

Intellectual Capital

We are committed to optimising and innovating our systems and processes to provide our clients with simple, secure and user-centric solutions that meet the needs and challenges of rapid change.

THE RESOURCES WE HAVE

- > advanced Digital & Data governance
- > stable and secure IT systems
- > capacity to innovate
- > continuous improvement attitude

COMMUNITY IMPACTS

- > business security and continuity
- > simplified client experience
- > high quality, customizable, and fully digital products and services

HOW WE CONTRIBUTE TO A MORE SUSTAINABLE WORLD

- > resilient IT infrastructures
- > dedicated security processes and policy framework to tackle the swiftly evolving threat landscape
- > streamlined processes and effective services
- > stimulating innovation and enabling the digital transformation path

2021 RESULTS

Digital & Data governance

elevated to the highest managerial level

c.260

new hires in Digital & Data

20

courses dedicated to security and cyber security released

TARGETS

€2.8bn

total Digital & Data investments in 2022-2024

2,100

new hires in Digital & Data in 2022-2024

80%

of core competencies internalised by 2024

We are moving from 'using digital' to 'living digital'.

Jingle Pang

Group Digital & Information Officer

Digitalisation and data are at the heart of our new Group strategy, **UniCredit Unlocked**, announced in December 2021. Our ultimate ambition is to be a **truly digital bank**, powered by data in all we do.¹

DIGITALISATION IN OUR GROUP STRATEGY

INVESTMENTS



^A Hires related to new investments only, not including turnover replacement. Rounded figure, expressed in Full-time Equivalents (FTEs).

KEY PROJECTS

 **User experience**
 New platform for unique and consistent experience across devices

 **New digital offering**
 Digital onboarding, lending, advisory

 **Payment value chain**
 Simpler, faster, real-time payment processing

 **Cyber security**
 Several initiatives aimed at continuously strengthening our cyber security defences

THE IMPORTANCE OF DATA



DIGITAL & DATA PRIORITIES

<p>Core competencies in-house</p>	<p>New way of working</p>	<p>Optimised investment model</p>	<p>Client approach focused on value creation</p>
<p>An internalised, up-skilled workforce and rationalised external partnerships, bringing core competencies and skills in-house, allowing higher productivity rates and lower costs. We target an internalisation of 80% of core competencies by 2024.</p>	<p>A new way of working with modular and reusable solutions which can be scaled across our Group; global technology, business and data platforms to maximise reusability, scale, cost efficiencies and speed.</p>	<p>An optimised investment model achieved through efficiencies, scale, cost reductions and targeted spending.</p>	<p>A client approach focused on value creation and an organisation structured around products and functions working together to deliver quality at speed.</p>

¹ Refer to the Strategy chapter for more information.



A NEW DIGITAL & DATA GOVERNANCE

The year 2021 marks a turning point in the evolution of our **Digital & Data strategy**, of which the creation in the same year of the **Group Digital & Information Division** is a fundamental component.

The division reports directly to the CEO, while the head of the division, the **Group Digital and Information Officer**, is a member of the Group Executive Committee (GEC), the highest managerial body of the Group. Elevating technology, digitalisation and data in this way underscores the critical importance of this area for the future of our business.

The new division defines and executes the Group's digital transformation and, as such, is responsible for providing the technological backbone comprehensive of digital security, and for steering and overseeing the digital transformation strategy, while also ensuring secure and effective IT systems for clients, partners and colleagues. At the same time, it assures the organisation has the capability to access the data required to support business decisions, add value to products, automate processes and ensure timely and relevant reporting.

The division also integrates digital foresight capabilities through a dedicated function which focuses on technology strategy, digital product research and market best practices, as well as on developing partnerships with FinTech companies.



CYBER SECURITY: CONTINUOUS IMPROVEMENT

Security threats continue to increase in terms of frequency, scale and sophistication. Cybercrime is a growing concern for the financial sector and beyond, requiring a high level of protection of client and company data and assets.

Our **cyber security strategy** is based on a continuous improvement model, and a dedicated process and policy framework to respond effectively to a dynamic threat landscape and evolving regulatory requirements. Furthermore, it is periodically monitored both internally and through third party assessments.

Raising employee awareness is also key in promoting appropriate and secure behaviour and reducing vulnerability throughout the whole organisation. Security training and tailored educational activities, such as periodic campaigns on phishing, provide a continuous learning process.



20

training courses released through our Security Culture and Academy in 2021



5

new training courses planned for 2022



FROM STRATEGY TO EXECUTION

From an execution perspective, 2021 also represents an important passage in which we took stock of our efforts and achievements under our previous strategic plan, while working towards our new Digital & Data strategy. For example, in 2021 our Open Banking services progressed with the implementation of inbound and outbound services under the Payment Services Directive 2 (PSD2), thereby going beyond regulatory requirements. This provides our clients with account aggregation and payment services integrated with other banks' or third-parties' applications. Furthermore, we continued to strengthen our cyber security detection and defense mechanisms. For example, in 2021 we centralised and reinforced our Security Operation Centre which, acting at both a technical and organisational level, monitors and manages security events.

SELECTED STRATEGIC INITIATIVES

The following table provides a selection of initiatives launched or consolidated in 2021 in key areas of our new Digital & Data strategy, such as User Experience and Digital Offering, Cyber Security and Resilience, and Digital Foresight.

	Project	Beneficiaries	Output
User Experience and Digital Offering	NEW High Speed Consumer Loans In Austria, clients can access pre-approved consumer loans, both remotely and in branch, in less than five minutes, and which require the Relationship Manager to complete only three steps	Clients Relationship Managers	More than 400k clients eligible to access the loans About €170m in loans disbursed in 2021
	NEW SMILE A fully digital and innovative consumer lending solution in Italy	Clients	Project launched in Italy in September 2021, enabling instant approval of credit of up to €12,000 in just 10 minutes and disbursement within 48 hours
	PSD2 Open Banking New services such as management of multi-bank accounts (balance and transactions) and payment initiation flows on other banks' accounts through our banking platforms, and vice versa	Clients	UniCredit Bank Austria was among the first local banks to manage third-party providers within its internet and mobile banking services
	NEW Global Advisory Platform Delivering high quality investment advice to our German clients supported by sophisticated data and risk analytics capabilities, to facilitate access to market leading capital raising, financing and advisory services	Clients Relationship Managers	Successful go-live in Germany in 4Q21 for Wealth and Private clients
	NEW Smart Invest A new tool launched in Croatia supporting relationship managers by helping profile and recommend investment management options in real-time	Clients Relationship Managers	Free advisory service rolled out for all current and potential clients
	DigitALL An advanced digital workplace to strengthen collaboration amongst colleagues and improve effectiveness through the use of advanced digital tools	Colleagues	Various tools rolled out to approximately 64k colleagues
	NEW AI Powered Recruiting In Czech Republic and Slovakia an artificial intelligence chatbot was introduced to the recruiting process, eliminating unconscious bias in the process and improving the quality of our hiring process	New hire candidates Colleagues	1,000 candidates completed the chatbot phase. Recruiting process time reduced from 45 days in 2020, to 31 days in 2021
NEW Treasury Management System (TMS) An innovative solution for payments/cash flow processing and FX risk calculation/hedging, aimed at alleviating corporate clients' operational needs	Clients Relationship Managers	Pilot with a FinTech completed. An evaluation phase to define further development of the project is ongoing	
Cyber Security and Resilience	Security Operation Centre (SOC) A centralised unit dealing with security events at an organisational and technical level, where enterprise information systems are monitored, assessed, and defended	Clients Colleagues	SOC consolidated and fully operational as of spring 2021
	Security Culture and Academy Focused on increasing awareness and knowledge of security and cyber security topics	Colleagues	20 courses released in 2021, of which 6 for all Group colleagues
	Service Reliability Programme A multi-year programme aimed at strengthening the resilience of our IT systems and infrastructure	Clients	Together with other projects, improved performance of our IT systems achieved, with a 19% reduction of reported incidents compared to 2020
Digital Foresight	Cooperation with Plug and Play The Group took part in several thematic FinTech sessions, including Finance & Control, Digital solutions for contact centres, Predictive Analytics for Corporate Advisory	Clients Internal functions	7 deep dive sessions on FinTech, over 200 colleagues engaged across the Group, with over 240 start-ups screened
	Collaboration with Vento The Group collaborated with Vento, the first non-profit venture builder that helps young people create disruptive companies from scratch	Clients Internal functions	30 young people selected and divided into teams, to work on a 4 month full-time venture building programme



 UNICREDIT STORIES

 COUNTRY
AUSTRIA

 OUR
PEOPLE

OPEN BANKING INNOVATION

ESG STORY

We live in a world where technology plays a greater role in our lives than ever before, and there are no signs of this changing. To keep their competitive advantage and survive in this environment, where disruption is routine, companies need to reshape their business models and structures through digital transformation.

Banking services are no exception. UniCredit Bank Austria recognises this imperative, and we are constantly growing and evolving our services to offer new solutions to the more than 55% of our clients who are Digital Active Users.

We were the first bank in Austria to embrace the revolution of "open banking" with two innovative and easy-to-use tools for clients. The first was our free multi-banking feature in 24You Internet Banking, and the second our highly rated MobileBanking app. Through these multi-banking services, our clients have their accounts in a single place at their fingertips. We help 800,000 clients access their other bank payment accounts directly from their UCBA account and make SEPA transfer payments, all the while ensuring their financial data is safe.

With Bank Austria's innovations, every client's financial information is available to them, stored in a completely safe and protected environment as accessible in just a few clicks.

"Many people are talking about Open Banking, and in 2021 we successfully launched the first application under the EU's new Revised Payment Services Directive (PSD2) guidelines as a pioneer in Austria," says **Robert Zadrazil**, CEO of UniCredit Bank Austria. "Our goal as Austria's leading multi-channel bank is to make our essential services available to every client, regardless of time, place, or how they use them. We are now taking this one step further and enabling our clients to also view and manage payment transaction accounts at other banks in our Internet banking 24You and our top-rated MobileBanking."

As "open banking" changes, we are keeping pace. In 2019, the PSD2 directive came into the EU, with new rules designed to create a level playing field for innovative financial services, while making payments more secure and protecting people's financial data in an "open banking" system.

The directive required that from September that year, banks would offer third-party providers their dedicated Application Programming Interfaces, or APIs. A bank's API is the software tool that manages the interaction between a client's bank account and a third-party service provider.

Always ready to embrace developments like this, UniCredit Bank Austria is proud to currently be the first and only bank in Austria to manage third-party accounts via secure API interfaces in its internet and mobile banking.

"With this development, we are ushering in a new chapter in digital banking and are one of the first real banking platforms within the framework of the new PSD2 guidelines in Austria," says Robert Zadrazil.



UNICREDIT STORIES



COUNTRY
GERMANY



OUR
CLIENTS

PURE ENERGY

SECTOR: RENEWABLE ENERGY
ESG FOCUS

Founded in Istanbul, Turkey and with a base in Düsseldorf, **Pure.energy GmbH** are boldly bridging the gap between energy's traditions and its future. The company is creating a space for a meeting of the classic utility-focused mindset and the emergent world of new energy shaped by technologically empowered clients who are supplied by decentral and renewable power.

With over four decades of combined international experience and a competent team bringing diverse backgrounds, Pure.energy GmbH are a prudent and experienced trader, passionate about innovative business models in renewable energy, climate products, and offering advisory services.

They have set themselves the ambitious goal of becoming the leading energy company of the next generation, combining state-of-the-art tools with transparent and efficient business models to EEG/renewable plant owners, direct marketers, and companies. Over the next four years Pure.energy aim to offer clean energy management and trading services to an additional five countries within their "Virtual Power Plants" project which serves as a bridge between pure renewable power generation and corporate renewable energy demand through power purchase agreements (PPAs).

To achieve this, the company needed a reliable financial partner who would meet their requirements for tailor-made solutions, share their ethos of sustainability, understand their value proposition and risk-mitigation approach, and be able to provide insight into the markets where they wanted to expand.

UniCredit ticked all the boxes. The bank was able to provide the perfect service to suit Pure.energy's growth plans in the form of its own forward-thinking technology: its new digital account opening process for corporates.

"We embraced the full digital client onboarding offering of UniCredit, which was the service we were looking for," said **Anduvap Servet Akgün**, co-founder, Managing Director of Pure Energy. "We filled a couple of forms fully digital and opened our new bank account within 30 minutes! The week after, our Key Account Manager and Cash Management specialist reached out to us and fully supported our processes by going the extra mile."

The process creates an entirely new client experience for corporate clients, which has helped UniCredit to stand out from the competition in Germany. While the development of this innovation initially posed a challenge, an international team consisting of more than twenty colleagues from all areas of UniCredit combined their efforts to make it a reality, using agile methodology, achieving a significant milestone both for the bank and in the field of Corporate Banking.

Using our omnichannel process, corporates in Germany can conveniently - and completely digitally - open their account with UniCredit. Our step-by-step guide will show them how to do so with ease; all they need is their PC or mobile device and the IDs of the persons they wish to identify quickly and simply. They do not even need to provide a physical signature. All verification procedures, including personal identification, are integrated into the digital process. Once this is complete, the client can use the account immediately with a minimum of data entry.

"Using an agile development process, we transformed our vision of paperless, fully digitalising our account opening for corporate clients in only two years," commented **Benjamin Höhne**, product owner for this initiative. "We have reduced the opening process, which used to take up to two weeks, down to 30 minutes! It was only possible through cross-functional and cross-country collaboration, combined with a great team spirit."

Pure.energy is looking forward to having UniCredit at their side in the years to come, harnessing the Group's international presence and deep insight into the power markets to help the company grow. The importance of such cooperation is vital especially at a time when European energy markets are experiencing unprecedented times.