

# An umbrella covering countries in Central and Eastern Europe.



Many Austrian companies have subsidiaries in other European countries that do not always engage in cross-border treasury operations. When new funding is needed, especially during the start-up phase of a business, local regulations that must be addressed can often present major obstacles to success. UniCredit has created the Umbrella Facility, a flexible and user-friendly credit facility based on the parent company's credit rating, that can be accessed in most Central and Eastern European countries. Bank Austria coordinates every phase of negotiation, acting as the single point of contact between the client and UniCredit's banks across the region.

A simple way to help companies focus on their business, leaving the bank to manage their financials.

*Michelangelo Pistoletto - Embrace Differences - Serigraphy on Thermodech Mirror 2005 - 2006*

*UniCredit Art Collection - © Michelangelo Pistoletto - Courtesy Cittadellarte - Pistoletto Foundation - Details*

# Our Customers

PRIORITIES 2012

Provide greater proximity to our customers served by our Family & SME division by enhancing our being easy to deal with approach and investing in:

- simplification, transparency and front-end empowerment
- optimization of channel mix to offer the same products and services across all channels
- development of new products that can be commercialized across different channels

Strengthen our relationships with customers by building and maintaining their trust and by investing in the improvement of customer service and product quality

Deliver concrete solutions to support the internationalization of companies through a structured Groupwide task force focused on:

- simplifying and improving products
- reinforcing relationship managers' competencies and support systems
- developing essential IT infrastructure

## Priorities 2011

### Listen and satisfy

Enhance our listening in order to stay attuned to the changing needs of our customers in an evolving, competitive environment

## Key achievements 2011

**Achieved:** We expanded the Instant Feedback program to Germany, Bulgaria, Croatia, Hungary and Romania following the success of the 2010 pilot program in Austria

### Be easy to deal with

Optimize the credit process by streamlining it and increasing transparency

**Partially achieved:** Several business processes were simplified and internal structures were reorganized to improve customer interaction and achieve greater efficiency. Improvements will continue in 2012

### Manage our relationships

Assure consistent standards, quality and excellence in customer service across our network by sharing best practices

**Achieved:** We established consistent standards for quality and excellence across all divisions and in the majority of the countries in which we operate

Further improve complaint management processes to reduce the need for follow-up with dissatisfied clients

**Achieved:** Our Global Compliance Guidelines – Complaint Management have been implemented Groupwide

### Deliver concrete solutions

Develop new products and services to support international transactions and business models

**Achieved:** We implemented our Cross-Border Service Standards Governance Guidelines across our Group. New and innovative products have been developed (e.g., *Umbrella Facility*, *@GlobalTrade*) to promote the internationalization of our corporate customers

Complete and approve our new credit policies on environmental topics

**Achieved:** We approved our special credit policies on water infrastructure and mining

# Our Customers

At UniCredit, our priority is clear: to put our customers at the core of our business and to listen to and understand their needs. This will make our business more effective and our customer relationships stronger to help us deliver concrete solutions. We work every day to provide our customers with the long-term sustainable value that they expect from us and to support the economic growth of the 22 countries in which we work.

Our key accomplishments in 2011 were the result of our continued efforts to embed sustainable business practices in the core of what we do. Our strategic plan, which was launched in November 2011, confirms that our sustainable practices are moving forward.

However, as a leading European commercial bank, we will ultimately be measured by the real-life impact we have on our customers. We are responsible for ensuring that the products and services we provide are of value and deliver real, lasting benefit.

To do this, we are strengthening our client franchises characterized by an extensive geographical reach and extending new medium-to long-term loans to small and medium-sized enterprises (SMEs) in Italy, Germany, Austria and Poland. We are also improving our operational efficiency in order to provide customers with the high-quality service and financial innovations they deserve.

We worked hard in 2011 to execute our priorities, which are part of our competency model aiming to deliver real results.

## 1. Listen and satisfy

We are dedicated to improving our customers' satisfaction and overall experience, no matter the business area, through UniCredit's customer-centric approach

## 2. Be easy to deal with

Our brand statement requires us to make it easier for our customers to achieve their financial goals. We do this through:

- investing in leaner operations
- promoting simplicity and transparency

## 3. Manage our relationships

We set standards in our advisory practices and give our relationship managers and employees the skills they need to provide customers with the services they expect. By doing this we establish trust and loyalty, while assuring proximity and continuity

## 4. Deliver concrete solutions

We deliver top products and services, provide financial innovations and promote responsible banking with a view to creating real benefits for our customers and their communities

## Listen and satisfy

In 2011, we continued to listen carefully to our customers so we could better understand how to tailor our financial services to their changing needs.

We built on our One for Clients (One4C) organizational and business model by developing new client segmentation criteria in Italy, Germany and Austria, thus strengthening our divisional model. In line with One4C, we analyzed the satisfaction levels of our customers regarding our new Family & SME (F&SME) and Corporate and Investment Banking (CIB) organizational structures.<sup>1</sup> For further information on One4C see our 2010 Sustainability Report.

Honest dialogue with our customers has become increasingly important in understanding where we are doing well and where we need to improve. Several Groupwide listening initiatives were carried out across our network in 2011 to assess the needs, experiences and expectations of our customers.

We use the TRI\*M index<sup>2</sup> methodology to track customer satisfaction levels. In 2011, we interviewed roughly 693,000 UniCredit customers using this methodology for our

<sup>1</sup> The F&SME division includes Mass Market and Affluent individuals and enterprises with an annual turnover < € 50 million. The CIB division includes enterprises with an annual turnover > € 50 million.

<sup>2</sup> A TRI\*M Index score below 40 points is generally considered insufficient, while a score above 70 points is considered excellent. For all TRI\*M Index results, an individual company's performance should be assessed in light of the overall scores achieved by their peers within that same country.

F&SME/Retail, CIB and Private Banking divisions. Our survey is conducted monthly in Italy, Germany and Austria for our F&SME division, similar to our Retail division in Poland, and three times a year for the Retail division in Central and Eastern Europe (CEE).

**Roughly 693,000 customers interviewed**

In the 2011 survey, our Individuals segment in Italy showed stable results with a slight decrease year-on-year; however, UniCredit maintained its competitive advantage compared to its peers. We analyzed the data extensively to explore the turnover impacts within our relationship manager staff and the effects of pricing decision trends on customer retention.

In Austria and Germany, our TRI\*M Index scores increased and we are now on par with our peers. In Austria, this success can be partially attributed to the *6th Sense* division-wide initiative, which trained 98 percent of our branch employees to implement our service and advisory standards and strengthen our customer-first approach. See page 44 for further information on this initiative.

In CEE and Poland, our evaluated banks achieved TRI\*M Index scores higher than the average scores tallied by our respective market peers. Moreover, the majority of our legal entities based in countries subject to TRI\*M Index monitoring increased their absolute TRI\*M scores. Croatia held a market-leading position although challenging conditions affected the performance of the entire sector.

Our newly established SME segment reported an increase in the TRI\*M Index results in all countries except Austria where 2010 data is unavailable.

## Individuals TRI\*M index results in Italy, Germany and Austria Retail<sup>A</sup> TRI\*M index results in Poland and CEE

Country	TRI*M index results			2011 competitors' TRI*M index results
	2011	2010	2009	
Italy	60	61	not available	54
Germany	68	66	62	68 <sup>B</sup>
Austria	71	66	64	71
Poland	59	57	56	58
Bulgaria	71	67	69	70
Croatia	69	79	81	65
Czech Republic	69	68	66	63
Hungary	72	70	72	62
Romania	65	68	68	63
Russia	83	82	81	73

<sup>A</sup> In Poland and CEE, the Retail division includes Mass Market and Affluent individual customers, and Small Businesses.

<sup>B</sup> Data is comparable to TRI\*M index; however, it is calculated by a different research provider.

## SME TRI\*M index results in Italy, Germany and Austria

Country	TRI*M index results			2011 competitors' TRI*M index results
	2011	2010 <sup>A</sup>		
<b>Small Business</b>				
Italy	58	57		50
Germany	58	56		63 <sup>B</sup>
Austria	49	not available		72
<b>Medium Enterprises</b>				
Italy	50	44		not available
Germany	66	63		64 <sup>B</sup>
Austria	71	not available		73

<sup>A</sup> Through our One4C program, new client segmentation criteria were implemented in Italy, Germany and Austria in 2010. Since 2011, the new F&SME division has included enterprises with an annual turnover of less than €50 million. The TRI\*M Index data was therefore recalculated for 2010.

<sup>B</sup> Data is comparable to TRI\*M Index; however, it is calculated by a different research provider.

# Our Customers

Corporate segment results show that customer satisfaction levels rank above our peers in the majority of countries we monitor. In Italy, Austria, Poland and Russia, the TRI\*M Index improved over the last two years. In Germany, our scores decreased due to the market environment and, possibly, our transition to the One4C model.

For our Private Banking division, we ensured that in 2011 our methodology was aligned with the division's customer commitments defined in 2010, which represent our value proposition to our customers: competence leads to clarity.

Despite the challenging global economic environment, our Private Banking divisions in Germany, Bulgaria, Croatia and Romania made strong gains in customer satisfaction, as reflected by their respective TRI\*M Index scores. Italy, Austria and Russia reported stable results. In Austria, Schoellerbank AG's exceptional score of 92 represents only a minor adjustment to its 2010 score of 93.

Other listening activities conducted in 2011 helped us to monitor and evaluate the quality of services delivered across our network. Such initiatives provide our customers with the communication channels they need to voice their opinions.

After launching our *Instant Customer Feedback* program – or our *Customer Experience Measurement* – in Austria in 2010, we expanded it in Germany, Bulgaria, Croatia, Hungary and Romania to encourage our customers to tell us about the quality of their interactions with their relationship managers.

We also made it easier for our customers to submit their feedback. In Germany, they can now share their input via telephone, email and SMS messaging.

## Corporate TRI\*M index results

Country	TRI*M index results			2011 competitors' TRI*M index results
	2011	2010 <sup>A</sup>	2009 <sup>A</sup>	
Italy	53	49	44	49
Germany	61	71	not available	not available
Austria	75	73	69	not available
Poland	63	62	57	63
Bulgaria	78	79	79	73
Croatia	84	86	84	73
Czech Republic	78	78	67	71
Hungary	70	66	69	57
Romania	75	73	76	71
Russia	90	87	80	80

<sup>A</sup> Through our One4C program, the new CIB division has included enterprises with an annual turnover of more than €50 million. The TRI\*M Index data was therefore recalculated for 2009 and 2010 in Italy, Germany and Austria.

## Private TRI\*M index results

Country	TRI*M index results		
	2011	2010	2009
Italy	59	58 <sup>A</sup>	not available
Germany	68	56	53
Austria <sup>B</sup>	69	69	59
Poland	66	68	63
Bulgaria	95	88	not available
Croatia	103	98	91
Czech Republic	80	84	not available
Hungary	78	86	not available
Romania	83	78	not available
Russia	90	90	not available

<sup>A</sup> Through our One4C program, new client segmentation criteria were implemented. The new Private Banking division also includes some customers previously classified under the F&SME segment. The TRI\*M index data was therefore recalculated for 2010.

<sup>B</sup> Austria results refer only to UniCredit Bank Austria AG.

## Family & SME *Instant Customer Feedback* highlights, 2011

Country	Number of questionnaires received	Purpose	Key results
Austria	27,190	Ask customer feedback on advisory meetings, relationship manager turnover, service, processes, products, customer onboarding, etc.	The satisfaction level is over 90 percent
Germany	6,675	Advisory meetings	The satisfaction level is over 90 percent
Croatia <sup>A</sup>	645	Advisory meetings	86 percent of customers who provided feedback were highly satisfied with their advisory meetings and would recommend our services

<sup>A</sup> Data refers only to individual customers.

After we aggregate and analyze customer feedback, our advisors can review the results from their own customer interactions, which are later reported at the branch, regional and headquarter levels, according to the country.

We also used Web 2.0 technology in Germany to maintain regular dialogue with our internet-savvy customers. More than 650 customers – up from 100 in 2010 – joined our *Kundenforum* virtual platform to ask questions and discuss upcoming initiatives with our employees.

At UniCredit, we believe in putting ourselves in our customers' shoes and experiencing our own services firsthand. That is why our mystery shopping initiative, which helps us monitor and evaluate the quality of customer service in our branches, is so important. In 2011, we conducted 1,455 visits in Italy, 621 in Germany and 3,030 in Austria.

We also conduct more than 5,400 mystery shopping visits in CEE on a semiannual basis. Reports on our mystery shopping visits are typically available on our local intranet portals shortly after they take place.

In an effort to further enhance our customer relationships, we have also linked our relationship managers' incentive system directly to the satisfaction of their customers.



# Our Customers

## Be easy to deal with

We want to empower our customers to get where they need to be. By being straightforward and easy to deal with, we can improve our interactions and build their confidence in us as a long-term partner. To do this effectively, we have made our operations, products and services easier and more transparent.

## Investing in leaner operations

In 2011, we advanced our One4C organizational and business model by reshaping and simplifying our key business processes and reorganizing several of our internal structures.

For example, an SME sales channel was created within our F&SME division to improve our proximity to customers and provide easy access to our specialized services. Our new channel also promotes simplicity, reduces response times and builds deeper ties to our communities.

In Germany, this new SME sales channel spans five SME regions and 43 SME branches, thereby improving our profile as a regional bank. The arrangement enables our relationship managers to consistently serve as our customers' primary point of contact and to enlist specialist support when providing customers with services involving: corporate treasury sales, cash management, foreign trade finance, mortgage loans, subsidized loans, specialized financing, renewable energy financing, leasing, asset management and specialists securities.

In addition, our new credit risk policy for SMEs was rolled out in Germany. This policy utilizes credit parameters and industry standards to simplify the credit decision-making process and improve our credit risk management.

Our easy credit applications, innovative scoring systems, credit specialists and customized financing solutions for complex projects – including start-ups and company succession planning – help our sales teams by reducing the complexity and the time needed to complete the decision process.

Also in 2011 the CIB division was reorganized and a strategic plan was developed to:

- provide personalized, innovative and sophisticated services and products to companies and institutional customers
- ensure fast, high-quality financing and credit-risk services, and a client-oriented loan process
- develop products that maximize synergies across countries and divisions by sharing innovative product ideas and business models

The CIB strategic plan was shared with more than 2,370 employees in 2011 through a series of live events and road shows designed to engage, motivate and align our colleagues in achieving our long-term CIB targets. The plan is also available through internal channels, including our intranet.

Our effective underwriting process has been one of the keys to our improved customer satisfaction scores and subsequent reduction in the number of customer complaints. We strictly measure credit response time on a monthly basis across our divisions and legal entities, to see if our efforts are producing the intended results. The CIB division entirely redesigned their credit processes in 2010 to simplify procedures and increase credit quality. This has significantly reduced CIB's credit response times across countries. In Italy, CIB's credit response time was halved over the past two years. In CEE, efficiency improvements were

implemented at the branch level.

In Romania, for example, the Branch Network Committee was established to institute process efficiencies.

The committee reviewed 31 issues reported by branches, primarily regarding IT applications and equipment, operations and procedural problems. These issues were addressed with the responsible departments, after which the committee followed up monthly to ensure that the issue was resolved.

## Promoting simplicity and transparency

Earning, building and maintaining the trust of our customers is one of our most important responsibilities as a bank. To do this, we work to ensure that our documents are clear and our financial products and services are simple and transparent. We offer our customers the financial products they need and, as their bank, we vigilantly protect their interests by marketing our products responsibly.

### **Transparent communication and responsible marketing**

Customers depend on us to present and explain our documents, products and services in a way that is in their best interest – simply, clearly and quickly. In 2011, we continued to build on several important ongoing initiatives in this area.

For example, in response to volatile markets and tax reforms in Italy, we updated our catalogue of simple deposit products. We now offer a competitive range of products that are presented according to their value propositions and maturity structures in a way that ensures that our customers understand them.

We launched our *Punta su UniCredit* and *Informa il tuo Cliente* initiatives

in Italy to improve our customers' asset allocations, to match them with products suited to their needs and to provide support on tax code changes.

Additionally, we began an automated after sales process, using our ATMs, bank statements, branches and emails to tell Genius account holders about the free products and services available to them online or at our branches, and to raise awareness of the features and benefits of specific products.

In Germany, our workshops and *Mittelstandstage* event provided SME customers with opportunities to meet with senior managers and external financial experts to discuss topics relevant to their financial needs. Held in ten different locations over the year, these events attracted 4,100 SME clients and potential SME clients.

In Germany in 2011, our F&SME customers also began to receive standardized, one-page descriptions for more than 100 different products, which contain detailed product information, field of application, user group and costs.

Due to local loan procedures in Hungary, our customers may be compelled to select their mortgages before fully understanding the terms of the agreement. In response, we developed our *Foreseeing Loan*, which provides mortgage agreements that remain valid for six months while customers take their time to select a property and understand the mortgage they are being offered. The *Foreseeing Loan* was awarded Retail Loan Product of the Year, 2011 at the MasterCard Bank of the Year competition.

## From *MyGlobe* to *Depot Global*

Based on the success of *MyGlobe*, which was launched in Italy in 2009, we now offer a similar service to our Private customers in Germany. *Depot Global* was launched in January 2012 for customers to obtain advice on all of our banking services for a flat fee. Under this transparent arrangement, there are no charges for product sales, while all sales commissions are rebated to the client. *MyGlobe* and *Depot Global* eliminate advisory conflicts of interest and ensure price transparency. *MyGlobe* already has more than €2.2 billion in investments, while preliminary figures for *Depot Global* amount to more than €150 million.

In the current economic environment, transparency is of the utmost importance for our asset management customers. The European sovereign debt crisis incurred severe market turbulence across the eurozone in 2011, with Greece, Portugal, Ireland, Spain and Italy taking austerity measures to reduce debt and contain interest rates.

Our asset management customers received regular communications from Pioneer Investments, including advice on how to protect their savings and position their portfolios to benefit from future opportunities. In addition, a number of video interviews were published on the Pioneer Investments corporate site to explain its market perspective.

Pioneer also launched a new website dedicated to the Key Investor Information Document (KIID) in July 2011 to communicate relevant information on its funds. This was in line with the European regulation,

Undertakings for Collective Investments in Transferable Securities (UCITS IV). For further details see page 43 of our 2010 Sustainability Report.

Responsibility and transparency are crucial when marketing financial products and services. Thus, our marketing adheres to voluntary codes to assure transparency.

## Examples of codes we follow

In Italy, our marketing activities follow the Codice di Autodisciplina della Comunicazione Commerciale (Code for Self-Regulation of Marketing Communication) advocated by the Istituto dell'Autodisciplina Pubblicitaria (Institute for Self-Regulation in Advertising), which commits its subscribers to honest and transparent advertising. For further information, see the Our Approach section of the Supplement.

In Croatia, we comply with the Code of Advertising rules and regulations issued by the Croatian Association of Advertising Agencies.

In the Czech Republic, we adhere to the code of ethics outlined by AČRA, a professional advertising association, as well as the ethical code of the Czech Banking Association, which advocates price transparency, communication standards for products and services, and standards for complaint management. Our Identity & Communications department communicated and promoted the importance of responsible lending standards after we integrated them into our mortgage loans as recommended by the European Mortgage Federation.



# Our Customers

## **Sustainable products and services**

It is our responsibility to look out for the best interests of our customers. Thus, we offer products and services that meet their expectations, match their risk profiles, and provide long-term value.

In Italy, we made significant headway in our initiative to ensure that our personal bankers managed portfolios based on our customers' profiles and financial needs. Our advisory model, which exceeds the Markets in Financial Instruments Directive (MiFID) requirements, is still under development and will be rolled out in 2012. This initiative is based on three pillars:

- **Client Check-up:** an analysis of a customer's profile, which is based on an interview with the client and data drawn from such programs as our *Know Your Customer*
- **Portfolio Analysis:** a comparison of our customer's portfolio to a model portfolio, followed by the development of business proposals that are in line with our customer's overall profile
- **After Sale Over Time:** a process in which we carefully monitor every change in our customer's portfolio

### **A new 3-step advisory model**

- **Client Check-up**
- **Portfolio analysis**
- **After sale over time**

In Poland, a similar service model is being put in place. All financial advisors for our Affluent segment are currently being trained and certified in a new approach to investment advisory meetings, as well in the use of our new *Investment Navigator* support tool. This tool enables our advisors to work with the customer to develop a tailor-made investment plan through a five-step process.

Additional products and services were launched in Italy to optimize our customers' asset portfolios.

*Pioneer Idee di Investimento*, an initiative launched in collaboration with Pioneer Investments, ensures that our relationship managers are equipped with detailed, structured and monitored market analysis to keep our customers informed. Based on market conditions and our model portfolio, our customers can switch to products that are invested exclusively in markets with positive outlooks.

Our *Risparmia Facile* investment product enables our customers to invest in small installments of €50 to €200 and to withdraw their accumulated savings at any time.

Our new *Tagliando Certificato* tool supports personal advisory services for all *Opzione Sicura* mortgages. While monitoring customer payments, this tool allows our branches to provide customers with the support and information they need to make better decisions.

We also extended our pre-scored ticket model to encompass our full range of personal loans in order to develop a simplified yet innovative approach to sustainable debt. A new pre-scored ticket model has been incorporated into *Senzapensieri*, our overdraft protection, and our credit card options for individual customers.

## **Enhancing consumer protection**

We are vigilant in protecting the rights of consumers. We maintain constant dialogue with Consumer Associations to promote awareness and to encourage sustainable purchasing choices, and we carry out joint initiatives aimed at increasing

transparency and simplification. Following the 2010 agreement between UniCredit and 12 Italian Consumer Associations, our activities in 2011 focused on achieving two core objectives:

- maintaining active dialogue with central and local Consumer Associations that enable us to better understand the needs of our territories
- supervising the four working groups jointly established in 2010 to address issues of transparency and simplification

To achieve the first objective, we applied our effective central-level relationship model to the local level. The *UniCredit Territorial Consumer Day* (UCTD) meeting series created a network of key UniCredit territorial managers and local Consumer Association representatives. The network allows us to gather information from Consumer Associations and strengthen our local-level relationships. The first UCTD meetings in 2011 were held in Bari, Naples and Palermo, and resulted in the creation of a local network of 88 consumer association representatives and 39 UniCredit managers. We will continue holding UCTD meetings in 2012 as we strive to provide coverage to every Italian territory.

With regard to our second core objective, each of the four working groups – composed of representatives from the Consumer Associations and from UniCredit – rolled out significant initiatives related to:

- transparency and financial education
- territorial financial innovation and inclusion
- understanding complaints from Consumer Associations and developing alternative dispute resolution procedures
- informational reference points in our banking branches

Among the deliverables produced by the first working group tasked to address transparency was a mortgage transparency kit. This kit included a simplified contract, a standardized information sheet, a letter to inform clients about the risks related to variable rate mortgages and a set of guidelines identifying 10 key pitfalls to avoid when applying for a mortgage.

The second working group focused on financial innovation and inclusion issues. It provided Consumer Associations with a preview of new UniCredit products (e.g., *Conto Tu Famiglia*, *Friendly Repossess* and *Repossess Parziale*) which are further described in this report.

The third working group focused on defining alternative dispute resolution procedures to constructively manage disputes between UniCredit and its customers, which were not resolved through our complaint management process. Disagreements will now be resolved by one of the seven Joint Boards of Conciliation, which are composed of representatives from both UniCredit and Consumer Associations, and are based in Bologna, Brescia, Naples, Palermo, Rome, Turin and Verona.

The fourth and final working group is tasked with improving the information points that are located within UniCredit branches and staffed by consumer association representatives. With their oversight and support, we expanded our *Desk Consumatori* (Consumers Desk) initiative by opening three new such desks at our Agenzia Tu branches dedicated to foreign nationals living in Italy. Moreover, we implemented an online platform to support consumer association experts working in our branches. As of December 2011, more than 7,660 customers and non-customers received support from these

experts with regard to current accounts, mortgages, and credit and debit cards, as well as public administration, tourism and transport.

**More than 7,660 individuals received support from our *Desk Consumatori* initiative**

In 2012, these four working groups will focus on transparency and simplification related to products already identified together with Consumer Associations.

Additionally, together with two Consumer Associations, we launched our *Facile & Sicuro* (Easy and Secure) initiative to promote the responsible use of credit and debit cards. This seminar series targeted customers and small retailers, and included twelve seminars for specific groups such as housewives and retired people and eight seminars for small retailers regarding electronic payments. A national *Credit Card Day* will be organized and our customers will have access to information points in 20 cities across Italy. The *Facile & Sicuro* program will continue through the first half of 2012.

In line with the growing attention paid to consumer protection issues at the international level – particularly by the OECD, the Financial Stability Board and the European Union – we dedicated several activities to further protect our customers.<sup>3</sup>

One of these activities was a pilot project that researched transparency to better understand how our customers in Italy perceive its value. In collaboration with an Italian research institute, we held focus groups and conducted interviews with our employees, customers, non-customers and opinion leaders.

We launched a Consumer Protection Strategic Agenda initiative in Italy, in cooperation with business and competence lines to map key processes, roles and responsibilities related to consumer protection. In this way, we are working to meet the needs of consumers in areas such as access to products, fraud protection, transparency and financial education.

<sup>3</sup> These included issues involving our F&SME division, which relate to consumer and financial awareness and the process of aligning bank conduct with consumer expectations. As stated by the Financial Stability Board, "Consumer protection is not about protecting consumers from bad decisions but about enabling consumers to make informed decisions in a marketplace free of deception and abuse."

## FOCUS

### Dialogue with the European Commission on Consumer Protection

We also engaged in a policy dialogue with the Work Programme of the European Commission. This dialogue is focused on the EU's legislative initiative on responsible mortgage lending and borrowing, which aims to ensure that all consumers purchasing a property or taking out a loan secured by their home are adequately protected against the associated risks. We actively participated in the drafting process (still under way as of February 2012) by calling for a more level playing field across the EU as well as for practical proposals aimed at allowing the customer to make more informed decisions at every stage of the contract.

# Our Customers

## Manage our relationships

We work hard to build and maintain the trust of our customers. Ultimately, our business is only as good as the relationships we keep. To this end, we set advisory standards to ensure that our relationship managers provide the professionalism and competence that our customers deserve. Our employees receive regular training in risk management, and we have developed a range of tools to monitor our performance and better manage our customer relations. When our services do not meet the expectations of our customers, we work to find concrete solutions to their complaints and to avoid similar pitfalls in the future.

## Setting standards for our advisory practices

Our customers demand quality products and services that provide good value. To serve this need, we have developed and implemented tailor-made service and advisory models.

### The 6th Sense initiative sharpens our sense of customer service

In Austria's F&SME division, the *6th Sense* initiative was launched in 2011 to strengthen the high-quality service we provide to our customers. Roughly 5,000 employees participated in exercises to sharpen their sense of customer service. They used a new Web 2.0 platform to engage in virtual real-time exchanges and to post 9,870 comments and best practice tips for creating excellent customer service. The program entailed a

five-module team workshop per branch, exams and the final Best Service Branches awards based on their engagement in the program and their customer satisfaction scores. After its first year, this initiative has transformed the division's service culture to put the customer first. Current figures show significant improvement in our customer satisfaction scores over the past 12 months.

The Austrian F&SME division also developed *Smart Banking*, a new professional advisory service for customers who prefer to conduct their banking remotely. This service makes it possible to manage customer relationships entirely online or by telephone. A remote personal advisor, with full access to high-quality, industry-standard processes, is at the core of this service and is available between 8:00 a.m. and 6:00 p.m., with a 24-hour support line for emergencies. Currently, the full range of *Smart Banking* services is available for individual customers only.

Additionally, the *Neukunden-Dialog* program was implemented in 2011 in Austria for both the Mass Market and Affluent segments, and provides assistance designed for first-year customers.

In Germany, we launched a *Service and Advisory Standards* project to ensure the consistent delivery of high-quality services in each of our branches. The project is based on a crowd-sourcing approach previously used in 2010 and involves interviews and feedback sessions with colleagues from all regions and areas. The results yielded valuable information and spurred motivation, dialogue and the sharing of best practices.

## FOCUS

### *Professional's Secret*

In Russia, the Retail division launched *Professional's Secret*, an interactive customer service project. Involving 14 regions, 90 branches and more than 800 employees, the project recreates the customer experience by involving our employees in mystery shopper exercises. The service quality standards that applied to this training are being expanded, while a video was produced to demonstrate the new standards in action.

In our Corporate segment, we worked to improve customer relationships by publicizing our customers' needs internally, with the aim to develop tailor-made offerings for them. For our larger customers, we introduced a two-year shared goals planning process that is designed to help meet their medium-term business targets. We also developed a process to enable our employees from different parts of our network to agree on shared goals. This process is based on regular meetings involving our relationship managers, specialists in cash management, factoring and leasing, representatives of other units from our product lines, credit analysts from our loan units, and other division experts. These meetings result in synergies and refine our strategies, operations and products.

Depending on the relative sophistication of their markets, several tailor-made service standards have been implemented in selected countries served by our Private Banking division.

Our Private segment developed the European Point of Reference, a network of UniCredit contacts to help us efficiently route transnational client requests.

This enables customers to leverage UniCredit's capacity in our core European markets to recommend contacts, such as those associated with foreign real estate investments.

In Poland, a new Private segment quality service model was implemented to ensure service consistency across all branches.

In Bulgaria, the Private segment published its service standard guidelines to ensure the use of our Group's best practices. This publication was distributed throughout the local branch network.

## Empowering our relationship managers

Effective and personable relationship management is fundamental to maintaining proximity to our customers.

We continued to invest in the professional development of our relationship managers in 2011 by providing them with the training and certifications they need to be at the top of their field.

**In Austria, 82% of our customers know their relationship managers by name**

Our relationship managers are key to our advisory model, particularly for the Affluent client segment. In Italy, our Affluent customers have had access to our dedicated relationship managers since 2005, while in Austria, 82 percent of our Affluent customers know their relationship managers by name.

**In Austria, 306 employees have become certified securities specialists**

In Austria, we organized a Eurosig training program, in which UniCredit Bank Austria AG collaborates with the Frankfurt School of Finance and Management to train our personal banking advisors. In 2011, 306 of our employees became certified securities specialists. Our goal is to make our advisors experts in both products and markets. In addition, MiFID tests are now mandatory for our relationship managers, while product training is provided on a needs-only basis. Our client handover process in Austria is designed to complement our career development program for managers, thereby ensuring stable quality of service.

In Poland, we launched the *Effective Advisor* and *Effective Manager* programs, in which over 300 participants enrolled. Both initiatives were designed to improve the skill sets of our advisors and team managers.

For our SME segment, we support our relationship managers by providing analyses generated by our senior risk experts.

In Germany, for example, we hold conference calls to share information with our relationship managers on key industrial sectors, four of which were covered in 2011: automotive, construction, healthcare and pharmaceuticals, and tourism, in addition to real estate for private investors.

Several skills-related trainings were developed in 2011 and were made available to our SME relationship managers in Germany. Two pilot projects involving roughly 40 relationship managers were conducted, including:

- an innovative training program focused on interactions with SME customers. The training included a new presentation concept, the *decision-maker dialogue*, which included prepared questions and charts for customer meetings
- a new workshop to improve the quality of our advisory services using our existing range of Sales Advisory Tools (SATs)

Using these SATs, we are able to prepare customized presentations for customer meetings, which focus on their company, its balance sheet, profit and loss statements, and industry trends.

## Sales advisory tools - Germany

Our *BuBa* advisory tool assists our relationship managers in preparing analyses of our customers' companies in relation to their competitors.

The *Working Capital Check* advisory tool enables us to explore our customers' working capital efficiency and the potential measures needed to improve their use of resources.

# Our Customers

We have also implemented a new concept, the *STAR-Book* on-the-job training. Through this program, our junior specialist relationship managers during their first year are tasked with preparing presentations and analysis for complex customer meetings conducted by senior relationship managers. Our *STAR-Book* advisory teams are available throughout our SME operations in Germany to improve the quality of our advisory services. They are on-hand to support our relationship managers and employees in our Credit Risk division to develop sophisticated financial solutions, particularly when working on complex deals with our customers.

Together with Bocconi University, we also designed an *International Competences Certificate* program for our employees serving customers with international business operations. In Italy, more than 1,600 SME employees were trained in 2011.

**In Italy, more than 1,600 employees received training on *International Competences***

In Austria, we developed *Praxis des Finanzierungsgeschäfts im Private Banking*, one-day specialized seminars for our Private segment relationship managers and assistants to address credit risk management and related processes. In 2011, ten seminars were organized, in which 95 percent of our relationship managers and assistants participated.

**In 2011, nearly all of our relationship managers in Austria attended credit risk seminars**

In Germany, the *Needs Analysis* project represents a new approach to our meetings with Private Banking customers. It entails a structured interview to provide a holistic picture of a customer's circumstances and goals, rather than focusing exclusively on financial topics and products.

## Handling complaints

We are working to handle our customer complaints swiftly and effectively to maintain their trust in us and in our business.

Our Global Compliance Guidelines – Complaint Management, for example, which we reported on adopting in 2010, were implemented Groupwide in 2011 across our legal entities and divisions, and in line with local requirements. They encapsulate our complaint management policy and define clear principles, processes and reporting procedures on how we handle customer complaints. In our F&SME division in Italy, the implementation of our Q48 system, designed to resolve customer concerns within 48 hours of submission, was successfully completed in 2011.

Complaint resolution in Austria now aims to handle all open issues within 48 hours; more than 60 percent of Family segment complaints are successfully resolved within this time period.

In Bulgaria, we made several upgrades to our complaint management system in all segments, which reduced the average response time to complaints in 2011. Within three days, 80 percent of customer complaints were resolved, whereas in 2010, 90 percent of complaints were settled within five days.

In Croatia, nine regional workshops on complaint management were conducted in 2011, involving more than 180 employees. These trainings emphasized the importance of responding to complaints and devising ways to improve complaint management. We have also taken steps to handle more customer complaints using digital channels.

## *Pekao BusinessLine*

*Pekao BusinessLine*, a service for Corporate customers in Poland, guarantees that our clients receive constant service assistance. Roughly 75% of all issues handled are finalized in two working days.

For further information on our customer complaints statistics, see the Supplement.

## Customer complaints management in Bulgaria

2010

90% of complaints resolved in **5 DAYS**

2011

80% of complaints resolved in **3 DAYS**

## Deliver concrete solutions

As a bank, we will ultimately be measured by the real-life impact we make on our customers. With life and its challenges demanding real solutions, we work hard to support companies and ensure that their businesses are sustainable in the long-term.

We are also committed to helping families achieve their full financial potential, particularly in the current global economic environment. But we must do this responsibly. As a sustainable bank, we are conscientious about our financial practices and conduct our business in the way our customers would expect of us.

### CIB division's Capital Structure Advisory

The CIB division's Capital Structure Advisory project will be rolled out in 2012. After an in-depth financial analysis, our Corporate customers will be provided with customized, forward-looking, strategic-oriented solutions. Our objective is to establish long-term cooperative relationships by providing regular advisory services in addition to meeting specific on-demand requests regarding equity and debt capital markets.

## Supporting internationalization

The long-term economic development and growth of our customers and their companies is one of our main responsibilities. As a leading European commercial bank, we are equipped to support their efforts in accessing the international markets.

To do this, we launched our *Global Internationalization Project* in 2011 as a structured, cross-Group task force that brings together experts from our F&SME and CIB divisions to:

- simplify product offerings by creating a new product catalogue organized by customer needs and featuring clear descriptions, bundles and terms
- provide training to our relationship managers on the international business needs of our Corporate customers and relevant product offerings
- support our network with a pool of product specialists and swift access to product lines
- improve the post-sale assistance process
- enhance our IT infrastructure to support product and service offerings with a focus on supply chain finance, trade finance and e-banking (e.g., cash management, bank transfers, account reporting and forex operations)
- provide customers with adequate coverage of all key trade destinations through partnerships
- speed up the implementation of standardized cross-border business processes by strengthening our advisory services
- develop an integrated communication plan on our Group's positioning vis-à-vis internationalization

In 2011, we globally implemented our Cross-Border Service Standards Governance Guidelines, which include our rules, responsibilities and processes regarding our customers with business relationships in two or more countries. The new guidelines were officially adopted by our CEE legal entities, with the exception of Russia and Poland, and trainings will be held in 2012 to support the implementation process.

Through our *Umbrella Facility*, we are supporting Austrian companies with subsidiaries across Europe during times when they require funds for local operations, particularly those associated with start-ups. The *Umbrella Facility* is our simple and flexible credit instrument that is available in several CEE countries. UniCredit Bank Austria AG coordinates these instruments and serves as the customer's single point of contact. Its *Umbrella Facility* was selected as the most innovative financial service in 2011 by participants of the Alpbach Finance Symposium.

Additionally, our UniCredit Global Transaction Banking specialists developed *@GlobalTrade* for our corporate customers as an innovative multi-bank, multi-counterpart web-based platform. It allows companies working in foreign markets to improve their internal processes and manage letters of credit, guarantees and documentary remittances in order to reduce the operational risks of their activities. In 2011, *@GlobalTrade* received the Italian Banking Association's (ABI) award for innovation.

We are also developing a unified account opening service in order to make it easier for customers to open an account in any of the 22 countries where our Group operates. This service will be available in 2012.

Building on the important experience we gained in 2010, we continued to invest in promoting SME internationalization in 2011 through a series of initiatives that provided both customers and non-customers alike with clear background information on key issues, as well as valuable networking opportunities.

# Our Customers

## Main initiatives to support SMEs' exports

Initiative (Country)	Description	2011 developments and participants
Destination China (Italy)	Supports companies' efforts to begin or enhance their export activities of their Made in Italy products in Chinese markets through road shows held in major Italian cities. These road shows provide an opportunity for entrepreneurs to develop an understanding of entry strategies for Chinese markets. In addition, they provide an ideal venue for them to interact with strategic consultants who specialize in China, UniCredit experts and UniCredit branch heads in China, as well as with independent legal professionals. Workshops are held at the road shows, which feature case studies and sharing of first-hand experiences by senior managers of leading companies doing business in China	Fourteen external professionals and experts participated in the four-day road show, which was attended by 600 entrepreneurs. Thirty one-on-one meetings between entrepreneurs and China experts were held
East Gate Export (Italy)	Promotes the exports of Italian SMEs to CEE countries – with a focus on Poland, Romania, Russia and Turkey – by providing entrepreneurs with access to experts from our CEE subsidiaries, independent consultants, and tax and legal professionals to share their international expertise	More than 2,230 entrepreneurs participated in five <i>East Gate Export</i> events in 2011, in Bari, Genoa, Florence, Monza and Perugia. Furthermore, roughly 7,000 one-on-one meetings were held between UniCredit representatives and independent professionals in other countries. Seventy-one percent of participating customers reported that they were satisfied by the event. Media covered the event, filing 201 news reports
100 Imprese (Italy)	Promotes SME Made in Italy products by arranging meetings between Italian enterprises and buyers from CEE countries	In 2011, three <i>100 Imprese</i> events were held in Alghero, Naples and Treviso, and generated roughly 1,760 Business-to-Business (B2B) meetings
Sardegna Export	Focuses on supporting the internationalization of enterprises in Sardinia by inviting buyers from Poland to a two-day fair, in cooperation with the chambers of commerce in Cagliari, Oristano and Sassari	The Sardegna Export fair in Alghero attracted 54 entrepreneurs and generated 360 B2B meetings
Mediterranean Taste	Promotes Southern Italian food and beverages to markets in Russia and the Czech Republic	The two-day event held in Naples facilitated more than 700 B2B meetings between 100 Italian companies and 25 Czech and Russian buyers
WinEast	Helps winemakers increase exports to CEE markets	The program held in Treviso connected 128 wineries from different regions with 20 buyers from Russia and Poland, and facilitated 700 B2B meetings
Export Business School (Italy)	Aims to develop or strengthen export management, internationalization strategy and business planning skills of Italian entrepreneurs and their employees, through a six-day training program in cooperation with local university professors	Eight training programs were held in 2011 in Bari, Bergamo, Bologna-Modena, Catania, Naples, Rome, Salerno, Verona-Vicenza
Meet the World (Austria)	Promotes Austrian, German and Italian exports. Our information desk was on-hand and staffed by our Global Transaction Banking and Financing & Advisory specialists in cooperation with the Austrian Chamber of Commerce	The event attracted roughly 2,500 participants, 50 exhibitors who were export service providers, and more than 60 Austrian business delegates from around the world
CEE Economic Forum (Austria)	Creates network opportunities for developing partnerships in CEE markets through a two-day workshop organized with trade commissioners from Eastern European companies	Roughly 450 participants attended

Our CIB division was also active in 2011 in the internationalization field. The division organized a series of events to help our Corporate customers meet potential new business partners and reinforce their dialogue with our top management.

Also of note in 2011 was our *I Rischi del Mestiere* program. Organized in partnership with the Italian newspaper *Il Sole 24Ore*, this program promoted dialogue between UniCredit and other companies on the risks posed by foreign exchange management and financial hedging instruments in a time of economic discontinuities. The program held five roadshows: Modena and Monza at the end of 2010, and Naples, Turin and Vicenza in 2011. The main participants were representatives from medium-sized and large local companies, including UniCredit customers, as well as our qualified specialists who provided customized advice on specific business solutions.

Our sixth annual *UniCredit Infrastructure Finance Conference*, held in Turkey in 2011, focused on new funding sources for infrastructure projects. The event was attended by 167 of our customers and representatives from the infrastructure finance community. Additional CEE events were organized to support our Corporate customers' cross-border activities. Between 2010 and 2011, for instance, we held events in Belgrade, Bucharest, Ljubljana, Sofia and Warsaw.

## FOCUS

### Dialogue with the European Commission on Internationalization

UniCredit has set up an internal working group to better engage the European Commission in a constructive policy dialogue regarding their strategy to support the expansion of European SMEs business to non-EU markets (e.g., a review of the Small Business Act for Europe: A new partnership to help SMEs seize global opportunities). In 2012, the working group plans to make the dialogue more structured at the European institutional level by leveraging our Group's expertise in the field (e.g., training programs, internationalization of micro-enterprises, networking opportunities and business information platforms).

### Fostering local economic development

UniCredit sustains local economic development, offering our communities concrete support that is suitable with their local customs. We understand that local economic sectors often have specific dynamics and regional contexts that demand tailor-made solutions.

In Italy, for example, we focused on supporting professionals to develop and manage their businesses. Our *Valore Professioni* program is a collaboration between UniCredit and *Confprofessioni* – an organization that represents Italian professional associations, including notaries, chartered accountants and architects – in which we made €500 million in financing available to Italian professionals, in addition to a customized catalogue of our banking products.

Additionally, we developed our *Ripresa Cantieri Italia* program with the National Association of Builders (ANCE) in June 2011 and committed to providing €2 billion in financing to qualified applicants for residential construction projects. As part of this initiative, UniCredit representatives

and select companies discuss credit policies and credit training, while joint working groups convene semi-annually. ANCE associates benefit from tailored evaluation processes and targeted instruction, which we provide regarding our commercial loan procedures.

## FOCUS

### Sector specific research


**Fashion:** We conducted a study in 2011 on 12 Italian networks active in the fashion industry – an important sector for the Italian economy. Moreover, we organized strategy meetings with certain companies to support the sector's ongoing development. More information is available on our website ([www.unicredit.it](http://www.unicredit.it)). 

**Shipping:** In 2011, the third annual AUB (Aidaf, UniCredit, Bocconi University) Observatory survey of Italian family businesses focused on the shipping industry. This initiative strengthens our territorial relationships and serves to create new business opportunities for the shipping sector supply chain. Furthermore, analyses of sector trends and dynamics are presented at Corporate and Private customer events. More information is available on our website ([www.unicredit.it](http://www.unicredit.it)). 



# Our Customers

Local government agencies are often under pressure to produce timely financial analysis, medium-term financial services and proper financial planning.

In Austria, together with the KDZ – Centre for Public Administration Research, we developed free, user-friendly analysis and planning tools, which are available on the  KDZ website.

These tools are used by municipal agencies to generate credit ratings and risk assessments of their own finances, to assess childcare, retirement and nursing facilities, and to evaluate other similar projects and investments. The *Expanded Budget Check* program was launched in 2011 to give a comprehensive overview of municipal budgets, including subsidiary offices and agencies. More than 290 registered towns and cities are using these tools, which were accessed more than 5,000 times in 2011.

The development of SMEs is vital to local economies. It contributes significantly to employment and GDP growth. At UniCredit, we work hard to be a reliable partner to our SME customers across various sectors.

In 2011, we set up our *Ripresa Italia* initiative to help support the real economy in the face of weak recovery. *Ripresa Italia* offers a new €1 billion pool for SMEs, investing in production cycle recovery, innovation and competitiveness, sustainability and education, internationalization and the development of networks.

*Reti di Impresa*, a component of *Ripresa Italia*, is a model developed to support the networks of firms. It guarantees the independence of each company, while treating them

as a network in order to improve their competitiveness in the global market. Out of the roughly 200 firms that registered for this model, we are now guiding 15 new networks through their set-up phases. The model also includes a permanent working group that facilitates the operations of these networks, and accepts related proposals from associations and interested third parties.

Beginning in 2012, UniCredit will also launch the six-year financing product, *Bond delle Reti*, which allows companies that belong to a corporate network to benefit from an improved credit rating.

In terms of innovation and competitiveness, three Italian research universities worked with our Group to provide technological and scientific evaluations of innovative SME projects. These evaluations helped us to develop better financial products for SMEs, including:

- *Innova*, a loan designed to enhance the technological content of products, processes and services, while strengthening our borrower's organization and corporate structure
- *Ricerca*, a loan to develop or sustain R&D projects, with an emphasis on creating technologically innovative new products, processes and services

Moreover, UniCredit won in two public call for tenders – which was issued by the Italian Ministry of Economic Development – to provide financing to small and medium-sized enterprises to develop their innovative patents.

In Germany, we supported the development of our SME customers by offering a range of promotional loans that represent government subsidized loans. As of December 2011, our promotional loans portfolio amounted

roughly €6 billion. In 2011, €1.7 billion of new loans were approved.

In Romania, we signed an agreement with the European Investment Fund – the arm of the European Investment Bank that provides SME risk financing across Europe – under the Joint European Resources for Micro to Medium Enterprises (JEREMIE) initiative. The agreement allows our bank to provide up to €87.5 million in new loans to Romanian SMEs. Under the agreement, the third of its kind in Romania, we can finance new investment and expansion for local SMEs with better than market terms. We will offer these loans over a two-year period, beginning in spring 2012. We also joined the *Kogălniceanu Program* in 2011, which provides state-subsidized working capital to SMEs. Intended to stimulate the creation and development of SMEs from 2011 to 2013, the program offers credit lines with partially subsidized interest payments and, in some cases, government loan guarantees.

Similar loan subsidies are being offered in partnership with international financial institutions in other CEE countries.

## Investing in innovative products and services

Improving our multichannel service model is one of our key strategic objectives.

At UniCredit, that means developing new or unconventional solutions that allow our customers to work with us through non-traditional banking channels. We created a process to generate new product, service and distribution channel innovations.

**In Italy, roughly 2.7 million Individuals and Small Business customers have used electronic banking services at least once in 2011**

For example, with *Firma Digitale* (Digital Signature) and *Negozi Online* (Shopping Online), our Italian customers are able to purchase or use our products and services wherever they happen to be; they do not need to visit a UniCredit branch.

In Germany, we are strengthening our relationships with remote clients by using video conferencing and modern call-center equipment, among other technologies.

For SMEs in Germany, we are researching the new eSignature technology to allow remote contract signing and online purchasing of our products. These services will be rolled out in 2012.

In Italy, we launched a virtual short-term loan request process for micro-enterprises and professionals. Customers

are able request a short-term loan by completing an online form, uploading their balance sheets directly from their own internet bank accounts and signing the agreement digitally.

Our Corporate customers are also the focus of our innovations. The *InvoiceComm* platform enables our Italian corporate clients to exchange, collect, reconcile and digitally store invoices and documents through multiple channels, thereby leveraging our customized solutions and making best use of our secure Digital Signature technology.

To help us further improve our online services, we led a focus group in Italy in 2011 of serious internet banking users. We first created an online forum and over seven days, two topics were introduced for discussion, which received comments from more than 100 participants. Face-to-face interviews were then conducted with 16 entrepreneurs regarding our new and existing services and features. We made improvements to our web payment service and site navigation following our study, while additional upgrades to our mobile banking and services are scheduled for 2012.

In Poland, we signed a *PekaoREADY* agreement with 30 Enterprise Resource Planning (ERP) software manufacturers in order to provide companies with faster, automated systems, which can be integrated with electronic banking systems and facilitate their daily operations.

**More than 530 customers attended Bank Pekao's online corporate educational program**

At the same time, we increased our investment in the *Pekao BIZNES<sup>24</sup> Academy*, which addresses advanced electronic banking tactics and strategies for Polish companies. More than 530 customers from 310 different companies attended our workshops in 2011 to learn how to use our advanced products and our banking platform.

## Innovative products and services for individuals

In Italy UniCredit's modern mobile banking services includes our *Mobile Token* for smartphones and our *Operazioni Veloci* (Fast Operations), which allow customers to pay for their mobile phone service and recharge prepaid cards using secure SMS messaging from any cell phone. Our mobile banking in Germany, *Stecken Sie Ihre Bank in die Tasche* (Your Bank in Your Pocket), is now available on iPhone. In addition, we also launched our first mobile optimized homepage ([m.hvb.de](http://m.hvb.de)).

In Italy, our online banking service, *Genius Card Web*, is a rechargeable virtual prepaid card that is easier to use than cash. Our *Pagonline* (Pay Online) service allows our customers to make internet purchases without using a credit card. Instead, the purchase amount is debited from their bank account.

Our upgraded ATMs have evolved into a real communication channel in Italy. In addition to their usual functions, our ATMs provide services such as topping up a cell phone, paying for a train ticket or recharging a TV card.

# Our Customers

## Supporting families and companies

During these times of global economic strain, it is our responsibility to develop and engage in a broad range of activities to help families and companies achieve long-term sustainable growth.

In 2011, many families continued to face uphill challenges in meeting their mortgage payments as a result of the global economic crisis. We have been working hard to help alleviate their difficulties.

Thus, UniCredit has been carrying out meaningful initiatives that suspend mortgage payments for those families dealing with unplanned events that impact their earning capacity, such as temporary unemployment. In Italy in 2011, there has been an approximate 70 percent increase in mortgages benefiting from various support initiatives compared to 2010.

In Italy, the UniCredit Credit Management Bank (CMB), a specialized division that manages non-performing loans, partnered with several Italian Consumer Associations to develop the *Friendly Repossess* and *Repossess Parziale* solutions. These solutions support families facing difficulties in repaying their mortgages and prevent them from losing their homes. Homes are not auctioned off, but are instead sold to a specialized entity connected to UniCredit CMB. Under *Friendly Repossess*, families may pay rent and continue to live in their homes, while working to regain adequate income to buy back their property. Under *Repossess Parziale*, only partial interest of the property is sold to a specialized entity. The value is used to pay off a portion of the mortgage, reducing payments so they are within our customers' ability to repay. In 2011, we received roughly 100 requests involving approximately €11 million of mortgage loans.

In addition, across much of CEE, 2011 was also characterized by the deterioration of the macroeconomic environment, rising unemployment rates, a decline in family incomes, and a consequent decrease in customers' abilities to make regular loan payments. In some cases, currency fluctuations led to sudden increases in customers' monthly mortgage installments.

As a result, we responded to their challenges by taking up measures with local authorities.

In Croatia, we signed a memorandum supporting measures to repair the exchange rate. Our bank took steps to inform customers in a timely manner about these measures, their repercussions and other possible solutions. Moreover, we provided refinancing and debt restructuring for customers facing repayment difficulties. In 2011, 6,265 restructuring transactions were carried out.

In Bulgaria and Romania, we also devised new payment plans in line with our customers' circumstances and encouraged them to borrow in their local currencies in order to eliminate foreign exchange risk.

We are serious about our role as a reliable and trusted business partner for our business customers. In the ups and downs of the global economy, we are committed to supporting their long-term growth.

In 2011, we continued to support our main initiatives to counter the effects of the financial crisis and assist SMEs in

Italy. *Impresa Italia*, launched in 2008, and *SOS Impresa Italia*, launched in 2009 in partnership with Confidi credit associations, are designed to strengthen the guarantees associated with conventional business financing, thus ensuring access to both short- and long-term loans. Both projects were described in our 2009 and 2010 Sustainability Report.

## Focus

### *Impresa Italia* and *SOS Impresa Italia*

As of December 2011, through *Impresa Italia*, UniCredit granted more than €3 billion to small businesses. Since 2009 through *SOS Impresa Italia*, UniCredit supported:

- more than 31,000 companies by restructuring their debt (i.e., providing new loans or revising existing ones), totaling roughly €3.7 billion in exposure
- more than 40,800 companies with debt repayment deferrals involving approximately €1 billion

Since 2009, UniCredit has participated in *Moratoria*, an initiative to suspend SMEs' debts with the approval of the Italian Ministry of Economy and Finance, the President of ABI and several business associations. After concluding *Moratoria* in June 2011, we supported roughly 20,000 SMEs totaling €7.7 billion in exposure. Our first internal analysis of *Moratoria* shows that most participating SMEs are maintaining a regular debt position after receiving support.

## Focus

### Trust Index of SMEs in Italy survey

For the eighth consecutive year in Italy, we conducted our Trust Index of Small and Medium-Sized Italian Entrepreneurs survey with an external research partner. We interviewed 5,000 small business clients, 1,000 small business prospects and 1,000 medium-sized enterprise clients, after which we found that, since 2010, the 2011 Trust Index decreased by 10 points due to the macroeconomic crisis in Italy, the lowest trust levels since 2004. More information is available on our website ([www.unicredit.it](http://www.unicredit.it)). Similar studies were conducted in other countries.



## Promoting responsible finance

UniCredit is committed to promoting sustainable solutions in its financing and investment decisions. When carrying out lending activities, including corporate, project and export finance, we take into account the International Finance Corporation's (IFC) Performance Standards and the Environmental, Health and Safety (EHS) Guidelines of the World Bank Group.

We have also been pioneering in our adherence to major international standards and guidelines developed in recent years, such as the Equator Principles, the Global Compact, the United Nations Environment Programme Finance Initiative (UNEP FI) and the Principles for Responsible Investment (UNPRI).

As a bank, we are aware of the potentially significant social and environmental impacts of our financing decisions. We consider not only the traditional economic and financial impacts, but also non-financial impacts, including environmental and social considerations, through our Group policies and practices. These include the General Group Credit Policy, the Special Credit Policies (e.g., the Project Finance

Transactions Policy and the Structured Trade and Export Finance Policy), and the Compliance Policies (e.g., the Anti-Money Laundering and Countering of Terrorism Financing Policy).

In 2011, we have enhanced our capacity to manage environmental and social risk in project finance transactions. Moreover, we have continued to address potential social and environmental risks in our financing activities through our special reputational risk policies.

### **Project finance and the Equator Principles**

The Equator Principles are a set of standards for financial institutions to assess and manage environmental and social risk in the context of project finance. At UniCredit, we firmly support and subscribe to these voluntary standards and we are working to implement them throughout our network.

These principles are embedded in our Special Credit Policy Project Finance Transactions, which was approved by UniCredit S.p.A. in 2010 and implemented by UniCredit Bank AG and UniCredit Bank Austria AG in 2011. The approval and implementation process among our CEE legal entities

began in 2011 and will continue in 2012. Under this policy, the Internal Equator Principles Risk Screening Tool is incorporated into the approval process for project finance transactions.

As a Steering Committee member of the Equator Principles Financial Institutions Association, one of our Group's 2011 priorities was to provide our input on the IFC Performance Standards Review Process and on the ongoing review of the Equator Principles. We participated in several working groups, including the *Transparency and Reporting Task Force* and the *Climate Change Working Group*, and took on the co-lead role of the *Industry Stakeholder Engagement Working Group* and the *Export Credit Agencies (ECA) Stakeholder Engagement Working Group*.

Capacity building was an important priority for us in 2011 regarding the Equator Principles and our new Special Credit Policy Project Finance Transactions. As a result, employees from Austria and 15 CEE countries, belonging both to the Risk Competence Line and Business divisions, attended a tailor-made training in November 2011 in Vienna on project finance, with a special focus on the Equator Principles.

The aim of this two-day training was to provide participants with a state-of-the-art learning experience, while building on peer-to-peer knowledge sharing. The training helped to raise awareness of project finance transactions and illustrate the scope of application of our new Group Special Credit Policy Project Finance Transactions. It also provided information on principles for project finance transactions with a focus on the Equator Principles, and evaluated financial, environmental and social risks, among other issues.

### Equator Principles - Number of projects financed by risk category

Risk category <sup>A</sup>	2011 <sup>B</sup>	2010 <sup>C</sup>	2009 <sup>D</sup>
Category A	12	2	2
Category B	7	12	11
Category C	6	4	1
<b>Total</b>	<b>25</b>	<b>18</b>	<b>14</b>

<sup>A</sup> Category A - Projects with potential significant adverse social or environmental impacts that are diverse, irreversible or unprecedented;

Category B - Projects with potential limited adverse social or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures;

Category C - Projects with minimal or no social or environmental impacts.

<sup>B</sup> Projects financed within UniCredit Bank AG, UniCredit S.p.A. and UniCredit Bank Austria AG.

<sup>C</sup> UniCredit Bank AG only.

<sup>D</sup> Projects financed within UniCredit Bank AG including one project financed by UniCredit Mediocredito Centrale S.p.A. where UniCredit Bank AG provided due diligence services.

# Our Customers

As financial advisors for the *Eurasia Tunnel* project in Turkey, we made the client aware of the benefits of applying the Equator Principles and helped them to commission an international environmental and social impact assessment. We advised our customer on the benefits of applying international best practices in environmental and social risk management in that field, and in working towards compliance with the Equator Principles.

This was instrumental in developing environmental and social risk management systems and an action plan. The project also was in full compliance with the environmental and social standards of the European Bank for Reconstruction and Development's (EBRD) Performance Requirements.

As one of the mandated lead arrangers for *London Gateway*, a container port project in an environmentally sensitive area in the United Kingdom, we have been evaluating the project's environmental impact in the context of a high-income OECD country. We have been working to achieve a satisfactory risk profile and proper compensation for adverse ecological effects.

We also supported the *Nord Stream Pipeline Project* as the mandated lead arranger, which entailed a portion of the pipeline to pass through an environmentally sensitive, Natura 2000-designated marine area. All ecological impacts were mitigated appropriately by Nord Stream by implementing a comprehensive suite of construction management plans, including a biodiversity management plan.

## 2011 Equator Principles - Number of projects financed by risk category and sector

Sector	Category A	Category B	Category C
Resources <sup>A</sup>	4	1	0
Energy	5	2	3
Infrastructure	3	4	3
<b>Total</b>	<b>12</b>	<b>7</b>	<b>6</b>

<sup>A</sup> Including oil & gas, mining and metals.

## 2011 Equator Principles - Number of projects financed by risk category and regions

Region	Category A	Category B	Category C
Europe: EU	7	4	2
Europe: non EU	3	2	1
North America and Mexico	1	0	3
Asia - Australia	1	0	0
Africa	0	1	0
<b>Total</b>	<b>12</b>	<b>7</b>	<b>6</b>



Stadium in Gdańsk, Poland. Bank Pekao SA participated in the financing of three UEFA EURO 2012™ stadiums: Stadion Narodowy in Warsaw, the Poznań Stadium and Stadium in Gdańsk. For UEFA EURO 2012™ Bank Pekao SA has also financed other infrastructures, such as highways, regional airports and public transportation.

### Reputational risk policies

At UniCredit, we are aware that, through our influence on business operations, financial transactions, project finance, supply chains and other business activities, we may directly or indirectly affect outcomes on a range of sensitive issues.

We therefore strive to conduct our own business in such a way as to minimize our reputational, environmental and social risks. To this end, we have developed special reputational risk policies to address our involvement in sensitive industries such as weapons,

nuclear power, mining and water infrastructure.

In addition to maintaining our special reputational risk policies, we believe it is important to monitor other industries that might impact our Group's reputation.

## Special reputational risk policies

Policy	Objective	Recent developments and risk mitigation
Defense/ Weapons <sup>A</sup>	Regulates financial involvement with companies from the defense/weapons industry in order to minimize environmental, social, reputational and credit risk	<p>UniCredit has published a position statement on the defense/weapons industry that includes key criteria that our Group applies in this sector</p> <p>We worked in 2011 to improve our application of these criteria across our different UniCredit legal entities. This involved reinforcing our transaction-based reputational risk assessments, as well as our monitoring and reporting requirements</p> <p>We actively participated in a working group promoted by the Science for Peace movement in Italy, where banks and civil society representatives worked to develop a Code of Responsibility for Financing Transactions in the Defense Sector to be used to address monitoring and assessing improvements</p>
Nuclear Energy <sup>A</sup>	Regulates involvement and aims to address the challenges posed by the nuclear sector in order to minimize environmental, social and credit risk	The content of our Group Nuclear Energy Reputational Risk Special Policy was published on our website in 2010
Non- Cooperative Jurisdictions	Aims to define principles and rules for managing new business in tax havens and non-cooperative jurisdictions in order to help our Group maintain a high level of risk awareness and risk culture, and safeguard UniCredit from tax and reputational risk-taking	See our 2010 Sustainability Report
Mining <sup>A</sup>	Provides guidelines and standards that address risks associated with mining operations	Our Mining Industry Policy was approved by our Group Operational and Reputational Risk Committee and our Group Risk Committee in December 2011. A policy statement will be available on our website in 2012
Water Infrastructure <sup>A</sup>	Provides guidelines and standards that address and limit risks associated with financing fresh water infrastructure	Our Water Infrastructure Policy was approved by our Group Operational and Reputational Risk Committee and our Group Risk Committee in February 2012. A policy statement will be available on our website in 2012

<sup>A</sup> Loan proposals that involve one of our global reputational risk policies must be screened by the responsible legal entity, according to the relevant screening record. This screening record is an integral part of the compliance assessment of any counterpart covered by these policies, based on the initiatives, transactions or projects. It must be filled out before approval may be given. The screening record contributes to the approval decision by confirming that the counterpart and the initiatives, transactions or projects fully comply with the requirements included in the respective global policy. In addition, a questionnaire based on the relevant questions generated by the screening record must be filled out and signed by the customer, with confirmation that all information provided is true, current, accurate and complete.