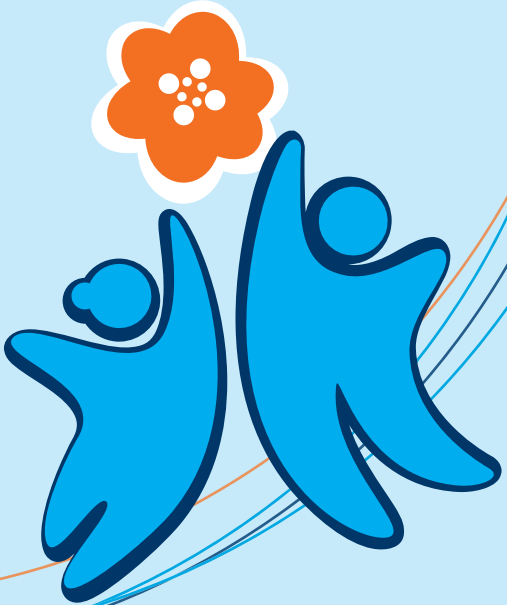
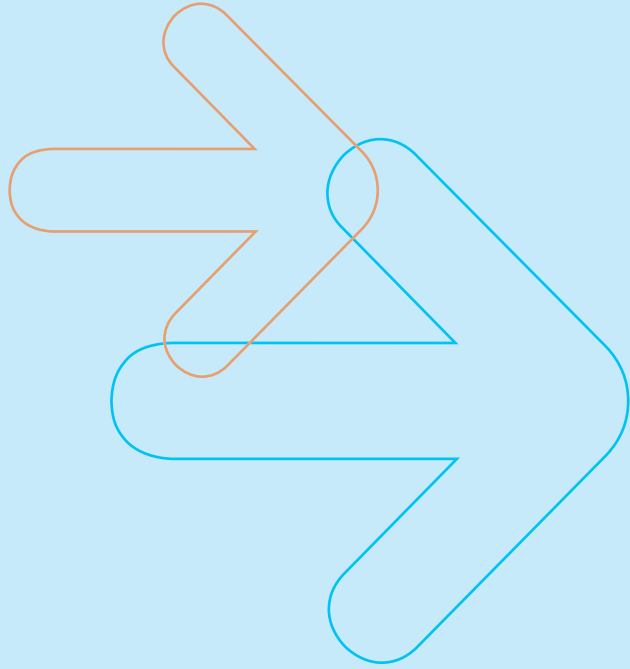


K&H Group sustainability report 2013



member of the KBC group



→ **K&H Group**

head office: 1095 Budapest, Lechner Ödön fasor 9.
postal address: 1851 Budapest
head-office telephone number: (+36 1) 328 9000
fax: (+36 1) 328 9696
e-mail: kh@kh.hu

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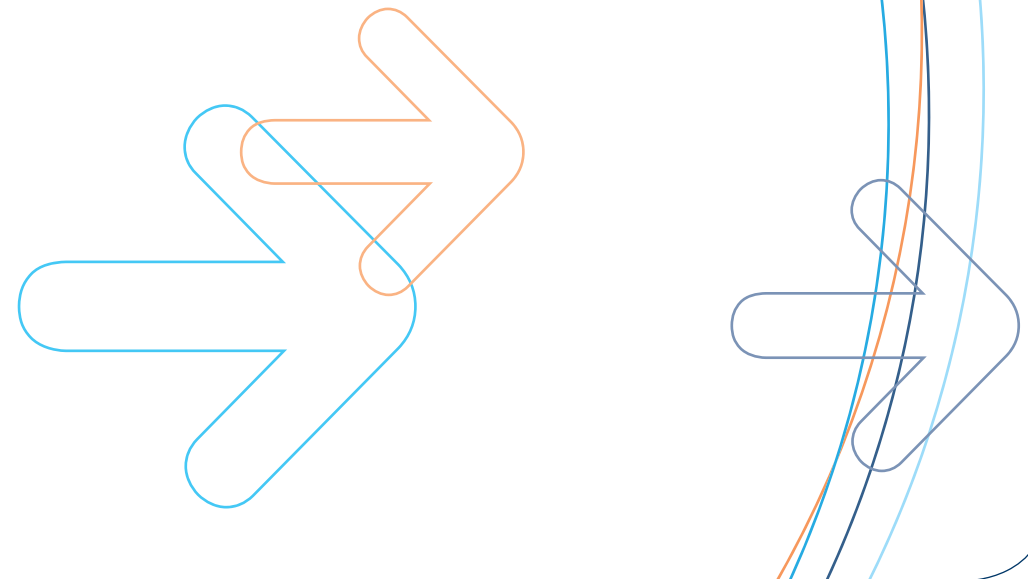
Hendrik Scheerlinck, CEO





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I. foreword by the Chief Executive Officer

Dear Reader,

As a responsible company, the K&H Group has set the objective to be present in the Bank's economic, social and natural environment with smart decisions and to help present and future generations in developing full and satisfactory lives. We feel responsible for the surrounding environment and make efforts to keep this in mind in all areas of our operation, be that the provision of high-quality financial services, the maintenance of energy-efficient buildings or the sponsorship of social causes.



In 2013 we offered our clients the opportunity to make smart decisions through our services and tailor-made consulting. Our programs developed for foreign-currency borrowers have been used by tens of thousands of our clients, programs like our own payment-easement solution, a contracting option offered by the National Asset Management Agency and the exchange-rate cap.

In 2013 we upgraded our e-bank services and launched mobile banking.

Today, K&H's e-bank online services are available on an interface providing an even more secure channel to our clients as they handle their daily finances, such as making balance enquiries and changing bankcard service settings. Since July 2013, K&H's most important e-bank services have been available on a convenient platform optimized for smartphones. Our professionalism has been recognized by a number of awards. In 2013 the magazine 'Euromoney' selected K&H as the 'Best Bank of Hungary' and we were also awarded the prestigious 'Bank of the Year, Hungary' title from The Banker magazine. At the same time, in a vote held by biztositas.hu, K&H Insurance was granted the 'Insurer of the Year' award.

Nothing demonstrates K&H's long-term thinking and commitment better than the fact that in 2013 we continued to focus on the four key areas that had become an integral part of our widely recognized CSR policy over the last few years. In this spirit, we continued to concentrate on healthcare, environmental protection, sports and the creation of attractive workplaces last year.

Support for child healthcare took centre stage in 2013 when our K&H MediMagic program celebrated its 10th anniversary. That special anniversary offered us the opportunity to take stock and we noted with satisfaction that in one decade we supported 270 child healthcare institutions and ambulance stations with instruments and equipment worth HUF 492 million in total. Tied to the anniversary, we established a special prize in 2013 and awarded it to the Foundation for Children with Liver Disease. The K&H MediMagic story-telling doctors program, a new component, has been well received by the public and several thousand voluntary story-telling doctors have already taken healing stories to children's hospitals.

In the area of environmental protection we made significant progress in 2013 as well. By vacating our old office buildings and moving all operations to our new head office building designed with the environment in mind, we greatly reduced our energy consumption. With this new, carefully designed and



constructed office building we also managed to create an attractive workplace for our colleagues. In 2013, our headquarters building won a number of professional awards again. Most importantly, we are the proud holders of the first and only LEED Gold certificate in the 'office buildings' category in Hungary.

When it comes to the creation of attractive workplaces, we consider the 2013 opening of a child-friendly office with five workstations, helping young parents to coordinate work and private life, to be a further and significant step forward. Our family-friendly policies have been recognized by our peers; in 2013 we received the 'Diverse and family-friendly workplace TOP 10' award.

I trust that this year we shall continue down the road strengthening K&H's community footing and being the reference in the area of corporate sustainability and responsibility.

Hendrik Scheerlinck
Chief Executive Officer





II. K&H Group – organisations and memberships

→ Board of Directors of K&H Bank (as of December 31st, 2013)

Danny De Raymaecker (Chairman)
 Marko Voljč
 Christian Leysen
 Diego Du Monceau
 Hendrik Scheerlinck (K&H Bank, Chief Executive Officer)
 Dr Ágnes Bába (K&H Bank, Deputy Chief Executive Officer)

→ Supervisory Board (as of December 31st, 2013)

Béla Singlovics (Chairman)
 Jan Gysels
 Zsuzsanna Kovács

→ K&H Insurance Definitive Supervisory Board (December 31st, 2013)

Danny De Raymaecker (Chairman)
 Hendrik Scheerlinck
 Johan B.P. Daemen
 Attila Gombás

→ ownership structure of K&H Bank (as of December 31st, 2013)

KBC Bank N. V.: 100%
 number of retail branches: 219
 number of corporate branches: 10
 auditor: Ernst&Young

→ ownership structure of K&H Insurance (as of December 31st, 2013)

KBC Insurance N. V.: 100%

→ membership in key professional organisations

Hungarian Banking Association
 Budapest Chamber of Industry and Commerce
 American Chamber of Commerce in Hungary
 Hungarian Forex Club
 International Swaps and Derivatives Association (ISDA)
 International Chamber of Commerce (ICC)
 Institute of Internal Auditors (IIA)
 Information Systems Audit and Control Association (ISACA)
 Komárom-Esztergom County Chamber of Commerce and Industry
 Hungarian Facility Management Association
 The Trilateral Commission (Europe)
 Academic Club Association
 Deloitte Zrt.
 Hungarian SEPA Association
 SALDO Financial Consultancy and Information Technology Plc.
 Project Finance Club K&K pro Partnership
 „Hírös Kulcs” Chamber Economic Development and Organisations Ltd.
 SoLMo. Learning Organisations for Sustainability Foundation
 The Association of Chartered Certified Accountants (ACCA)
 Hungarian Business Leaders Forum (HBLF)
 Federation of Hungarian Hotels
 Federation of Hungarian Grain Processors, Feed Producers and Merchants
 Federation of Hungarian Livestock Farmers
 Federation of Hungarian Poultry and Egg Producers
 MILK Trade Organisation and Product Council



→ **identified stakeholders**

● **clients**

- existing clients
- clients having filed a complaint
- prospective clients

● **community**

- general public
- local communities
- national government/local governments
- educational institutions
- consumer protection and civil society organisations
- community media networks
- regulators (financial, labour, urban design)
- business and commercial federations

● **employees**

- existing employees
- trade unions
- potential employees
- young graduates, students

● **suppliers**

● **media**

● **financial analysts**

● **KBC shareholders, investors**



K&H Group Corporate Sustainability and Responsibility Steering Committee (CSRSC)

The composition and operation of the Sustainability and Corporate Social Responsibility Committee of the K&H Group, established to control and supervise corporate social responsibility activities, has changed.

The new Sustainability and Corporate Social Responsibility Steering Committee is responsible for the corporate social responsibility activities of the K&H Group in Hungary, and it represents the company's commitment in relation to such activities implemented across Hungary. The Committee identifies the most important topics, goals and principles at the country level within the international framework created by the KBC Group. It monitors and supervises the initiatives, the results and the progress achieved and approves the content of the sustainability report.

The Committee continues to consider the enhancement of the awareness of the employees of the company of K&H's corporate social responsibility activities as a key task, which it wishes to fulfil through internal newsletters, the group newspaper and the various corporate social responsibility campaigns involving employees as well. Key topics in the recent years included helping young mothers return to work, the protection of the environment and the reduction of our energy consumption. With regard to young mothers, our goal has been to provide 60 per cent of young mothers with the opportunity to return to work by December 31st, 2013. This goal has been achieved as 70 and 61 per cent of them could return to work in 2012 and 2013, respectively. In energy consumption, the goal we have set for ourselves was a 1.5-2 per cent reduction by December 31st, 2013. Energy consumption declined significantly compared to 2012, the last year when we used our old and new central offices simultaneously. At the same time, 2013 saw a remarkable - more than 15 per cent - reduction in our energy consumption, even compared to 2011.





III. responsibility to clients

In 2013, K&H endeavoured to fully satisfy clients' needs with well-trained client service staff, and by offering electronic and over-the-phone services, e-bank, mobile bank, and e-post services.

helping clients

K&H Bank made efforts in 2013 again to focus on clients' needs when designing credit products to offer a rapid and efficient solution to new demands. We found it very important to offer our clients a special home loan product with interest subsidy from the Government ("Home Creation" Loan) and, in response to client needs, credit products with long interest periods to ensure predictable monthly instalments for families.

We transformed our credit processes in 2013. Meeting client needs, we significantly accelerated and simplified them to reduce the time period required to provide information to clients about the assessment of their credit applications. We introduced a credit pre-approval system allowing clients to receive feedback fast not only concerning their creditworthiness in terms of their debt service capabilities related to their disposable income, but also the value of the real property offered as collateral.

In 2013 K&H Bank further strengthened its role in the area of high-standard advisory services, a move made with the unconcealed intention that clients should think of us first whenever finances are in question in any areas of life. The results achieved in 2013 offer a good foundation for K&H Bank to make significant progress in mortgage lending in coming years and to achieve that clients who are in contact with us may think of us with satisfaction and good feelings.

The ratio of non-performing retail loans in K&H's portfolio shows that the economic crisis is not over yet: it is still important to help clients make repayments. The Bank paid special attention in 2013 again to provide support to clients facing financial difficulties. In compliance with the Receivables Management Guidelines issued by the National Bank of Hungary (MNB), we designed a web page for clients to find all receivables management information on a single page. Clients facing debt service difficulties can receive information about many available repayment reduction solutions from our brochures made available on the Internet and in printed form in our branches. Such solutions include the temporary suspension of repayment, deferred payment, K&H Bank's own Easement Program, extension of the tenor, refinancing the loan, repayment in instalments, the Fixed Exchange Rate Program offered as part of the Government's rescue package, or the Program of the National Asset Management Agency (NET).

In an effort to optimize certain repayment reduction solutions, we thoroughly assess the situation of our clients and the optimum solution is selected by the Bank and the client in joint effort. The Fixed Exchange Rate Program was used by 44.4 per cent of eligible K&H clients in 23 603 cases in an amount totalling HUF 160 billion at the end of 2013. As part of K&H's Easement Program, we restructured 12 245 loans, representing 19.6 per cent of our credit portfolio and affecting a portfolio of HUF 108 billion. We received 2 231 applications for the Program of the National Asset Management Agency and made 1 437 contracts with clients.



→ accessibility for people with disabilities

We make efforts to enable our clients with physical disabilities, impaired vision or hearing to use our branches safely with no help required. In 2013 we inaugurated two new branches featuring accessibility solutions for people with disabilities. As in 2012, nearly 78 per cent of our branches were accessible for the disabled in 2013, and we started to make some of our branches accessible for clients with impaired hearing as well.

The number of K&H ATM's equipped with speakers increased by 4.5 per cent over 2012, allowing clients with impaired vision to use 417 of our 433 ATM's in 2013.

→ K&H TeleCenter, online services

Clients having problems or questions may call the K&H TeleCenter 24 hours a day all through the year. The average length of discussions with clients was four minutes in 2013.

The number of clients contacting the K&H TeleCenter decreased by 5 per cent in 2013 with our colleagues receiving 480 415 calls in total. To reduce the possibility of fraud, we carried out electronic identification processes for 225 548 times. The TeleCenter client service received 53 587 calls concerning the Széchenyi Recreation Card Program in 2013.

→ e-bank, mobile bank

In 2013 we modernized K&H's retail and corporate e-bank services and introduced the K&H mobile bank service. This change involved innovations mainly in respect of convenience, design and functionality. We introduced a process for signing multiple transactions at the same time and extended the account history period to two years. We made available these services to co-account holders and introduced a new access rights system for small- and medium-sized enterprises.

K&H's e-bank was used regularly by 241 950 clients on a monthly basis, representing 31 per cent increase over 2012. A total of 456 558 individuals registered for this service, representing nearly 58 per cent of the total number of K&H Bank clients. With a view to the environment, clients using e-bank services did not receive paper-based bank account statements (unless they made a special request) in 2013.

→ complaints handling

All K&H client service units provide complaints handling services and clients may file complaints in multiple ways. K&H Bank received 30 547 complaints in 2013. As in previous years, most of them were related to bank accounts, bank card transactions or the acceptance of bank cards. K&H Leasing Group and K&H Insurance received 1 329 and 1 596 complaints, respectively, in 2013.

In July 2013 we conducted a survey about the complaints handling process, interviewing 2 585 clients having lodged complaints. According to 96 per cent of the respondents, our colleagues were helpful in the complaint handling process, and 75 per cent of our clients think that an acceptable solution was found to their complaints.



number of complaints handled by the Complaints Handling Team (for business lines and categories)

business lines	categories	2013	2012	2011	2010	2009	2008
retail	retail in total	6 434	4 219	4 157	4 735	4 982	4 451
	accounts	561	425	351	179	875	539
	deposits, investments	5 857	6 389	8 143	10 710	16 107	11 529
	bank cards	2 873	2 835	2 002	1 493	1 426	1 056
	credits	2 584	1 744	809	960	1 574	1 682
	e-bank	159	430	-	-	-	-
	SZÉP cards	561	467	439	498	411	286
	other	19 029	16 509	15 901	18 575	25 375	19 543
sme	sme in total	1 623	1 068	769	1 506	817	801
	accounts	47	25	22	9	13	18
	deposits, investments	731	801	689	420	1 233	162
	bank cards	34	29	18	25	60	43
	credits	1 215	754	479	102	457	680
	e-bank	18	317	-	-	-	-
	SZÉP cards	104	82	58	46	104	101
	other	3 772	3 076	2 035	2 108	2 684	3 263
corporate	corporate in total	100	163	227	523	373	531
	accounts	9	12	23	34	26	33
	deposits, investments	52	0	3	10	22	210
	credits	2	91	166	40	351	10
	bank cards	229	344	380	403	387	588
	e-bank	11	85	-	-	-	-
	SZÉP cards	39	57	79	72	254	129
	other	442	752	878	1 082	1 413	1 501
other	other, not categorized	4 379	10 178	9 359	14 847	0	0
	K&H Leasing	1 329	1 595	1 130	-	-	-
	K&H Insurance	1 596	1 180	1 120	-	-	-
processed in total:		30547	30 547	24 307	30 423	36 612	29 472

products, services

→ funds reflecting social responsibility

The importance of K&H Group's corporate social responsibility is clearly reflected by the portfolio of the Bank. In 2013 we continued to operate our open-end eco fund, which was used by 837 clients. By the end of 2013, the assets under management in this fund increased by 138 per cent over the value registered in 2012. This portfolio offers an optimum investment opportunity in shares of companies dealing with, among others, alternative energies, water treatment and the adverse impacts of the climate change. Shares in the KBC equity funds underlying the eco fund have passed the SRI (Socially Responsible Investments) screening.

→ consumer protection procedures

In 2013, the Hungarian Financial Supervisory Authority and the National Bank of Hungary audited K&H Bank's activities seven times, and the Hungarian Competition Authority investigated them eight times.





IV. responsibility to the community

The K&H Group intends to adopt smart decisions in the course of its dynamic operation in a responsible way, to help the members of the present and future society realise the full potential of their lives. This is a goal K&H wishes to achieve in four key corporate social responsibility areas, i.e. paediatric healthcare, sports, environmental protection, and creating an attractive workplace. In addition, K&H Group was active in four areas of support in 2013: paediatric healthcare, sports, the education of young people and the performing arts.

environmental protection

→ key activities, new directions in 2013

We took further energy saving steps in our branch network to ensure that we operate in an even more environmentally friendly way. We started to measure the energy consumption of our branch network through a remote control system, and we established new green branches as well.

→ environmental impact of the new head-office

In 2013, the new head-office fully assumed its role as the centre of our operation, i.e. this year, we no longer used our old head-office buildings simultaneously with the new one, and we also completed fine-tuning the technical parameters in the new building. Since its inauguration, our new head-office has won a wide range of professional awards - receiving several recognitions in 2013 as well. Both building K and H received the gold level of the LEED® certification, making our head-office the first office building in Hungary boasting a gold level LEED® accreditation, as well as the fifth in Central-Europe built according to the standards of the international system, from the choice of the location to its interior furnishing and fitting. The building also won the award of excellence of the Aluminium Windows and Facades (ALUTA), the Award of Excellence of the Construction Industry, and

finished among the top three in the "Office building of the Year" and the "Office of the Year" competitions. Over the past two years, our head-office won almost every professional award, and we can rightly say that the employees in the head-office of the K&H Group pursue their daily work in Hungary's most environmentally friendly office building.

The new head office helps us reduce the environmental effects of transport, as our colleagues don't have to move between buildings.

→ energy consumption

Our energy consumption decreased significantly compared to previous years. Attributable mainly to the fact that all central organizational units have been relocated to the new head office, in 2013 gas, electricity and district heating consumption fell by 23, 18.9, and 68.9 per cent, respectively, compared to 2012. The energy consumption of the new head-office remained below target in 2013. As far as water consumption is concerned, the practice of using high efficiency filters fitted to drinking water taps, the use of rainwater for irrigation and the use of the water of the Danube for mechanical engineering purposes helped us reduce our water consumption in the head-office and achieve a 16 per cent reduction in our water consumption at country level.

Compared to 2012, our energy consumption decreased mainly because the simultaneous use of the old buildings and the new head-office came to an end. Our energy consumption indicators for 2013 should thus be compared to the same values in 2011, as our energy consumption in 2012 was outstandingly high because of this parallel operation.

We reduced our total energy consumption by over 15 per cent compared to 2011, a fact mainly attributable to the heat pump system, the programmable lighting technology and the state of the art solar shading system installed in the new head office. Most of the heating and cooling energy of the new head office



is generated by the heat pump system when the external temperature is between -15°C and $+34^{\circ}\text{C}$.

Compared to 2012, the amount of selected waste increased by 85 per cent, which is without doubt attributable to the selective waste collection introduced in the new head-office.

Compared to 2012, our CO_2 emission decreased by 16 per cent.

The 23 per cent reduction in our gas consumption reported in 2013 as against the same figure in 2012 is due to the fine-tuning of the technical control parameters in the new head-office, as well as to the installation of heat pump systems in several of our branches.

→ green branches

In 2013, we merged two branches in Budaörs by moving them to a new real property. As the developer of the new building, K&H Group had an opportunity to have all the structures designed and built in accordance with the requirements for energy classes A and A+. The following green solutions were used for this building:

- air-water heat pump for heating and cooling
- modern windows with low-emissivity glass
- modern and efficient solar shading
- LED light sources in every luminary, indoors and outdoors as well

Our new branches in Budapest's Corvin Shopping Centre and in Gazdagrét are also deemed to be green. A total of 12 green branches (including the above ones) were operated in 2013.



→ our environmental indicators

trends in paper and water consumption

	2013		2012		2011		2010		2009	
	FTE*	consumption	FTE*	consumption	FTE*	consumption	FTE*	consumption	FTE*	consumption
paper (t)	4 138	411	4 182	516	4 261	461	4 376	717	4 373	667
consumption / headcount (t)		0.10		0.12		0.11		0.16		0.15
water (m ³)	4 138	30 096	4 182	35 852	4 261	36 925	4 376	38 660	4 373	41 088
consumption / headcount (m ³)		7.27		8.57		8.67		8.83		9.40

*FTE: full-time equivalent, employees employed in full time

amount and utilisation of waste (tons)

	2013	2012	2011	2010	2009	2008	2007
selected and recycled	347	188.25	167	159	149	223	122
transported to incinerators	6.16	43.2	9	16	26	22	585
transported to depositories operated by waste transport companies	1016.2	1040	1 046	1 047	1 747	1 669	1 980
total waste	1369.36*	1271.45	1 222	1 222	1 922	1 914	2 565

*this increase is attributable to the launch of document culling process in the branch network in 2013

annual energy consumption (gigajoules)

	2013	2012	2011	2010	2009
direct energy consumption					
gas consumption	57 325	74 459	35 900	36 200	37 084
fuel oil consumption	0	0	0	0	0
total:	57 325	74 459	35 900	36 200	37 084
indirect energy consumption					
electricity consumption (GJ)	56 519	69 717	65 432	65 465	65 520
other energy (district heating)	4 985	16 003	39 110	39 393	39 619
total	61 504	85 720	104 542	104 858	65 520
grand total	118 829	160 179	140 442	141 058	102 604





CO₂ emission (tons)

	2013	2012	2011	2010	2009
direct energy consumption					
gas consumption	3 216	4 154	2 014	2 031	2 080
fuel oil consumption	0	0	0	0	0
total	3 216	4 154	2 014	2 031	2 080
indirect energy consumption					
electricity consumption (GJ)	5 730	6 850	6 668	6 674	6 679
other energy (district heating)	2 115	2 126	2 194	2 210	2 223
total	7 845	8 976	8 862	8 884	8 902
grand total	11 061	13 130	10 876	10 915	10 982

In 2013 our gas consumption was much higher than in 2011. This is explained by the fact that we used district heating to satisfy heating energy requirements in 2011, leading to relatively low gas consumption. In 2013, district heating was replaced by heat pumps and gas; and hot drinking water was produced in the head office by using gas.

paediatric healthcare

2013 was an outstanding year in the history of the K&H MediMagic Programme, i.e. the year when the programme celebrated its 10th anniversary. K&H MediMagic provided support to numerous paediatric healthcare institutions from 2004 to 2013: a total of 270 institutions received medical instruments worth HUF 492 million. In our jubilee year, in addition to the support we provide each year, we also offered a HUF 5 million special award. Thus, in 2013, we donated instruments worth over HUF 40 million to 15 hospitals and 10 ambulance stations to support their operations, hoping to help doctors make smart decisions and allow faster and more accurate medical examination to be made for nearly 50 000 children, contributing to their fastest possible recovery.

→ national invitation for applications for medical instruments

During the evaluation of the applications received in the tenth national invitation for applications procedure, institutions providing care and assistance to children with multiple disabilities and institutions providing dental care to children received special attention. A total of 89 applications were made by paediatric healthcare institutions in the country in response to our invitation. As a result of the evaluation process, 11 institutions received a share of the equipment and instrument support representing a total value of HUF 20 million.

→ special jubilee award

On the 10th anniversary of the programme, K&H offered a HUF 5 million special jubilee award, which was received by the Foundation for Children with Hepatic Decease. The foundation used the donation to finance the auxiliary costs associated with the surgery of children waiting for a liver transplant from a foreign donor. The jubilee award provided by K&H MediMagic contributed to the liver transplant operation of four children by the end of 2013.

→ card programme

In 2013 a total of HUF 8.1 million was raised from our income generated by the purchases of our clients made with K&H MasterCard bank cards. The funds were donated to 2 hospitals, 1 ambulance station and 2 nursing services to purchase medical equipment and instruments.

→ Christmas donations for medical instruments

At Christmas in 2013, we donated the funds – originally intended to buy Christmas gifts to our clients and business partners – to the K&H MediMagic Programme again. The HUF 4.8 million amount was used to provide 2 hospitals and 2 ambulance stations with the equipment necessary for their work.

→ donations by our employees and partners

The K&H MediMagic Programme is the manifestation of values that several of our employees and partners consider worthy of their support. Our SME client Gravoform joined the efforts to improve Hungarian paediatric healthcare in 2013 as well, and donated HUF 600 000 to the Soproni Erzsébet Teaching Hospital and Rehabilitation Institute.

In 2013, the K&H Private Banking Business Line and its clients supported the ambulance station in Komló with almost HUF 500 000.

In 2013 as in previous years, several of our employees offered the employer's contribution to their Christmas dinner to the programme, thus raising HUF 438 785 used to purchase instruments augmenting the medical equipment of the ambulance station in Héhalom. Many of our employees donated 1 per cent of their personal income tax in 2012 to the K&H MediMagic programme. These donations raised HUF 1 132 657, and were used to support the work of the Pestszentlőrinc-Pestszentimre Healthcare Services Non-Profit Prominently Public Benefit Organisation Ltd.

Although the K&H Group did not organise a book and toy collection campaign in 2013, we forwarded the gifts of our partners to the paediatric departments of as many as 4 hospitals. The donations offered by the „Budapest Sport Office” and Atmedia were given to the Saint Roch Hospital, the Ferenc Jahn Hospital in South Pest, the Dr. Albert Kenessey Hospital and the Saint Lazarus County Hospital.

→ K&H MediMagic story-telling doctors

From the start of the K&H MediMagic Programme, we have attached great importance to the psychological health of children at hospitals. The story-telling sub-programme of K&H MediMagic was started in 2010 with the involvement of secondary school students and K&H employees visiting sick children at hospitals to alleviate the difficulties of a hospital stay and help their recovery. Encouraged by the success of this initiative, we announced the story-telling program to the general public in August 2013. During the rest of the year, 22 000 volunteers registered under the K&H MediMagic story-telling program, and our story-telling doctors read stories 5000 times at the 39 hospitals having joined the program.

→ K&H MediMagic story-telling doctors on the world-wide web

Encouraged by the warm reception and success of the K&H MediMagic story-telling doctors program, another component was added to the initiative in December; launching story-telling on-line. Enthusiastic story-tellers could now send in videos showing as they are reading out their favourite stories. Hospitalized children can watch these videos using the K&H MediMagic program's public YouTube channel. K&H has offered computers to the paediatric departments of the 20 hospitals that joined the program, enabling the children to watch the stories. The over 70 stories uploaded were viewed by children close to 8 000 times until the end of December.

sport

K&H devotes special attention to supporting competitive and mass sports, in order to help members of the present and future society to live a healthy, full life. Our mass sports events promote the love of healthy exercise, accentuate the power of sport to build human communities, and consequently popularise a healthy and sporty way of life.

→ Financial Institution of the Hungarian Paralympic Team

Following the 2012 Olympic and Paralympic Games, K&H renewed its cooperation with the Hungarian Paralympic Committee, thus the Rio Games in 2016 will be our third common Paralympic event. With this prolongation of our support, K&H remains the Silver Sponsor of the Hungarian Paralympic Committee as well as the Financial Institution of the Hungarian Paralympic Team until 2016. Our cooperation with the Olympic Committee ceased to exist in 2013.

→ K&H Olympic Running Days

The K&H Olympic Running Days were organized three times in 2013. In addition to the Budapest K&H Olympic Marathon and Half Marathon relay races, lovers of running could enter the race in Kecskemét and Kaposvár as well. A total of 12 800 runners joined the three events in 2013.



→ K&H Olympic Cycling Days

Our K&H Olympic Cycling Day was organised again in 2013: participants cycled around Velencei Lake. 1 200 people got on their bikes for the event.

youth education

Our K&H Ready, Steady, Money! quiz continued in 2013. The program is intended to help elementary school students improve their financial literacy and prepare them to make smart financial decisions once they grow up.

32 teams and 152 pupils made it to the national final of the 2012/13 competition. The number of teams and the number of pupils increased by 29 and 10 per cent, respectively, compared to the 2011/12 school year.

The children received toys, their schools office equipment and training tools, whilst the work of the teachers helping the children to prepare was recognised by gift vouchers.

The K&H Ready, Steady, Money! financial quiz was announced for the fourth time in the 2013/2014 school year for elementary school pupils. This time, one and a half times more teams enrolled for the competition than in the previous year, so the record set in the 2012/13 school year was broken again. In the 2013/14 school year, 4 700 students representing 350 schools and 224 communities will compete, in a total of 1 081 teams.

number of participants in the K&H Ready, Steady, Money! financial quiz

	2013/2014	2012/2013	2011/2012	2010/2011
number of schools	350	223	226	89
number of teams	1 081	696	539	150
number of pupils	4 700	3 000	2 700	600

The 109 schools joining the quiz in both 2012/2013 and in 2013/2014 enrolled 382 teams in the last school year and 420 teams this year.

The teachers we have interviewed agreed that the quiz was useful because it helped children obtain financial competences. Moreover, they explicitly praised the exercises, arguing that the skills are handed over to the children in a playful manner, and that the children were having fun even while preparing for the quiz. Teachers also told us that the contestants left the semi-finals with a general sense of satisfaction even if failing to continue in the contest, and that they were planning to join the competition next year as well.

performing arts

→ corporate tax

In 2013, the K&H Group donated HUF 1 billion of its corporate income tax to support 29 performing art ensembles, art organisations, theatres and orchestras.

→ Budapest Festival Orchestra

Beyond its sponsorship from its corporate income tax, K&H also sponsored the concert series of the Budapest Festival Orchestra titled "European Bridges". We invited several hundreds of our clients to the opening concert.





V. responsibility to our employees

One of the pillars of our sustainability strategy is the creation of attractive workplaces, because the K&H Group considers its employees to be its most important resource. We intend to meet the expectations of our employees in all areas in order to build a team of satisfied, motivated and professionally competent employees. Therefore, we pay special attention to the interests of our colleagues and offer various training programs to increase their knowledge and facilitate their professional advancement. Informal meetings are also important to make our employees satisfied and committed – that is why such meetings were in focus in 2013 as well. We also help our employees find the right work-life balance, supporting them even in this manner to realise the full potential of their lives.

existing employees

→ human resources development, knowledge management

In 2013 as in earlier years, our employees had the opportunity to choose from a large number of training courses and find the ones best suited to facilitate the enhancement of their competences and their successful careers. We preferred cooperation-enhancement trainings and professional days to off-site team building sessions, and we also frequently organised internal trainings and instructions. Moreover, we encouraged employees to attend various professional conferences and skills enhancement trainings. The number of days when we delivered training programs and the training budget increased by 15 and 24 per cent, respectively, compared to 2012. The number of training days per one employee and the amount of training expenses per one employee grew by 7 and 25 per cent, respectively, compared to 2012.

We supported the professional improvement and language enhancement of our employees by training contracts, in which scheme 90 people participated. The number of training contracts decreased compared to 2012, because the new entrants to our company possessed the skills required to do their jobs.

We endeavoured to improve the professional competences of the employees of K&H Insurance by sales and product knowledge training led by internal instructors, professional trainings and conferences delivered by external specialists, and by IT trainings. We supported their higher educational studies, their statutory trainings and exams, and also provided them with the possibility to participate in language courses. The skills and personal development courses we offered also made an important contribution to enhancing the ability of our employees to rise to the challenges at the workplace. At K&H Insurance, the number of training days increased by 130 per cent, and the budget allocated to this purpose was 2.3 times higher compared to the previous year. Training contracts were concluded with 14 of our employees.



	2013	2012	2011
Bank			
number of training days/person	8.5	7.95	8.9
budget (HUF)	346 000 000	280 000 000	434 000 000
budget/person/year (HUF)	102 000	81 000	124 000
satisfied with training (%)	97.6	96	96.7
training contracts with our employees (persons)	90	121	134
Insurance company			
number of training days/person (insurance company employees)	7.29	3.43	5.79
number of training days/person (local representatives)	7.19	4.97	3.1
budget (HUF)	29 900 000	13 000 000	19 900 000
budget/person/year (HUF)	91 717	40 880	75 954
satisfied with training (%)	95.62	91.15	94.66
training contracts with our employees (persons)	14	11	6

→ career planning and development

Our company considers it important to find talented colleagues with management potential, and to offer them suitable career development programmes that go beyond the constraints of regular instruction. Experience shows that this is the most effective and reliable way to fill potential vacancies arising in the TOP 100 management positions and the key jobs in the network.

In 2013, 56 colleagues from the Bank and 2 people from the Insurance company participated in our KBC Talent Bank career development programme targeting employees with management potential. We enhanced the competence of 13 colleagues in our K&H Network Management programme. 4 participants were later recruited to TOP 100 positions, and 4 took a job as branch manager.

→ pleasant work environment

An attractive workplace means that employees enjoy the environment in which they work. Our modern head-office building, the bicycle storage places, the dressing rooms and the car-wash located in the underground parking facility all make a significant contribution to enhancing our employees' sense of comfort.

In order to facilitate the everyday life of parents with young children, on July 1st, 2013, a child-friendly office complete with five workstations started to operate in the head office. The office enables K&H employees unable to arrange for the care of their children for a few hours or a couple of days to do their work in this office, while their children can spend the time in a children's corner under the supervision of their own parents.

Our efforts to create a family friendly workplace were recognised by the profession: in 2013, K&H received the 'Diverse and Family-Friendly TOP 10 workplaces' Award. The recognition is awarded to companies that give priority to creating a diverse, inclusive and family-centred workplace.

→ benefits

We increased the income of our employees in 2013 as well. The average salary increase at the Bank was 1 per cent, implemented as of April 1st, 2013. A further 1 per cent was budgeted for salary increases in the course of the year. At the Insurance company, the average salary increase was 1 per cent, implemented as of April 1st,

2013, while a further 0.5 per cent was set aside for interim salary increase purposes. The inflation was 1.7 per cent in 2013.

In 2013, the most popular component of our Flexible Benefits Scheme was the SZÉP Card top-up, chosen by a total of 2 634 people. This was followed in popularity by health fund contributions, and then by contributions to the pension fund. In 2013, our colleagues had 15 different types of fringe benefits to choose from.

→ healthier colleagues

K&H views it as a key priority to ensure the possibility of a full life to the members of the present and the future society as well. This is why we dedicated special attention to helping our employees stay healthy in 2013 as well. For this purpose, our colleagues participated in regular medical aptitude tests, and we also provided ophthalmological, dermatological and rheumatologic care to the colleagues working in our head office. In addition, K&H Group employees could also visit the gynaecological and otolaryngological services available at the better-equipped clinic operated on Váci Street by our occupational health service provider.

To our colleagues wearing spectacles, we provide a contribution to eyeglasses biannually. In 2013, 760 people took advantage of this benefit. In addition, we provided anti-flu vaccination in 2013 as well, used by 30 people.

In 2013, the K&H Group dedicated HUF 33.7 million to preventive healthcare and healthcare services (the same figure in 2012 was HUF 32.9 million).

The support of a sporty and healthy lifestyle receives particular attention in the corporate policies of the K&H Group. For several years, we have been providing various sports-related benefits to our colleagues to encourage them to exercise regularly. Our colleagues have the opportunity to use the services offered by the fitness studios and gym halls operating in the neighbourhood of the new head-office with a discount, and they can also participate in the K&H cycling and running days free of charge.



number of employees participating in medical exams

	2013	2012	2011	2010	2009	2008
occupational health medical exam in Budapest	2 929	2 051	2 399	1 800	1 584	2 285
specialist medical exam	2 123	1 953	1 506	1 930	1 625	1 612
medical exams at our premises in the countryside	1 321	1 209	1 560	1 280	1 120	1 059

→ young mothers' programme

K&H Bank offers young mothers a social benefit of HUF 40 000/child after their babies are born, and this benefit was received by 34 colleagues last year. K&H Insurance provided a purchase voucher in the value of HUF 30 000 to 13 colleagues. In addition, we have been operating the "K&H welcome back" programme since 2007 to help young mothers maintain contact with their workplaces during maternity leave and return thereafter. Under this programme, 60 young mothers who returned to work in 2013 were offered the option of working part time if they requested it and it was possible in their jobs.

→ employee statistics

statistical surveys about the composition of the K&H Group workforce (2013)

composition of workforce according to gender, working hours and age	Bank	Insurance
executive management level/of which female employees	36/8	5/0
expert level, line and middle management level/of which female employees	1 036/584	115/59
subordinate level/of which female employees	2 320/1 866	205/178
indefinite term employment/of which female employees	3 378/2 254	309/227
definite term employment/of which female employees	14/4	16/10
active	3 392	327
non-active	351	23
male (active)	943/934	90
female (active)	2 800/2 458	237
full time employees (100%) /of which female employees	3 288/2 369*	317
part time employees 80%-100% /of which female employees	9/8	7/7
part time employees < 80% /of which female employees	95/81	3/0
total active headcount	3 392*	327

* excluding KBC GSH

- average age: Bank: 40.1 years (male: 38.2 years, female: 40.9 years) Insurance: 37.6 years (male: 38.9 years, female: 36.9 years)
- average age: Bank: 40.1 years (male: 38.2 years, female: 40.9 years) Insurance: 37.6 years (male: 38.9 years, female: 36.9 years)
- average time spent at company: Bank: 10.6 years, Insurance: 5.8 years
- ratio of women in the organisation: Bank: 72.5 per cent, Insurance: 72.9 per cent
- ratio of women in management positions: Bank: 22.2 per cent, Insurance: 0 per cent
- ratio of employees with university or college degree: Bank: 55.8 per cent, Insurance: 47.9 per cent
- annual turnover: Bank: 10.7 per cent, Insurance: 15.5 per cent

reasons for absence, number of days spent away from workplace according to reasons given (2013)

	Bank	Insurance
accident	234	12
illness	15 119	2 051
maternity leave	84 856	4 004
other paid leave (ordinary leave as well)	103 109	7 821
other unpaid leave	5 757	-
total	209 075	13 888

turnover data (% , as of December 31st, 2013)

	Bank	Biztosító
terminations	10,7%	15,5%
terminations initiated by employee	4,9%	9,8%

K&H Bank recruited 326 new colleagues, terminated the employment relationship with 367 colleagues, and 50 colleagues retired. In 2013, 91 individuals joined K&H Insurance (of which 26 colleagues were recruited for a campaign under contracts made for a determined period) and 104 individuals left the company (10 of them had been recruited for a campaign). With them an exit interview is made by



an HR Advisor (who is competent according to the region concerned), allowing them to explain the reasons for their leaving the company and to speak about their future plans (concerning the sector and the job they choose in their careers). In 2013, we received exit information from 144 colleagues of K&H Bank and K&H Insurance.

Most colleagues left the K&H Group in the hope of additional career opportunities and higher salaries. A significant number of them reported that they left because they were moving abroad. Reasons for leaving the organisation included professional considerations, working conditions, pecuniary and other reasons in equal proportions. Many mentioned that they appreciated the good working conditions and the positive relationships they had developed with their colleagues. On the negative side, issues related to financial recognition, career opportunities and an increasing workload were declared.

→ occupational safety, bank security

The K&H Group places a great deal of emphasis on training its employees in issues related to fire protection, occupational safety and bank security. Our colleagues can access the teaching materials in these topics in electronic format, through the corporate intranet.

Following their entry, our new colleagues participate in a mandatory fire protection and occupational safety training, whilst our long-standing colleagues attend annual brush-up courses in these topics to keep their competences up-to-date.

In 2013, 4 600 people participated in our fire protection trainings and we conducted bank security inspections and delivered on-site trainings across the country.

In occupational safety, to meet the requirements imposed by the national anti-smoking legislation, we displayed easy-to-see signs in our bank branches indicating that we are a „non-smoking workplace and institution“.

Fortunately, the number of occupational accidents was very low in 2013 as well. No more than 7 such incidents were reported, while 16 colleagues suffered a road accident. We investigated every one of these incidents in order to prevent their occurrence in the future.

→ internal communication

The internal communications channels applied at the K&H Group have proven to be effective in transmitting corporate information to every colleague. The annual kick-off events organised for all our employees and the all-staff letters forwarded

to everyone electronically are intended to regularly inform our colleagues about the personal and organisational changes and the different K&H programmes. Monthly events are organised for our TOP 40 executives, while our TOP 100 colleagues attend special professional and management events on an annual basis. The „K&H Group photo“ publication published electronically every second week is a source of corporate news and information to our colleagues.

In 2013, we continued our „Chat with the CEO“ programme; over 500 colleagues attended the 3 regional and the 2 Budapest-based events.

→ employee events

Once each year, we organise an event for our local representatives to evaluate the year, and an annual team-building meeting is also held at the cluster level.

In 2013 just like in earlier years, we organised our K&H go! sports day. The event was attended by 960 colleagues. Our colleagues tested their skills in 20 different sports, whilst also enjoying the benefits of participating in free medical screening exams.

trade union

The K&H Trade Union has fee-paying members in all units of the Banking Group: full time employees, young mothers on maternity leave taking care of their children, and pensioners. The Trade Union represents the interests of 1 100 active and 500 retired employees. Its main task is to engage in talks with the management of the company about benefits and remunerations for employees as well as social framework agreements. The K&H Trade Union is a member of the Trade Union Confederation of Employees of Banks and Insurance Companies and the International Trade Union Confederation.

In 2013 the Trade Union focused its activities mainly on periodically reviewing the Collective Agreement, engaging in salary negotiations, and defining welfare



budgets. In addition, the Trade Union assisted several staff members to solve their problems related to labour affairs during the reorganisation of our network and provided support to some of our employees retiring from work. The Works Council and the Occupational Safety Committee continued to operate by following the practice of prior years. Works Councils operated within the Banking Group are coordinated by the K&H Group National Works Council. Hungary is represented by 3 members on the KBC European Works Council. The Social Committee provides social support to employees and received 800 requests in 2013. In response, our employees were provided support worth HUF 42 million (the same amount as in 2012). This included the following types of support: funeral, social and schooling aid, and training and social support connected to lay-offs. The Office for Labour Force Services provides support to employees laid off, by helping them find new jobs.

potential employees, recent graduates, and students majoring in finance

Open to career starters, recent graduates and students completing their studies, K&H has taken initiatives to facilitate that young people desirous of acquiring experiences in the realm of finances may learn more about this profession.

In an effort to find talented students, we offer field work programs of 6-15 weeks to university- and college students. In 2013 we had cooperation frame agreements made with 25 higher education institutions concerning field work. During that year 118 students participated in the 6-week field work program and 150 students in the 15-week program.

As part of the K&H Career Starters' Program, we offered 3 positions to students who graduated in the academic year 2012/13 and 4 positions for students getting their degrees in the academic year 2013/14. They familiarized themselves with the various departments of K&H Group by participating in 9-12 month rotation programs. At the end of the Program, four people continued their careers at K&H as Municipal Relationship Manager, Digital Distribution Manager, Process Manager, and Assistant to Corporate Relationship Manager.

2013 marked the fifth time that the K&H Student Cup has been organized for college and university students. The number of individuals entering the competition was record-high: 855 students participated in teams of three. In the first two rounds of the competition, the contestants participated in online bank simulation programs. Ten teams reached the live final, where the jury consisted of K&H's managers. The winning team won a trip to Belgium for a long weekend, including a visit to KBC's Head Office.





VI. responsibility to suppliers

We worked with 3 045 active suppliers in 2013. As before, we kept in mind that our partners should also focus on corporate social responsibility. Each contract made in 2013 included a so-called Corporate Social Responsibility Statement covering ethical, environmentally friendly and socially responsible business activities as well as requirements concerning human rights and employee policy. As February 7, 2013, the Statement was completed with a chapter on “Anti-Corruption Requirements”.





VII. responsibility to the public domain

We attach great importance to press and media relations in our communications and keep our partners and clients informed about any news or events concerning our company by using the media as well.

We issued 300 press releases and held 11 press conferences in 2013. We responded to questions from the media 361 times during the year.

We publish our press releases on our web site on a regular basis to ensure that they are available to, and can be retrieved by, the general public and members of the press.

Social media has opened up a new horizon for communications by the K&H Group. We monitor any contributions and posts about K&H. In 2013 we responded to 29 client remarks through these channels.





VIII. responsibility to KBC shareholders and investors

relations with financial analysts

We provided reports on the financial results of the company on a quarterly basis in 2013 as well. We published the H1 2013 report and the 2013 annual report of K&H Group on time.

financial figures

Non-audited, consolidated figures for K&H in accordance with the valuation principles under the International Financial Reporting Standards (IFRS):

→ K&H Bank

	December 31, 2013	December 31, 2012	change to 2012
shareholders' equity *	HUF 212 billion	HUF 215 billion	-1.4%
total assets *	HUF 2 562 billion	HUF 2 462 billion	+4%
after-tax profit *	HUF 17.4 billion	HUF 20.5 billion	-15.1%

IFRS consolidated, not audited

→ K&H Insurance

	December 31, 2013	December 31, 2012	change to 2012
shareholders' equity *	HUF 10.5 billion	HUF 10.3 billion	+1.9%
total assets *	HUF 116.6 billion	HUF 106.2 billion	+9.79%
insurance technical profit *	HUF 2.9 billion	HUF 2.4 billion	+20.83%
after-tax profit *	HUF 2.2 billion	HUF 1.9 billion	+15.79%

IFRS consolidated, not audited

→ taxes

	Bank	Insurance	total
corporate income tax, local business tax, innovation contribution	HUF 3 765 million	HUF 470 million	HUF 4 234 million
bank tax (based on subsidized loans)	HUF 401 million	0	HUF 401 million
bank tax (based on corrected total assets)	HUF 15 841 million	0	HUF 15 841 million
insurance tax	0	HUF 368 million	HUF 368 million
financial transaction levy (regular)	HUF 15 264 million	0	HUF 15 264 million
financial transaction levy (one-off)	HUF 7 932 million	0	HUF 7 932 million
employer's contribution	HUF 6 609 million	HUF 610 million	HUF 7 219 million
total	HUF 49 812 million	HUF 1 448 million	HUF 51 259 million

* contribution of salaries, bonus, flexible benefit, other premium payments, other personnel type expenses (including representation and other in-kind benefits) and contribution to the Rehabilitation Fund





IX. awards and recognitions

We are pleased to report that we received numerous awards in 2013. Next to the recognitions related to our head office, our financial and professional activities also won several awards. In addition, our efforts for creating an attractive workplace were also recognized by professionals.

→ Euromoney Excellence Award 2013 – Best Bank in Hungary

Every year since 1992, the prestigious international financial magazine Euromoney has assessed financial market players in various countries and regions, by awarding “the best of the year” title in recognition of outstanding performance. The decision process involves considerations such as size, activity profile, profitability, while other important aspects include the capacity to grow, performance relative to competitors, and whether the company managed to successfully adjust to the changing market environment and client needs. In 2013, hundreds of banks participated in the international contest again and K&H was selected as the Best Bank in Hungary.

→ The Banker Magazine – The Bank of the Year in Hungary

2013 marked the third time (after 2008 and 2011) the international trade magazine The Banker has awarded the title “Bank of the Year in Hungary” to K&H. The international “Bank of the Year” title is awarded to nearly 150 selected financial institutions worldwide each year. The selection process involves a detailed questionnaire used by experts of The Banker to assess the financial results, growth ratios, and performance indicators of banks. In addition to analysing these figures, experts also take into consideration whether a bank has set up any new standards by introducing innovative, cost-effective or new technologies.

→ Insurance Company of the Year

The Insurance unit of the K&H Group also received prestigious recognitions in 2013. In the contest announced by the portal biztositas.hu, companies dealing

in retail property insurance competed for online votes of clients. Based on 25 000 online assessment, K&H Insurance became the winner of the competition and had the privilege to earn the title “Insurance Company of the Year”.

→ Business Superbrands

Operated for six years, the Business Superbrands Program has recognized companies and brands in the business sector in Hungary which provide outstanding services to other enterprises or organisations. The jury of 16 members (all independent experts) used the Dun&Bradstreet database and help from professional chambers and associations to decide which business brands may receive the Business Superbrands trade mark. According to the decision of the committee, K&H Bank won the Business Superbrands 2013 recognitions based on its service to corporate and sme clients.

→ Client-friendly Insurance Company in 2013 – second place

The Hungarian Financial Supervisory Authority (PSZÁF), the Association of Hungarian Insurance Companies (MABISZ), the Hungarian Consumer Protection Association (FOME), and the “I Liked IT” Hungarian Consumer Protection Satisfaction Monitor Kft (Tetszett) established an award in 2011 to recognize consumer-friendly organisations and to give incentives for investments where client interests are kept in mind. The founders aimed to help increase the awareness of consumers and to supply proper information on the insurance market to clients preferring to make well-informed decisions.

After receiving the prestigious title “Consumer-Friendly Insurance Company of the Year 2012”, K&H Insurance won the second place in 2013 in recognition for its consumer-friendly initiatives: providing transparent client information in easy to understand language; and designing and continuously further developing user-friendly online interfaces and client service channels.

→ LEED® certification, gold rating

Building K was the first of the two new head office buildings which received a gold-rated LEED® certification, boasting to be the first office building in



Hungary to win the gold LEED® certification. Later in the year, building H also received the certification; thus the entire head office is now a gold-rated office building, which was built (starting from the selection of the location through the entire construction process to all equipment installed) in compliance with the rules of the LEED international scheme based on strict criteria in terms of environmental consciousness and sustainability.

→ ALUTA Excellence Award

The head office of the K&H Group won the Excellence Award of the Hungarian Association of Aluminium Window Façade Manufacturers, which is given in recognition of architectural works created by applying modern, creative, and innovative technologies for building rational and qualified structures in aluminium-glass façades.

→ Construction Industry Excellence Award

K&H's head office, an exemplary building in design and construction, has become a dominant unit of the Millennium City Centre. This was recognized by Hungarian architects when giving the Construction Industry Excellence Award in the Office Buildings Category to both (K and H) buildings. They stressed in their justification that not only the architecture of the building is modern and innovative but also its mechanical engineering systems, façade structure and shading system is unique, applying many innovative solutions hardly known in Hungary yet.

→ finishing in the first three in the competitions "Office Building of the Year" and "Office of the Year"

K&H finished in the first three in several categories in the competition "Office of the Year" announced for the third time by the trade portal iroda.hu.

The head office building of K&H Group finished in the 2nd place in the Audience Award Category of the "Office Building of Year 2012", by occupying the 3rd place in the Special Award Category of the "Office of the Year 2012". When awarding the "Office of the Year" Special Awards, members of the jury used no predefined criteria, instead they recognized any unique and complex solutions found in the course of their on-site visits. In the case of the head office, the jury appreciated the unique selection of furniture and the high standard of furniture in terms of ergonomics, as well as the fact that a huge number of people (2200 individuals) were moved as part of the relocation to the head office.

→ Diverse and Family Friendly Organisations TOP 10

2013 marked the third time that the MTD Community of Consultants has launched a benchmark research to analyse the progress made in Hungary in creating diverse, inclusive, and family-friendly workplaces and making specific equal opportunities actions and relevant future plans. This time, the key topics of the research included the balance between private life and work and mapping employment practices that are family-friendly for both genders and all generations. The outcome of the research effort is a list of organisations, and the top 10 of them – including the K&H Group – received the recognition 'Diverse and Family Friendly TOP 10' Organisation.

→ Exemplary CSR Project

In the "CSR Best Practice 2012" competition of the Hungarian Public Relations Association, the financial contest of K&H 'Ready, Steady, Money!' won the award in the Exemplary CSR Project Category. The jury justified their decision by stating that, the Bank made, by running this competition, a contribution to the spreading of socially responsible business conduct in Hungary.

→ Golden Lollipop

To our great pleasure, we received a professional recognition for an inventive advertisement in 2013. For our viral video titled "Burglar Alarm", we won one of the greatest awards in the field of communications and advertising in Hungary: the Golden Lollipop Award. The short film, made at Széll Kálmán square and watched by over 630 000 people until the end of November 2013, draws the attention to the importance of home insurances.

→ Bronze EFFIE

In 2013 the K&H Group received a bronze EFFIE Advertisement Efficiency Award in the Financial Services Category in recognition of its Olympic Deposit advertisement campaign.





GRI – G3 index

SG - to be found in the publication titled sustainability guidelines

SR - to be found in the publication titled sustainability report 2013



GRI Index	brief description	
1	strategy and analysis	
1.1	statement about the relevance of sustainability to the organization and its strategy	SG 3, SR 4
1.2	description of key impacts, risks, and opportunities	SG 3
2.	organisational profile	
2.1	name of the organisation	SG 4, SR 6
2.2	primary brands, products, and / or services	SR 11
2.3	operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	SR 6
2.4	location of organisation's headquarters	SG 12, SR 2
2.5	number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	SG 4
2.6	nature of ownership and legal form	SG 4
2.8	scale of the reporting organization: number of employees; net sales; total capitalisation broken down in terms of debt and equity; quantity of products or services provided	SR 20, 25
2.9	significant changes during the reporting period regarding size, structure, or ownership	SR 6
2.10	awards received in the reporting period	SR 26
3	report parameters	
3.1	reporting period (e.g., fiscal/calendar year) for information provided	SR 4
3.2	date of most recent previous report (if any)	SR 4
3.3	reporting cycle (annual, biennial, etc.)	SR 4
3.4	contact point for questions regarding the report or its contents	SG 12, SR 2
3.5	process for defining report content	SR 4
3.6	boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	SR 6
3.12	GRI content index	SR 28

GRI Index	brief description	
4	governance, commitments and engagement	
4.1	governance structure of the organization	SR 6
4.4	mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	SR 6, 21
4.6	processes in place for the highest governance body to ensure conflicts of interest are avoided	SG 7
4.8	internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	SG 6, SR 4
4.9	procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	SG 7, SR 8
4.10	processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	SG 6, SR 8
4.11	explanation of whether and how the precautionary approach or principle is addressed by the organization	SG 9
4.12	externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	SG 11, SR 6
4.13	memberships in associations (such as industry associations) and / or national / international advocacy organizations	SG 11, SR 6
4.14	list of stakeholder groups engaged by the organisation	SG 5, SR 7
4.15	basis for identification and selection of stakeholders with whom to engage	SG 4
4.16	approaches to stakeholder engagement	SG 4
4.17	key topics and concerns that have been raised through stakeholder engagement	SG 4



GRI Index	brief description	
5.	management approach and performance indicators	
EC	economic performance indicators	
EC1	direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	SR 15-17, 19, 25
EC8	development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	SR 15-17
EC9	understanding and describing significant indirect economic impacts, including the extent of impacts	SR 11
EN	environment performance indicators	
EN3	direct energy consumption by primary energy source	SR 12-15
EN5	energy saved due to conservation and efficiency improvements	SR 12-15
EN6	initiatives to provide energy-efficient or renewable energy-based products and services reductions in energy requirements as a result of these initiatives	SR 12-15
EN16	total direct and indirect greenhouse gas emissions by weight	SR 13, 15
EN18	initiatives to reduce greenhouse gas emissions and reductions achieved	SR 13, 15
EN22	total weight of waste by type and disposal method	SR 14
EN26	initiatives to mitigate environmental impacts mitigation of products and services, and extent of impact	SG 7, SR 12-15
EN29	significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	SG 7
LA	labour practices & decent work	
LA1	total workforce by employment type, employment contract, and region	SR 20
LA3	benefits provided to full-time employees that are by major operations not provided to temporary or part-time employees,	SR 19

GRI Index	brief description	
LA6	percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	SR 21
LA7	rates of injury, occupational diseases, lost days, fatalities by region	SR 20
LA8	education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	SR 18-19, 21
LA11	programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	SR 18-19
LA12	percentage of employees receiving regular performance and career development reviews	SR 18-21
LA13	composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	SR 20
HR	human rights	
HR2	percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	SR 23
HR6	operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour	Observing the Fundamental Law of Hungary
HR7	operations identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of forced or compulsory labour	Observing the Fundamental Law of Hungary
S0	society	
S01	nature, scope, and effectiveness of any programs of operations on communities, including entering, and practices that assess and manage the impacts operating, and exiting	SR 4, SR 4, 9, 10, 15-17
S04	actions taken in response to incidents of corruption	SG 8
PR	product responsibility	
PR5	practices related to customer satisfaction, including results of surveys measuring customer satisfaction	SR 9-11