in 2014.

4.6. Training – Developing new skills and competencies is necessary to meet the constant new challenges

- The average number of hours of training per employee was 36.5 hours, which means that each employee received an average of 1.52 days of training over the year.
- A total of 712 employees participated in our restructured orientation programs, launched at the beginning of 2013.
- In 2013 a total of 193 people attended the English and Italian language courses supported by the Bank Group, which were held in Budapest in small classes. In the provinces 36 persons took part in the language training, typically at a unit of the contracted service provider. Almost 26 of the senior managers took part in one-to-one training. As a part of the Management Talent Programme, 37 people received language training, 32 in classes, and 5 in the form of one-on-one tutoring.

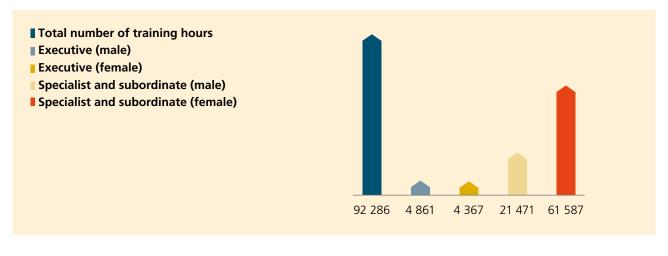




Annual average number of training hours per employee



Number of training hours broken down by professional status in 2013



In concert with the launch of the career management system, we developed 18 new types of training course relating to both management and general skills, and ran them for those of our colleagues who were found, in the course of the assessment, to show room for improvement of the skill in question (a total of 20 training courses).

- The training programme for Premium Bankers started in 2013 with a comprehensive assessment; we used seven competence centres to measure our colleagues' skill and competence levels, then after drawing a development plan as the first stage in the development process we worked on assertive communication training with every Premium Banker.
 - We also held sales training for corporate banking advisers, with the involvement of all the branch managers.
 - We supported the successful implementation of the product portfolio with a series of training courses with the following main areas of focus: for the participating employees to understand precisely the reason for the changes; for them to prepare to bring out the best of the new situation, both for our customers and for the Bank.
- On the sales training courses in addition to the programmes already mentioned we also worked with the staff of CIB 24, the SME and Leasing and Corporate Banking divisions, holding a total of 23 training courses for them.
 - In the year 2013 our retail orientation programme, in addition to the classroom sessions, was augmented with a mentoring programme, during which trained mentors help the new employees to gain in-branch experience.

4.7. "A loveable ship, and one to be proud of"

The year 2013, in the interest of strengthening employee commitment and loyalty, saw a continuation of the CIB Spirit programmes, which were also assisted by the team of Spirit Ambassadors, which is made up of enthusiastic employees.

Our aim is to make CIB into an attractive workplace, and one that we can be proud of. We want to build a strong and attractive employer brand, in which a healthy life/ work balance is achieved, in order to help us to recruit and retain talented employees, which in turn contributes further to the achievement of our business objectives.

Individual elements of the 2013 programme:

- "CIB Spirit Family" The purpose of our 250-member Facebook community page is to enable those of our colleagues who are at home to learn first-hand of the latest changes, and any available discounted shopping or holiday opportunities. They should feel that they are always members of the CIB family. During the year we also held events that focused on employees with families: on Bank Branches Day the children of our colleagues could get to know their parents' workplace through a series of fun activities, and at the Santa Claus Day event, which has become something of a tradition, some 650 children and 570 adults awaited Father Christmas while watching a performance by the Budapest Circus.
- "CIB Spirit Christmas" We presented our staff with gift packs to thank them for their hard work throughout the past year.
- "CIB Spirit Team Spirit" Team-building budgets were allocated to the organisational units.
- "CIB Spirit Civil" Alongside our traditional civil initiatives, as a part of the "Charity from the Heart" project organised the Team of CIB Spirit Ambassadors a charity concert was held, at which we collected a total of HUF 750 thousand for the International PetĐ Institute, which the institution is using for the purchase of exercise equipment.
- "CIB Spirit Health" Between May and September 440 of our employees attended comprehensive health screening tests. During this roadshow the staff of our contracted service provider, Swiss Clinic, visited CIB Bank branches in 44 provincial towns in

order to assess the state of health of our employees in their workplace, while in November a total of 574 people participated in the testing with the help of the screening truck parked outside our head office.

- "CIB Spirit Sport" We supported our employees in their sporting activities and training, and provided opportunities to take part in various sporting events. In August, at the Hungarian Banks' Sporting Event held in Szombathely, CIB Bank's team participated in 9 disciplines, entering a total of 59 competitors.
- "CIB Spirit Awards" With six different forms of recognition available, a total of 1 623 of our employees received the awards distributed at the end or middle of the year, such as Best Management Role Model, the Golden Team, or the Smile Award.
- "CIB Spirit Vacation" In 2013 we once again provided the opportunity for a total of 77 children to go on holiday – in two groups, for a week each – this time at the "Nowhere Island" children's camp in NĐtincs, Nógrád Country. Members of staff, meanwhile, received individual discounts on recreational opportunities.

Other initiatives of the teams of CIB Spirit Ambassadors:

- "Thank You Card" Every quarter the cards are given to all employees, and can be used to express thanks to those of their colleagues that they consider to be deserving of such recognition.
- CIB Spirit month of "Feedback" In 2013 we devoted the month of June to the importance of feedback, using handy articles and videos to graphically illustrate, for our employees, what makes good feedback.
- "Cafeteria from the heart" For 2014 the range of selectable fringe benefits available under the "Cafeteria" system was expanded, helping our employees to use the allowance allocated to them in a personalised way, to suit their own particular needs.
- "CIB Club" series of events In 2013 we held 7 events featuring various musical attractions and other forms of entertainment, to help our employees meet up in an informal setting.

4.1. Volunteering – a part of our corporate culture

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. One of our most prominent programmes last year was the National Food Drive Weekend held in collaboration with the Hungarian Food Bank Association.

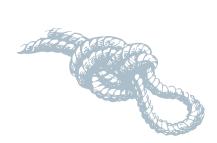
In Hungary today, according to data from the Food Bank and the United Nations, hundreds of thousands of people are severely malnourished, and there are 10-15 thousand starving children. While cash donations remain a necessary means of assisting Hungarian families in need, besides the financial contributions, donations of household items and food also have an important role to play. The latter take on a special importance in the run-up to holiday seasons, as they provide families in need with the experience of cooking together and sharing a family meal. The Hungarian Food Bank Association and the National Food Drive Weekend initiative enable a form of charitable cooperation that provides an opportunity for our employees and customers to contribute in a way that is free from the influence of business interests, and complies fully with the CIB Group's corporate social responsibility principles. Inspired by the results of the 2011 drive, which mobilised a record number of CIB volunteers and became the largest national food collection program of the year, we continued with the initiative and, in a strengthening of our strategic partnership, the Food Drive Weekend was implemented both in 2012 and 2013 with the CIB Group as its main sponsor. On 22 and 23 November 2013, almost 3500 volunteers, including 350 CIB employees, collected donations from the public at 256 locations.

Our branch staff contributed further to the success of our efforts by putting their sales experience to good use during the drive. In addition, some 100 of our colleagues who took part also brought members of their families along. In 2013, besides the volunteers, a number of Hungarian celebrities also lent their support to the initiative, helping to communicate the underlying social message more effectively. After the drive, the collected donations of non-perishable and packaged foods were distributed among families in need – before Christmas – with the help of civil-sector organisations from the same town or village.

The supermarket chains, local charitable organisations and local authority institutions also played in important part in the initiative.

Impact: We collected 140 tons of non-perishable foodstuffs for 20 000 families in need with the help of 350 volunteering employees.

We received the "Best Hungarian CSR Bank" from the Global Banking and Finance Review website in 2013, in recognition of the National Food Drive Weekend, organised in collaboration with the National Food Bank. The Hungarian Donors' Forum also recognised our employees' selfless work for the good of society with a Special Volunteering Award.



Stakeholder engagement

5. Stakeholder engagement

Anyone who's been to sea knows that during their voyage they have an impact on the environment of those with whom the come into direct contact in the course of their trading activity. The ocean is vast, and its islands and continents are populated by a diversity of peoples. The trading company, and as such the Ship, has the task and responsibility

of managing community relations. In our experience, what is important for our customers in this regard is not only that we offer advice to help them with the administration of their affairs, but also the ways in which we assist them and their community in their everyday lives. Both for them and for us, nurturing a partnership, maintaining a continuous and permanent personal relationship, is the first and most important principle of our operation. When we make the decision on whether to support a social initiative, as well as clarifying the business issues we also take into account its community-shaping effect, its impact on the town.

"Today the leader of a distant hill-dwelling community boarded the ship as it was moored in the dock, asking us to help develop their community. I left one of my officers behind to assess their needs and solve the problems. I promised that when we return to the port next year I would pick her up, but that until then she should keep a log of all the steps taken, and report on what the results of each step were. I can hardly wait for her report..."

Captain's Log entry, off the coast of Accountability

Responsible operation, sustainability, community. 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;
- and the corporate volunteering described earlier.

Our definition of community relations includes our relationships with professional organisations (associations, trade federations, chambers) and the third sector (nonprofit organisations, foundations, local communities), and the members of the local communities themselves. For us, maintaining an ongoing dialogue with our stakeholders is a fundamental requirement. 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. In the course of 2013, 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.**

5.1. Developing financial literacy

At the end of 2010, CIB Bank joined the **"Financial Compass" program,** sponsored by the National Bank of Hungary and the Hungarian Financial Supervisory Authority, and overseen by the Financial Compass Foundation, with the aim of widely improving financial literacy, promoting education and raising the general public's level of financial awareness. The Bank participated in the programme as it continued in 2013.

As a part of the programme, the sponsors have the opportunity to feature in numerous articles in a variety of media organs, to help people navigate the ins and outs of daily finances. CIB Bank was one of the most active sponsors, drawing attention to the importance of daily financial management in 503 articles throughout the year. The most popular themes included the various loans, schemes for the assistance of borrowers in difficulties, and savings. CIB Bank joined the programme with the aim of supporting financial education, and providing

advice and tips, as well as to share the "best practices" that are needed on a day-to-day basis. A legnépszerűbb témák közé tartoztak a különböző kölcsönök, hitelmentéssel kapcsolatos programok, illetve a megtakarítások. A CIB Bank azzal a céllal csatlakozott a Programhoz, hogy támogassa a pénzügyi nevelést, tanácsokat és tippeket adjon, valamint hogy átadja a mindennapokban szükséges "best practice"-t.

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. The 240-page Start Up Guide compiled by the Bank for its small business customers continued to provide its customers opening new accounts with a great deal of up-to-date financial advice in 2013 as well.

5.2. Social solidarity: the CIB Foundation in 2013

The CIB Foundation was less active than before in 2013, in line with the original plans. We continued with our existing sponsorships, but did not include any new eligible projects, owing to a decrease in the funds at the Foundation's disposal. In the course of the year the Board of Trustees allocated a total of HUF 23.2 million.

Beneficiaries of the CIB Foundation in 2013

Fairytale Therapy Foundation



- Alliance of Nógrád County Gypsy Minority Representatives and Spokespersons
- Association for Rainmen and Women
- Bátor Tábor (Camp of Courage) Foundation
- Hungarian Reformed Church Aid Foundation (Bódvalenke)

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



5.3. – Local Communities

In most cases CIB Bank's employees are themselves pillars of the local community, who at the end of the working day only step out of the building of the bank branch, but certainly not the community of the town. Our children also go to the local school, and we have to deal with the same problems, and we attend the same community events, as everyone else who lives here. All around us we can see precisely the areas in which help is needed, and we do our best to provide support for them using the means at our disposal. If necessary we pick up a tin of paint and a brush, but where there is more of a need for financial support we look into the opportunities for providing it. We consider it important to participate ourselves in improving the lives of communities. CIB Bank in 2013 provided support totalling HUF 6 333 000 with the participation of 40 bank branches in 31 towns, helping to make the everyday lives of 30 000 people easier.

5.4. – Professional organisations

Our partnerships with professional organisations also represent an important aspect of our community relations. The interests of the various sectors of the economy, and society, are represented by the associations formed by stakeholders, each focusing on a clearly defined set of objectives. Our participation in these organisations is important for two fundamental reasons. Firstly, it creates an opportunity to engage in professional dialogue, and secondly, it provides Bank Group, and the bank sector as a whole, with a means of upholding and protecting its interests as part of a structured advocacy group. Last year we reviewed and rationalised our membership of organisations, and at the end of the year we participated in the professional work of a total of 16 organisations. For a list of the organisations, see section 4.



Annexes

6. Annexes

6.1. Compliance with the principles of the UN Global Compact

Global Compact principles	Our performance	Related GRI indicators
Human Rights		
1. Business should support and respe- ct the protection of internationally proclaimed human rights.	 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 our Bank fully respects the Fundamental Law of Hungary and all other general domestic and international conventions 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. 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. 	• G4-56 • G4-EC5 • G4-LA6; • G4-LA12; • G4-LA13 • G4-PR8
2. Businesses should make sure they are not complicit in human rights abuses.	 In 2012 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 2012 was the updating of the rules of ethics procedures and gaining acceptance of the system among our staff. 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 2012 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. 	• G4-56 • FS14
Labour		
3. Business should uphold the free- dom of association and the effective recognition of the right to collective	• A trade union has been established to represent the interests of employees, which had 303 members at the end of 2012.	• G4–11

bargaining.

Global Compact principles	Our performance	Related GRI indicators
Munkaügy		
4. Business should eliminate all forms of forced and com- pulsory labour.	iminate all formsforced and com-We have made a commitment to protect human rights in	
5. Business should be effective in abolish- ing child labour.	• The Bank abides by the laws of the country and the relevant passages of the Fundamental Law of Hungary.	
6. Business should eli- minate discrimina- tion in employment and occupation.	 We declared in our Code of Ethics that we are committed to eliminating all forms of discrimination from our conduct and to respecting differences in gender, age, race, religion, political and trade-union alignment, and language, and to respecting the rights of those with disabilities. Our organisation is willing to appoint physically disabled staff to certain positions. In 2012 a total of 20 persons with acquired disabilities worked at the CIB Group. We place emphasis on achieving equality between the sexes: the difference between men's and women's wages is considerably smaller than both the Hungarian and the European average. Our long-term objective is to fully comply with the principle of "equal pay for equal work". 	• G4–56 • G4–LA12, • G4–LA13
Environment		
7. Business should support a precautionary approach to environmental challenges.	 We aim to use all our resources sparingly. In this regard we promote conduct that is based on the best use of resources and on the avoidance of waste and ostentation. We give priority to solutions that have been designed with sustainability in mind. In certain contracts we stipulate that in the course of fulfilling their obligations suppliers are obliged to use environmentally friendly technology, products and materials, and make efforts to recycle the waste that is generated. 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. 	• G4–EN8, • G4–EN18, • G4–EN19

Global Compact principles	Our performance	Related GRI indicators
Environment		
8. Business should undertake initiatives to promote grea- ter environmental responsibility.	 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. 	• G4–EN6, • G4–EN19, • EN26
9. Business should encourage the development and diffusion of environmentally fri- endly technologies.	• We endeavour to assume a role in the promotion of environ- mentally sound energy use, and for this reason we support the efforts and work of our colleagues and various civic organisa- tions.	• G4-EN6, • G4-EN19,
Anti-corruption		
10. Business should work against corruption in all its forms, including ext- ortion and bribery.	 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. 	• G4–56 • G4–SO4

6.2. Membership of associations

Membership of associations
Hungarian Banking Association
SEPA Magyarországi Egyesület
Budapest Chamber of Commerce and Industry
Italian Chamber of Commerce in Hungary
British Chamber of Commerce in Hungary
Magyar Forex Társaság
Nemzetközi Kereskedelmi Kamara
ACCA
Belső Ellenőrök Magyaroszági Közhasznú Szervezete
ISACA Magyarországi Egyesület
IIF
Magyar Reklám Szövetség
Magyar Önszabályozó Reklám Testület
Magyar Lízing Szövetség
Független Biztosítási Alkuszok Magyarországi Szövetsége
Magyar Faktoring Szövetség

6.1. About this report: boundaries, defining material aspects, GRI Index – Shipping glossary



Throughout my long life, I have always kept a diary. Not only the official ship's log, the weather log, transportation logs, etc., but also a journal of our non-financial achievements and responsibilities. It is important for me

to reflect on my own decisions and on our operation in general, and also to look at the way we are perceived by others. At the same time, I am confident that our customers, my colleagues and our other stakeholders, if they pick up my diary and read a few lines from it, will be gain a better understanding of the reasons behind our decisions, our difficulties and our joys.

This year I decided to keep a slightly different type of diary. I didn't make such an effort to achieve completeness, to explore every single detail. Of course, here too we have measured and noted down all the factors that are suitable for measuring our performance, but don't publish everything. We are only making public the data and information

that have proven to be genuinely important to our most important stakeholders. This is because we want them to be able to read about things that really do interest them, which have an effect on them or can be influenced by them. This was no easy task. It was preceded by an in-depth survey, with a separate team working to identify and structure the topics. Even I was surprised when certain environmental issues did not prove to be as important as we had previously thought, while it appears that the culture on deck, the way we treat the crew, is of interest to the majority. Furthermore it seems that everyone is worried about those in difficulty, and is curious to learn how we can help them, and what we can change to prevent others from running into such problems.

And I have made another change in comparison to my previous practice. I have switched to a more informal style, and made an effort to avoid professional jargon, hopefully with the result that we can put a more readable, interesting publication into the hands of our readers.

Reporting period:	calendar year 2013
Date of previous report:	July 2013 (GRI B)
Reporting cycle:	annual
GRI application level	'In accordance' – core

Entities included in the CIB Group's consolidated financial statements:

Subsidiary	Country of registration	Scope of Activity
CIB Bank Zrt.	Hungary	Commercial banking, leasing and factor- ing services
CIB Lízing Zrt.	Hungary	Financial leasing
CIB RENT Zrt.	Hungary	Leasing
CIB Ingatlanlízing Zrt.	Hungary	Real estate leasing
CIB Lízing Holding Zrt.va.	Hungary	Ownership of stake in CIB Lízing
CIB Biztosítási Alkusz Kft.	Hungary	Insurance brokerage
CIB Factor Ltd.	Hungary	Factoring
CIL MNM Kft. va.	Hungary	Facility management
Recovery Zrt.	Hungary	Financial consulting
CIB Autó Kft.	Hungary	Motor vehicle trade
Brivon Magyarország Kft.	Hungary	Real estate development and facility management

The report contains information regarding the CIB Group's organisational units and subsidiaries in Hungary. In all cases the data is group-level data, except where specifically stated otherwise. When determining the content of the report we drew heavily on the results of various consultations held with civil-society organisations during the year.

This year's report of the CIB Bank Group focuses on the material aspects specified in the GRI G4 guidelines. We defined these carefully, with the involvement of our most important stakeholders and with the support of specialist consultants. In what follows we summarise this process for our readers in five – somewhat simplified – steps:

1. Identification of the relevant environment, social and economic issues that impact our stakeholders

Here, on the one hand, we used external and interest documents such as our strategy, stakeholder surveys, research, GRI and other financial-sector guidelines, and on the other hand we ourselves have consulted experts who represent the stakeholder groups, who also helped us to identify such issues. Finally a list of almost 70 topics was drawn up, including a great many general concepts.

2. Checking for sustainability aspects and completeness

We looked at whether the identified issues cover all areas of sustainable development and corporate social responsibility, and whether we had examined our actual and potential impacts from the perspective of all our stakeholders.

3. Determining the aspect boundaries

We had to examine whether the individual issues have an impact within the company or outside it; in other words, where the boundaries are – because we intend to present them to our readers accordingly.

4. Prioritising, ranking

The most exciting, and also the most difficult stage was when we had to rank the issues featured in the long list of relevant topics, with the help of specialists who are suitable for representing our stakeholders, in order to determine which of them are classified as material aspects. The methodology was elaborated by specialists, observing the GRI guidelines. During the ranking process we endeavoured to comply with the principles of comprehensiveness, conciseness and balance.

5. Validation, approval

Our work was validated by the opinions of the specialists who took part, and those participating in the special working group, to whom we sent, as feedback, a list of the topics drawn up as a result of the prioritisation. Finally the working group structured the topics so as to provide a suitable framework for presenting the Bank Group's performance.

For the ranking, we used the following criteria for selecting the specialists representing the stakeholder groups, who we believe to be capable of representing and intermediating with the individual stakeholder groups:

Selection criteria	Internal stakeholder	External stakeholder
 Primary and secondary target group of the report Has an influence that is of key importance from the perspective of completing the report Their involvement could represent an important advantage from the per- spective of the report's completion or distribution Could represent a risk if not involved 	Employees (4 persons) Senior managers (8 persons) Middle manager(s); employee(s) of sustainability and communi- cation departments, and head(s) of key specialist departments (7 persons)	Media (3 persons) Customers (2 persons) Partners (suppliers, 1 person) Third-sector organisations (2 persons) CSR specialists (2 persons)

In the course of the prioritisation, the specialists involved in the process used a multidimensional methodology with variable weighting. In this process they examined, for example, the extent to which the given relevant topic affects the Bank Group, the extent to which it affects the given stakeholder group, what significance it has in a Hungarian context, etc.

The individual rankings were collated by external consultants using various methodologies, and on this basis we selected the final 32 material aspects.

Group of topics	Sub-category	Related GRI indicator	Page number	Direct impact on external stake- holder
Energy		G4–EN3; G4–EN5	2.4 Eco-ship	_
consumption	CO ₂	G4–EN16; G4–EN19	2.4 Eco-ship	-
Environmentally	office paper	G4–EN1	2.4 Eco-ship	-
friendly solutions	marketing paper	G4-EN1	2.4 Eco-ship.	Customers
Product portfolio		G4-4	2. Ship's certificate of registry	Customers
	social impacts	FSSS Product and service labelling DMA	3.4 Products	Customers, Local communities
	environmental impacts	FSSS Product and service labelling DMA	3.4 Products	Customers, Local communities
Pricing		G4-SO4	3.3.5 Pricing	Customers
	Legal certainty			Partners
	Ethically sound operation	G4–56	2.3.2 Ethical and	Partners
	Lending activity		3.4 Products	Customers
	Fair competition		2.3.2 Functions supporting res- ponsible operation 3.5 Responsible marketing 3.3.3 Authorities	Partners, Customers
Domestic SMEs			3.4 Products	Customers, Local communities
Suppliers		G4–12; G4–EC9	5. Contact 3.2 Income	Suppliers
Local communities		G4–SO1; G4–EC1	27., 52–54.	Local community

Group of topics	Sub-category	Related GRI indicator	Page number	Direct impact on external stake- holder
Helping those with payment difficulties				Customers
Intesa SanPaolo			2.1.1 Our owner	Owner
Economic performance		G4–EC1	3.2 The distribu- tion of income	Owner Customers
Responsible emp-		G4–LA1; G4–10,11	4.1 The crew	-
loyment	Career management	G4–LA11; G4–LA10	4.1 The crew	-
	Benefits	G4–LA3	4.1 The crew	-
	Work tools		4.1 The crew	-
	Safety at work	G4–DMA H&S FSSS; G4–LA6	4.1 The crew	-
	Training and devel- opment	G4-LA9	4.1 The crew	-
Corporate culture	work/life balance		4.1 The crew	Local community
Welfare of customers		G4-8	2. Ship's certificate of registry	Customers
	Quality of service	G4–PR5; G4–PR8	3.3.1 Customers	Customers
	Responsible marketing	FSSS Product and service labelling DMA (korábbi FS15)	3.5 Responsible marketing	Customers
	Financial exclusion, inclusion	FSSS Product and service labelling DMA (korábbi FS16) G4–FS14	3.4 Products 3.3.1 Customers 3.5 Responsible marketing	Customers
Corporate gover- nance		G4–34	2.1.3 Decision-ma- king bodies	-

The report also gives an account of our efforts to uphold the principles set forth in the UN Global Compact. In 2013, similarly to the previous year but in a departure from the practice of earlier years, we did not have the report validated.

Indicator	Brief description	Page number
Strategy a	nd analysis	
G4-1	Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and its strategy	1. Foreword.
Organisati	onal profile	
G4–3	Name of the organisation	2. Ship's certificate of registry
G4–4	Primary brands, products and/or services	2. Ship's certificate of registry
G4–5	Location of the organisation's headquarters	2. Ship's certificate of registry
G4-6	Countries where the organisation operates	2. Ship's certificate of registry.
G4–7	Nature and legal form of ownership	2. Ship's certificate of registry.
G4–8	Markets served	2. Ship's certificate of registry.
G4–9	Size of the reporting organisation: number of employees; net sales; total capitalisation broken down in terms of debt and equity; quantity of products manufactured, or value of services provided	2. Ship's certificate of registry
G4–10	Total workforce by employment type, employment contract, and region	4.1 The crew
G4–11	Percentage of employees covered by collective bargaining agreements	No collective bargai- ning agreement
G4–12	Description of the supply chain	3.3.2 Suppliers
G4–13	Significant changes in size, structure or ownership, during the repor- ting period	2.1.2 Organisational structure

Commitment to external initiatives

G4–14	Explanation of whether and how the precautionary approach or prin- ciple is addressed by the organisation	2.3.3 Functions sup- porting responsible operation
G4–15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	6.1. Compliance with ENSZ
G4–16	Memberships in associations (such as industry/sector associations) and/ or national/international advocacy organisations	6.2 Membership of associations

Indicator	Brief description	Page number		
Identified	Identified material aspects and the boundaries of the report			
G4–17	a) List of the entities included in the organization's consolidated finan- cial statements or equivalent documents b) Report on whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	6.1 About this report		
G4–18	The process for defining the content of the report.	6.1 About this report		
G4–19	List of the material aspects identified in the process for defining report content.	6.1 About this report		
G4–20	With respect to each material aspect, the units within the reporting organisation in relation to which they are presented.	6.1 About this report		
G4–21	With respect to each material aspect, which external stakeholders of the reporting organisation they have a direct impact on.	6.1 About this report		
G4–22	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	Under the given indi- cator		
G4–23	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report	No change		

Stakeholder engagement		
G4–24	List of stakeholder groups engaged by the organisation in any form of dialogue	5. Contact
G4–25	Method and principles for selection of the stakeholder groups	5. Contact
G4–26	Approaches to stakeholder engagement	5. Contact
G4–27	Key topics and concerns that have been raised through stakeholder engagement	5. Contact

Report parameters		
G4–28	Reporting period	6.1 About this report
G4–29	Date of most recent report	6.1 About this report
G4–30	Reporting cycle	6.1 About this report
G4–31	Contact point for questions regarding the report or its content	6.1 About this report
G4–32	GRI Content Index	6.1 About this report
G4–33	Policy and current practice with regard to seeking external assurance	6.1 About this report

for the report

Indicator	Brief description	Page number
Corporate	governance	
G4–34	Governance structure of the organisation	2.1.3 Decision-making bodies
Ethics and	integrity	
G4–56	Internally developed statements of mission or values relevant to eco- nomic, environmental and social performance	2.3.2 Ethically-sound and responsible
Managem	ent approach	At the presentation of the data
Economic	performance indicators	
G4–EC1	Economic value generated and distributed, including revenues, opera- ting costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	3.2 The distribution of income
G4-EC5	Range of ratios of standard entry level wage compared to local mini- mum wage at significant locations of operation (national data available)	4.1 The crew
G4–EC9	Proportion of payments to local suppliers	3.3.2 Suppliers
Labour pr	actices and decent work	
G4–LA1	Total employee turnover	4.1 The crew
G4–LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	4.1 The crew
G4–LA6	Rate of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region	4.1 The crew
G4–LA9	Annual average number of training hours per year per employee by employment category	4.6 Training courses
G4-LA10	Programs for skills management and lifelong learning	4.2 Performance
G4-LA11	Percentage of employees receiving regular performance and career development reviews	4.2 Performance
G4–LA13	Ratio of basic salary of men to women by employee category	4.1 The crew

Indicator	Brief description	Page number
Product responsibility		
G4-PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	3.3.1 Customers
G4-PR7	Fines incurred for non-compliance with ethical codes related to mar- keting communication	3.3.3 Authorities
G4-PR8	Total number of substantiated complaints regarding breaches of cus- tomer privacy and losses of customer data	3.3.1 Customers
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	3.3.3 Authorities

Society		
G4-SO1	Percentage of operations with implemented local community engag- ement, impact assessments, and development programs.	5. Contact
G4-SO4	Percentage of employees trained in the organisation's anti-corruption policies and procedures	2.3.2 Ethically-sound and responsible operation

EN	Environmental performance indicators	
G4–EN1	Materials used by weight or volume	2.4 Eco-ship
G4–EN3	Energy consumption within the organisation	2.4 Eco-ship
G4–EN6	Energy saved due to conservation and efficiency improvements	2.4 Eco-ship
G4-EN16	CO ₂ emissions resulting from energy use	2.4 Eco-ship.
G4-EN19	Initiatives to reduce greenhouse gas emissions, and reductions achieved	2.4 Eco-ship
G4-EN27	Initiatives to mitigate environmental impacts of products and services	3.4 Products

	Indicators specific to the financial sector	
G4-FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/ large) and by sector	3.4 Products
G4–FS14	Initiatives to improve access to financial services for disadvantaged people	3.3.1 Customers
G4–FS16	Initiatives to enhance financial literacy by type of beneficiary	5.1 Developing financial literacy

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