

Workshop APB

UniCredit Performance Monitoring Processes

Planning & Capital Management

UniCredit Tower Hall - Milan, 4 May 2017

UniCredit S.p.A.



AGENDA

GENERAL FRAMEWORK

PLANNING MONITORING FEATURES

- ANNUAL AND INTRA-ANNUAL VIEW
- MULTIYEAR VIEW



PERFORMANCE MONITORING PROCESSES

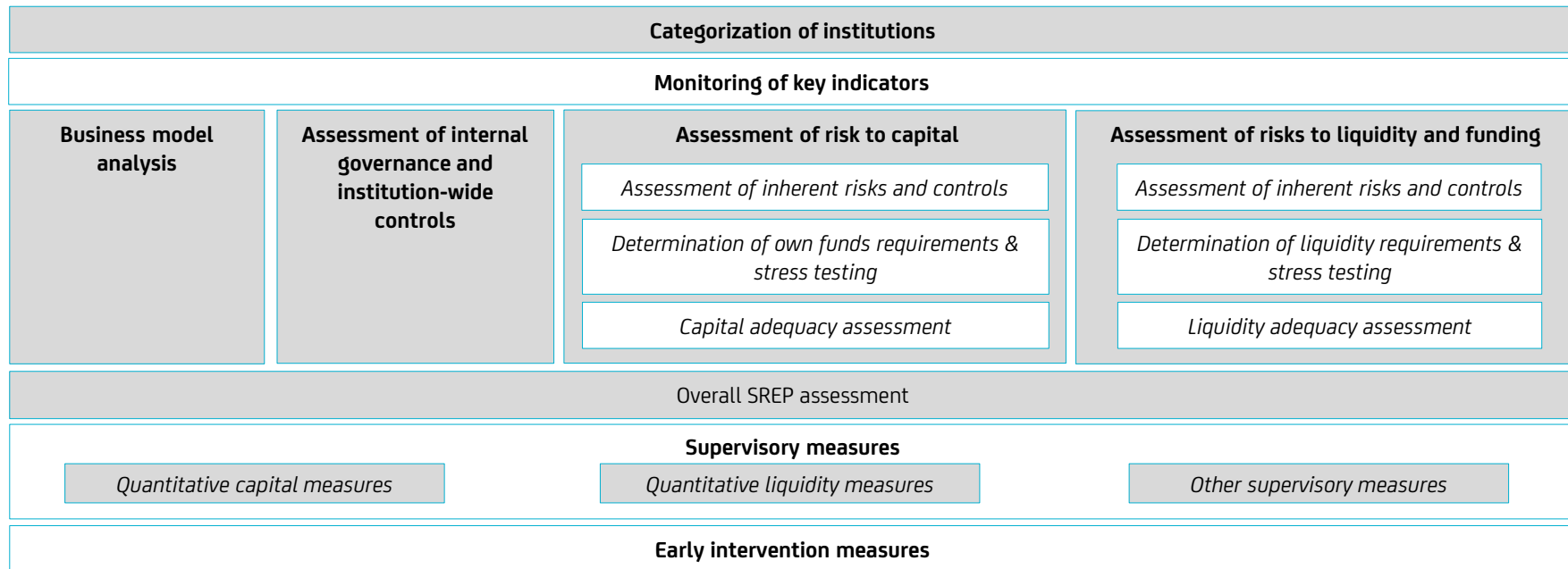
Performance Monitoring Processes currently performed by UniCredit have two main **targets**:

- ❖ to provide **Top Management** with updated data on Bank performance, for the **running management of the Bank**
- ❖ to meet **Regulators requirements**



REGULATORY FRAMEWORK

Pursuant to Article 107(3) of **Directive 2013/36/EU**, EBA addressed to **competent authorities** the guidelines for the **supervisory review and evaluation process (SREP)** referred to in Article 97 et seq. of Directive 2013/36/EU and for assessing the organization and treatment of risks referred to in Articles 76 to 87 of that Directive. The guidelines cover all aspects of the SREP in detail; this is an ongoing supervisory process bringing together findings from all supervisory activities performed on an institution into a **comprehensive supervisory overview**.



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PLANNING MONITORING FEATURES

MONITORING TOOLS

ANNUAL and INTRA-ANNUAL VIEW

Focused on **Actual Data** (Monthly and Quarterly) **vs Targets** leveraging on

- ❑ **Group** Performance Review
- ❑ **CEO Divisional** Performance Review
- ❑ **Steering Business KPIs**

MULTIYEAR VIEW

- ❑ **Multiyear planning projections** to create a complete view also in line with Supervisory Review and Evaluation Process guidelines (SREP)
- ❑ **Monitoring of Strategic Plan Programs and related Initiatives** to be performed in cooperation with Transform 2019 Project Management Team



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ANNUAL AND INTRA ANNUAL VIEW

CONTENT

FREQUENCY

RECIPIENTS

Group Performance Review meetings

Monitoring of **Budget achievement and trend analysis** with reference to **Profit & Loss and Balance Sheet** items, **Pricing and Rates, Loans/Depos** Volumes, **Risk Weighted Assets, Capital Ratios**.
Divisional **Monthly Forecast** anticipating what should be booked in **Actual data**.

- Monthly and Quarterly Actual figures
- Full year Forecast
- Monthly Forecast

- CEO, General Manager, Executive Management Committee, Board, ECB
- CEO, General Manager, eventually ECB
- CEO, General Manager

CEO Divisional Performance Review meetings

Analysis of the **contribution of single Businesses** to the overall Group Performance; focus on each single business KPI, **strength and improvement areas**

- 2/3 meetings per year for each Business

- CEO, General Manager, Chief Operating Officers, Business Leaders

Steering Business KPIs

Set of managerial key performance indicators useful for the **Strategic Plan implementation monitoring**

- Quarterly report

- CEO, General Manager, Executive Management Committee, Board



KEY PERFORMANCE INDICATORS

Value creation

ROAC

Risk and Capital Governance

CET1 ratio fully loaded

New business EL

Performing stock EL

Δ Gross NPE y/y

Loans and deposit volumes

Industrial drivers and Clients

Δ Opex vs Target

Cross-selling

Net new clients

- ROAC: Return on Allocated Capital
- CET1: Common Tier Equity
- EL: Expected Losses
- NPE Y/Y: Non Performing Exposures



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- **MULTIYEAR VIEW**



MULTIYEAR PLANNING PROJECTIONS

Scope

- ❑ Ongoing **update of multi-year projections and relevant assumptions, in line with SREP guidelines**, aiming at **verifying Strategic Plan goals achievement** and putting in place **corrective actions where needed**

Drivers

- ❑ Central update of multi-year projections taking into account:
 - **new macro scenario**
 - **last Actual data available** in terms of starting point
 - **contribution from already started Strategic Initiatives**
- ❑ Consistency check with local regional projections where available

Owner

- ❑ P&CM with the support of Strategy and Corporate Foresight for **corrective actions definition**

Timeline

- ❑ **Twice a year**
 - for Ambition Budget definition for discussion with CEO/Executive Management Committee
 - following Budget finalization:
 - discussion with CEO/Executive Management Committee
 - qualitative info to Board jointly with Budget approval



MONITORING OF THE STRATEGIC PROGRAMS APPROACH

Scope

- ❑ **Monitoring of the 18 Strategic Plan Programs**

Start Phase

- ❑ **Collection of full list of the actions** underlying within each program and related goals, financials, relevant KPIs and main achievements
- ❑ **Screening of the actions**
- ❑ **Final list of Strategic Projects to be approved by CEO**

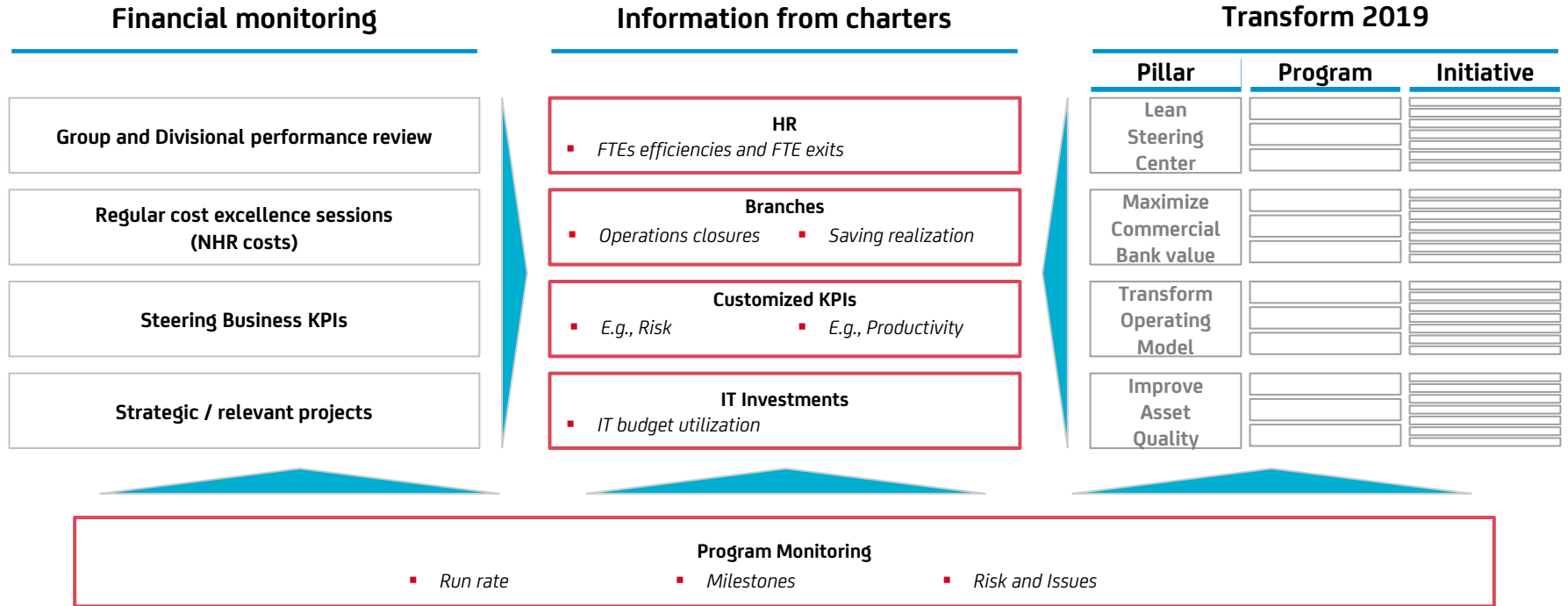
Monitoring

- ❑ **Monitoring of Initiatives at Program level through specific KPIs** (financial, commercial or industrial), and **monitoring of Strategic Projects**
- ❑ **Reporting on a quarterly basis**

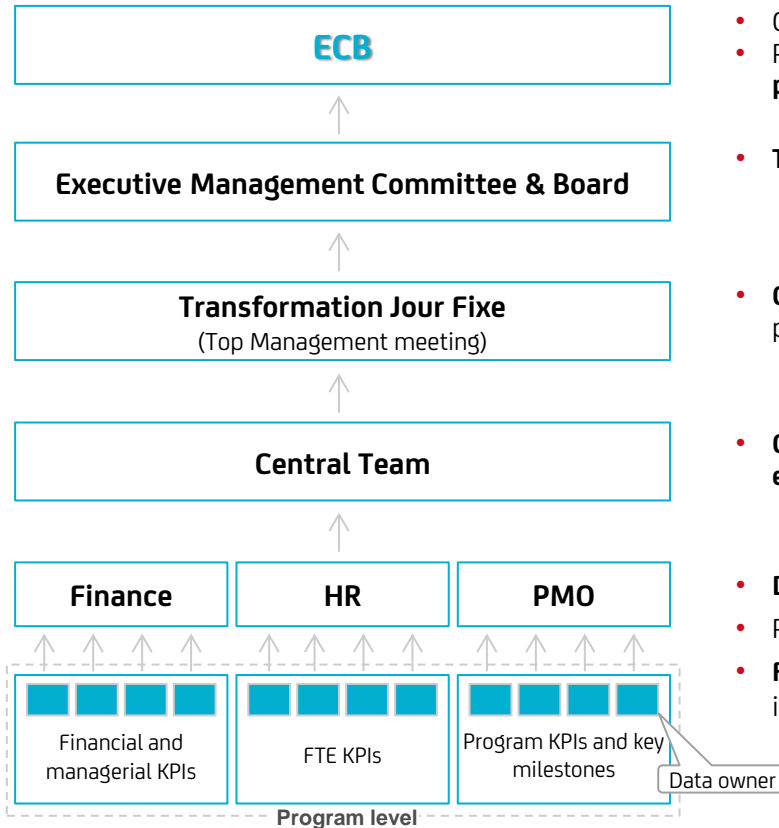


KEY PRINCIPLES OF TRANSFORM 2019 MONITORING

Industrial KPIs link Financial Monitoring to Transform 2019 – Program monitoring ensures program delivery



TRANSFORM 2019 MONITORING PROCESS



- On a **quarterly basis**, following the calendar of financial results communication
- Planned monitoring will cover key **financial figures**, main **"industrial" KPIs** and **progress status**
- **Transform monitoring 2019** discussed with **CEO, EMC and Board members**
- **Central Team** submits **monitoring dashboard** to Transformation Jour Fixe participants on monthly basis
- **Central Team** consolidates monitoring dashboard and **highlights criticalities / expected impacts**
- **Data owner** calculates **KPIs** through validated methodology and frequency
- Pillar **PMO** tracks key **milestones**
- **Finance platform, HR platform and PMO** teams consolidate KPIs and milestones in overarching view

