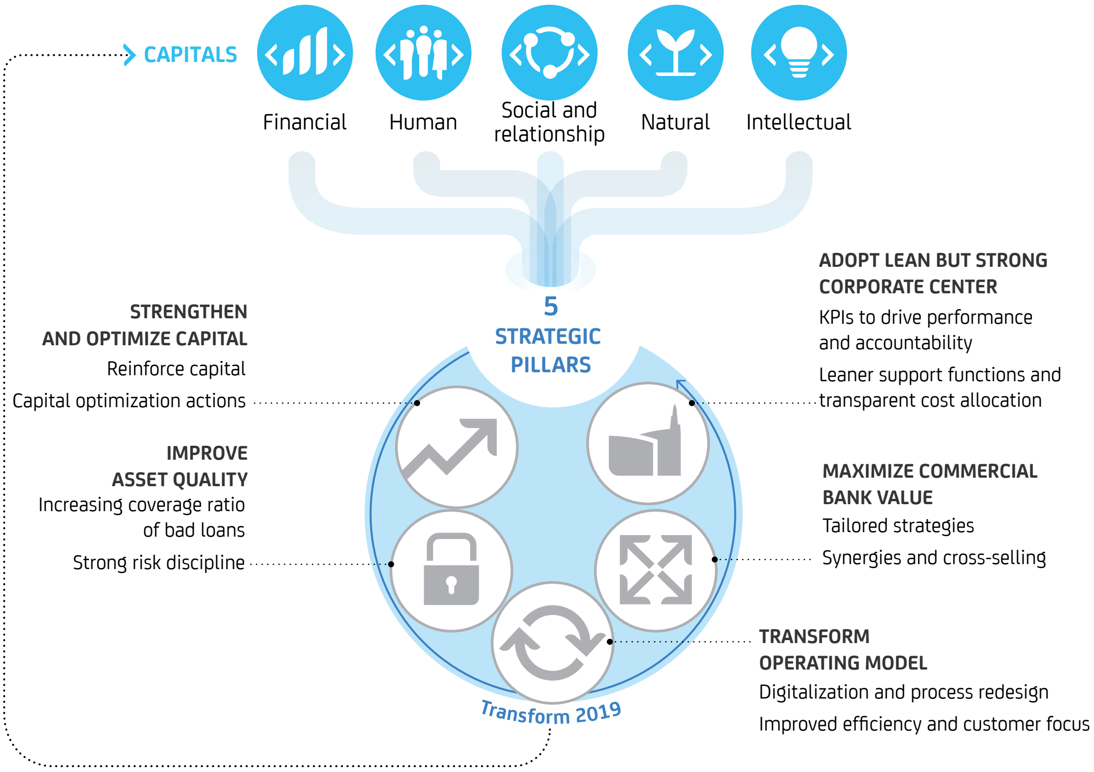
Strategic Plan

Our vision is to be One Bank, One UniCredit: a simple, successful pan-European Commercial bank with a fully plugged in CIB, delivering a unique Western, Central and Eastern European network to our extensive client franchise. In December 2016, after an in-depth strategic review, we presented our strategic plan, Transform 2019 to ensure we create maximum value for all our stakeholders. We have already taken decisive action on a number of legacy issues and the plan is fully on track, yielding tangible results underpinned by group-wide business momentum in 2017.



The banking industry is operating in an era of constant flux, as regulations, macroeconomic conditions and customer behaviors change at a rapid pace. UniCredit aims to anticipate these changes and, whenever possible, turn them into opportunities to enhance our customer focus. This is how we will continue to achieve sustainable, long-term profitability and contribute to the prosperity of the territories where we operate.

In December 2016, after an in-depth strategic review, we released our strategic plan, *Transform 2019*.[1] Our tangible results show that our transformative actions are already paying off.

One Bank, One UniCredit is the long-term vision for our Group. As such, our transformation will not conclude in 2019. Our actions today must anticipate the medium-term evolution of our clients, new commercial dynamics will determine how we train and develop our employees and how we steadily optimize our cost base while maintaining a balanced risk profile.

As we work to implement this plan, we will continue to reinforce and make careful use of the capitals[2] available to us, with due consideration for the ways in which they are interconnected.

This chapter describes the 5 pillars that are the basis of *Transform 2019* and provides an update of the plan's progress.[3]

2019 key targets confirmed:
- RoTE target >9 percent
- Fully loaded CET1 ratio[4] >12.5 percent
- Full year 2019 dividend payout increased from 20 percent to 30 percent
- Self-funded full rundown of non core by 2025.

1. Refer to the 2016 Integrated Report for more information.
2. Capitals are sources of value and relationships that are affected or transformed by the activities and outputs of our organization.
3. Refer to the Capital Markets Day 2017 section on our website (www.unicreditgroup.eu) for more information.
4. CET1 ratio measures a bank's core equity capital in proportion to its total risk-weighted assets and is used to assess its financial strength.

Strengthen and optimize capital

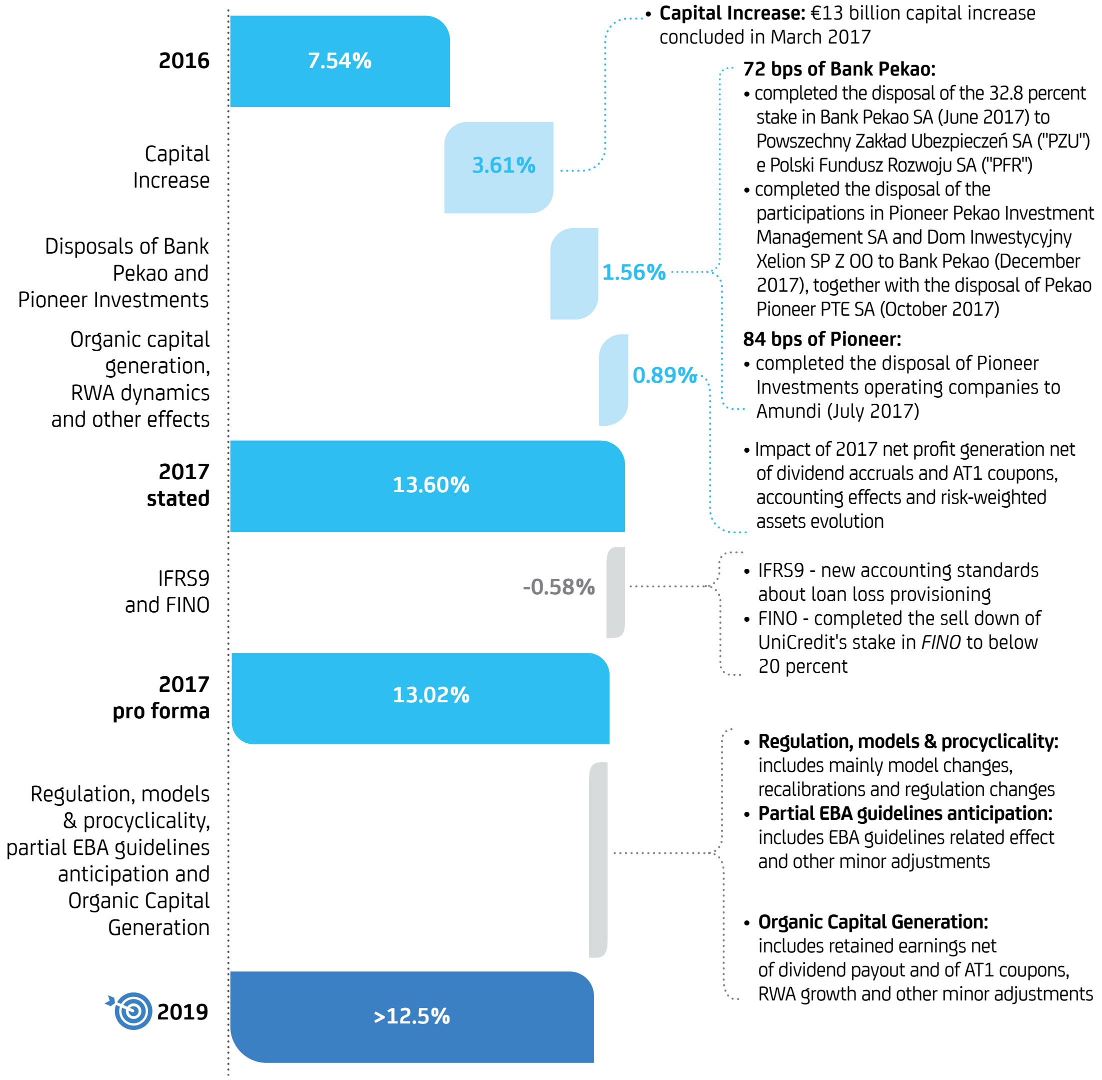
In 2017, we carried out several of the decisive actions outlined in the *Transform 2019* plan. At the beginning of the year, we successfully completed a €13 billion capital increase and sold Bank Pekao and Pioneer. Thanks to our decisive actions, we confirm the fully-loaded CET1 ratio target will be above 12.5 percent in 2019, and increased the estimated dividend payout ratio for 2019 from 20 percent to 30 percent, to be paid in 2020.

Our strong capital position is enabling us to better anticipate additional regulatory headwinds in 2018 and 2019. The final version of Basel IV, released on December 7, 2017, is somewhat more favorable than was expected.[5] Setting an implementation date of January 1, 2022, Basel IV requires a five-year phase-in period for the so called output floor only.[6]

Up to 2019 and beyond, our strong capital position gives us the means and resources to focus on growing our business and developing additional client activity in the medium-term.

MATERIAL TOPICS

Fully loaded CET1 ratio evolution



5. The Basel Committee on Banking Supervision's regulatory capital framework, Basel IV aims to reduce the variability of capital consumption in the banking sector by limiting the application scope of internal models for credit and operational risks.
6. Output floor: minimum capital level calculated according to Standardised approach requirement (i.e. new standardised + IRB capital requirement >= 72.5% capital requirement considering the full portfolio under standardised treatment).

Improve asset quality

The Group's drive to strengthen its capital structure dovetails with measures aimed at improving the quality of the Group's assets. We are addressing legacy issues mainly related to our non-core portfolio in Italy while continuing to enhance our risk discipline to improve the quality of new loans.

UniCredit has taken decisive actions to improve the quality of its assets and continue to de-risk its balance sheet. All relevant Group asset quality metrics have materially improved in the last 12 months, thanks to ongoing disposals, disciplined loan origination and strict risk management.

Enforcing risk discipline

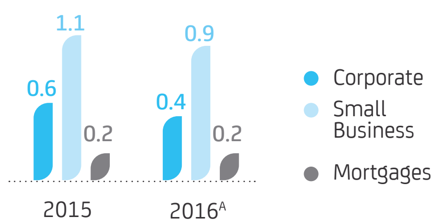
Our commitment to risk discipline is upheld by two critical measures: our strict underwriting policy and the constant monitoring of our portfolio.

We believe strong risk discipline is key to ensuring the quality of our loan portfolio; in this effort, our business and risk management functions are closely cooperating, jointly reviewing the quality of new loans and our existing credit portfolio. This steers our business development activities toward high-quality exposures and helps to promptly identify areas where risk mitigation actions are needed.

Our origination of new loans is strictly controlled through the increased centralization and automation of our credit processes. Our business functions, which are our first line of defense against poor-quality loans, are equally vital to maintaining the quality of our existing credit portfolio. In addition, automated early warning signals help us to proactively intervene in potentially critical positions and catch severely deteriorating loans earlier.

Commercial Banking Italy:
First 12 months default rate on new loans

%



A. 2016 new lending volumes until November 2016.

Deleveraging our stock of NPEs

In 2013, UniCredit set up a separate segment of Italian loans: our non-core, which has a risk-return profile that is not compatible with the Group's plan to reduce its exposure and free up capital for business development and value creation initiatives.[7]

As part of our Non-Performing Exposure (NPE) deleveraging plan, in 2017 we reduced Gross NPEs by 14 percent compared to 2016 year-end, down to €48.4 billion. Group gross NPE disposals progressed during the year and reached €4.4 billion in the period, of which €2.4 billion in the non-core. The rundown of the non-core progressed with gross loans down to €29.8 billion (-€7.3 billion in the year) on track to reach *Transform 2019* target of €17.2 billion. In addition, we target the entirely self-funded run down of our non core exposure by 2025.

Non core evolution

	2016	2017	2019
Gross Loans, € bn	37.1	29.8	17.2
o/w gross NPE, € bn	31.5	26.5	17.2
Net Loans, € bn	19.2	14.6	7.4
NPE coverage	56.4%	56.9%	>57%

Among the decisive actions taken, *FINO*[7] is the two-phased de-risking project we announced during 2016 Capital Markets Day. We successfully closed Phase 1 of *FINO* in July, selling €17.7 billion of gross bad loans to securitization vehicles, with a majority interest in these vehicles then being sold to two investors. This landmark deal was the largest-ever bilateral Non-Performing Loan (NPL) transaction ever completed in Europe.

FINO phase 2 transaction was successfully closed in January 2018, completing the sell down of UniCredit's stake in *FINO* to below 20 percent. The necessary documentation is being finalised in accordance with regulation and procedures.

7. Refer to the 2016 Integrated Report for more information.

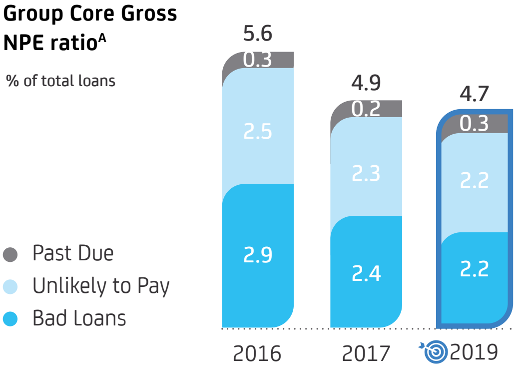
Improving NPE targets

Reducing NPEs and improving their management is a key priority of *Transform 2019*. The plan calls for decisive and proactive actions on legacy issues, in addition to targeting gross NPEs of €44.3 billion at the Group level.

The Group increased that ambition by a further €4 billion by the end of 2019, bringing the NPE target down to €40.3 billion. Through sound origination, tight monitoring and an active recovery strategy, including disposals in Central and Eastern Europe (CEE), €2 billion of the new target will come from the Group-core. The other €2 billion will come from an accelerated rundown of non-core loans.

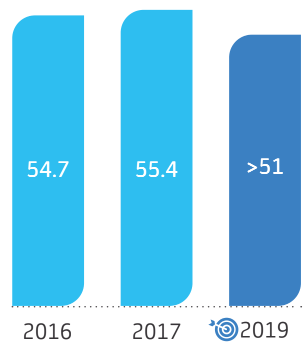
Group Core Gross NPE ratio[A]

% of total loans



NPE coverage[A]

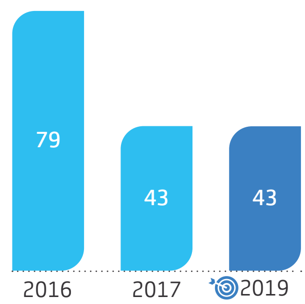
Group Core
NPE coverage %



	2016	2017	2019
Group Core UTP coverage	42%	43%	>39%
Group Core Bad Loans coverage	68%	68%	>64%

Cost of risk[A]

Group Core
bps



A. Numbers might not add due to rounding reasons.

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Transform operating model and Maximize value of the commercial bank

We aim to take our operating model to the next level in terms of its technological sophistication, resource efficiency and commercial effectiveness. To kick-start this process, a number of programs have already been put in place.

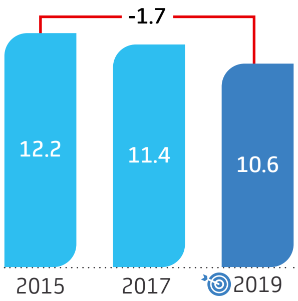
We are continuing to optimize our operating model, from IT simplification to procurement and real estate, to ensure efficiencies over time. As we embark on this transformation journey, necessary IT investments will be complemented by strong attention to cost, project selection, and project execution.

One of our top priorities is to facilitate the bank's transformation by redesigning our end-to-end processes. This will support our customers' growing use of digital channels and further improve their experience when interacting with us. At the same time, we are also using our digitization as an opportunity to rethink our processes and achieve greater operational efficiency with a lower, sustainable cost base.

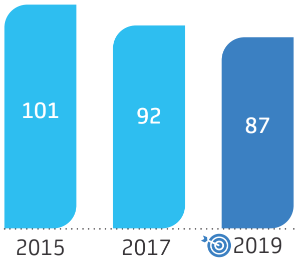
Lastly, we are working to secure the execution of the plan across the Group through disciplined demand management and implementation to ensure that the *Transform 2019* targets are fully achieved within the expected timeframe. We are achieving this through rigorous monitoring and project management that closely involves senior management.

Overall, implementing a lower, more sustainable cost structure will generate €1.7 billion in net annual recurring cost savings as of 2019, a key part of which will come from staff expenses (70 percent). We are ahead of the *Transform 2019* schedule on net Full Time Equivalent (FTE) reductions, with 6,300 units decrease in 2017. This allows us to reach 64 percent of our total target already in 2017. We achieved this while also making targeted hirings to ensure the right mix of skills and experience are distributed throughout the Group. Our FTE reduction program is being responsibly managed with due consideration for all local business requirements and laws.

Group costs
€ bn



Group FTEs
'000



We are a simple, successful, pan-European commercial bank with a fully plugged in Corporate & Investment Banking (CIB) that delivers a unique Western, Central and Eastern European network to our extensive client franchise of individuals and companies; to further drive the transformation of our operating model and maximize the value of our commercial bank, we are committed to:

- transforming our Western European[8] commercial banking operations to improve focus on customers and create a sustainable, lower-cost structure
- further strengthening our leadership position in CEE
- capturing more cross-selling opportunities through an efficient CIB Division that is fully plugged into commercial banking
- maximizing revenue synergies and sharing of best practices across business lines and countries.

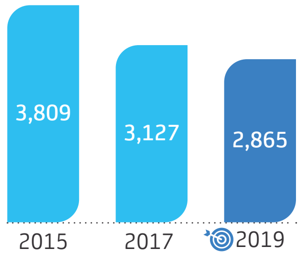
Transforming our Western European commercial banking operations

In Italy, Germany and Austria, our core countries in Western Europe, we have worked to further **enhance our customer focus** while deploying a more efficient, innovative and digital service model with a sustainable, lower-cost structure.

The increasing use of technology is changing consumer behavior and expectations. Thanks to digital innovation, the number of interactions between customers and banks is rapidly increasing. Consequently, we are designing services to provide seamless multichannel experiences; this will meet customers' increasingly sophisticated requirements and enhance our customer focus. These developments are making UniCredit into a leaner, more efficient organization.

The transformation of our distribution model and sales channels is intended to make our bank more accessible and efficient. While we are optimizing our footprint by concentrating our presence where our clients are, our network is also adopting new formats that make use of a higher degree of automation (e.g., smart/cashless branches in Italy) and are fully integrated with our remote and digital channels.

Branches in Western Europe
N. of branches



A good example of this process can be seen in Italy, where over the past 12 months we have put in place new service models for our affluent and small business segments, where some 70 percent of the customers are served by both a dedicated relationship manager and remote services.
In addition, our dedicated end-to-end delivery unit (E2E), which works on re-designing our products and processes, has already delivered tangible results. The unit, which was created at the beginning of 2017, aims to simplify the operating processes of more than 20 key products. Since its launch in March, the unit has been working at full speed; to date, 140 colleagues have logged roughly 14,500 working days in the effort to generate innovative product ideas.

The positive results generated by the E2E delivery unit include the reduction from four to one of the number of applications used by our relationship managers to open a bank account. For customer satisfaction, the unit has developed our new 100 percent self-service card management process, which is available 24/7 on UniCredit's internet and mobile banking platforms.

In Germany, we have launched a new service model for small medium enterprise (SME) customers. Designed to improve customer experiences, the model offers digital solutions and high-quality

8. Western Europe includes Commercial Banking in Italy, Germany and Austria.

advisory services, including support from specialists and experts in areas such as real estate and asset management. In addition, this new model has enhanced our focus on retail lending.

By enhancing our IT architecture, we are becoming more lean and efficient, while improving the quality of services and experiences delivered to customers.

IT and digital technologies are a linchpin of our transformation. We have adopted a pragmatic approach in these areas, opting to focus on initiatives that enhance customer experiences while investing in opportunities with high potential for success. The IT investments allocated for *Transform 2019* have been increased by approximately €100 million, to €1.7 billion.

We have launched new multi-country platforms that provide online and mobile banking services for both retail and business customers, and we are working on innovative mobile interfaces, such as wallet apps. In Italy, we were the first bank to launch payments via Apple Pay and the first bank to introduce Alipay to the local market.

In addition, we are working to further improve the quality of our advisory services, providing our network with advanced tools to support their interactions with customers.

In Italy, we are continuing to deploy our multichannel strategy, redesigning the format of our branches. We are creating full-service branches, smart branches and cashless branches to help foster the adoption of digital technologies.

Our new simple yet engaging and secure global internet banking platform, as well as the instant mobile payments experience we offer through our wallet solution, are paying off. This work has strongly increased the number of people who use our internet and mobile banking platforms.

Remote sales have doubled since 2015, now accounting for almost 19 percent of all sales;
34 percent growth in remote sales in the past 12 months.

Further we have incorporated new digital processes, such as digital signatures and the SMS/token signature. This has enabled us to digitalize 7.4 million contracts, amounting to 37 percent of all contracts signed in 2017. We also made more products available within our *Credit Revolution* program. Jointly led by business and risk functions, this program is designed to simplify credit processes and products and rationalize our IT architecture and platforms. Products provided in this program include pre-approved lending solutions.

Automated transactions have grown consistently and now represent 91.7 percent of total transactions.

The increase in remote sales is largely driven by responsible pre-approved lending solutions and bancassurance product sales. Currently, we are focusing our attention on increasing the number of products available through our digital platform.
In 2017, Commercial Banking Italy rolled out a new client segmentation model to match different corporate clients' needs and maximize cross-selling opportunities. This helps us to serve every form of enterprise, with a "four plus two" approach to client segments and a dedicated service model for each, extending and applying best practices from within our organization.

Starting from the above mentioned "four", the new client segments are:
- Large corporates (mid-caps in Europe, large-caps for Italy), mainly served by the CIB/Commercial Banking product platform, which focuses on specialization in a competitive cost-to-serve environment
- Small businesses with a return on allocated capital in excess of 15 percent, mainly served by a progressive extension of the retail model, but supported with remote advisory for basic banking needs and dedicated business centers
- Mid corporates, which are offered leading solutions from our small business segment, leveraging our remote and internet banking services
- Top corporates, which are served with a more sophisticated and targeted approach, combined with dedicated analysis of specific industry needs across their supply chains.

All of these segments are integrated with the "two" sector-focused segments: real estate and public sector.

In parallel, we are developing a new digital infrastructure to support this new client segmentation model.

First, we have developed *B.Link*, a proprietary CRM tool which leverages the Group's large trove of data to help relationship managers provide real time answers to client needs.
B.Link is a digital workbench with, among other

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applications, portfolio overviews, risk monitoring tools, action planners and pitch libraries. Its advanced commercial targeting capabilities enable us to effectively deploy our approach to customer segmentation by enhancing our interactions with product factories and facilitating cross selling. Designed for the digital era, *B.Link* is smartphone-friendly, allowing a relationship manager to use the app to contact product specialists. This increases our overall commercial efficiency.

Next, we have adapted the front-end of our online banking operations to better fit each customer segment. We have launched a new integrated portal for larger corporate and CIB customers who request complex products, specialization and quick responses, and are developing a simple online banking portal for SMEs. This SME portal will be introduced in 2018, together with a suite of value-adding services.

Lastly, we are making progress in our efforts to industrialize mid- and back-office functions through the retraining of staff and further digitization. This will make us more productive and ultimately improve the customer experience.

We have also taken steps to accelerate growth by introducing **products and services with higher levels of risk-adjusted profitability**.

We aim to consolidate our asset gathering position, reaffirm our leadership in banking and capture the full potential of our corporate franchise, while progressively reducing our NPE ratio. As with our Groupwide commercial banking model, the same simple approach will be rolled out to all of our operations in Western Europe.

Key 2019 Targets (vs. 2015)

	2019
TFA[A] growth by	+2.8% CAGR
Consumer Finance volumes growth	+11.8% CAGR
Small Business volumes growth	+3.2% CAGR

A. Total Financial Assets, excluding market performance and including Fineco.

The transformation of our commercial banking operations in Western Europe also implies an updated focus on risk-adjusted profitability.

Accordingly, UniCredit is promoting commercial offers related to asset gathering in all geographies, through the launch of special initiatives for all client segments. Our 2017 agreement to sell Pioneer Investments to Amundi presents our Group with the opportunity to access a wider product catalogue.

In Italy, on the asset gathering side, we have increased assets under management (AuM), thanks also to an expanded product offering following our partnership with Amundi. This performance allowed the bank to increase the weight of AuM products in clients' portfolios, who benefit from an outstanding risk management and investment diversification.

Regarding our advisory services, Fineco is our multichannel bank with a cutting edge advisory model. By leveraging its best-in-class internal IT culture, Fineco is able to allocate assets with an algorithmic/quantitative approach. In this way, its network can dedicate more time to managing relationships with clients, and better understand their needs and how they evolve over time, thereby increasing the quality of services and the customer experience.

Asset Under Management (AuM) Net Sales in Commercial Banking (CBK) Italy reached €11 billion in 2017, three times higher than 2016;
Net sales of Fineco amounting to €6 billion, up by 18 percent year on year.

We are also changing our approach to consumer finance; with progressive use of pre-approved lending plafonds and remote channels, we can be more proactive with our clients, employing an approach supported by quicker response-rates.

Meanwhile, commercial initiatives were rolled out for foreign subsidiaries of Italian customers, fully leveraging our global footprint to increase our new international accounts by 11 percent.[9]

9. New accounts as of November 2017 compared with the same period of 2016.

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Further strengthening our leadership position in CEE

UniCredit's Central and Eastern Europe franchise is the largest and most diversified in the region. We provide strong local coverage, with more than 1,800 retail branches[10] across 11 countries, and are one of the region's leading corporate banks.

In line with the *Transform 2019* plan, we continued to invest in organic growth in our CEE operations. We aim to consolidate our leadership in the region, which will enable us to further stimulate its socioeconomic development. Our approach consists of enhancing our capacity to innovate and digitally transforming our operations. In this way, we can better respond to rapidly changing customer needs while maintaining a sustainable cost structure and strong risk discipline.

CEE will carry on this focus on organic growth, leveraging client acquisition and value propositions for multi-country corporate customers. The revenues trend in CEE is proceeding in line with targets, and our customer base in the region continues to grow towards our target of 2.6 million new clients in 2019. Moreover, our cost income is at 36.9 percent, a very strong sign of our well-established cost savings culture, and we are further enhancing our risk discipline, reducing our gross NPE ratio from 9.9 percent at the end of 2016 to 7.9 percent at the end of 2017.

Key targets

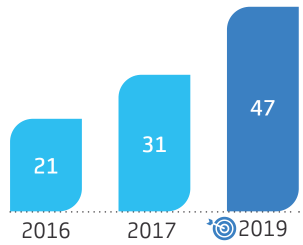
		2019[A]
Organic growth	+2.6% CAGR[B]	Revenue growth
Innovation and digitalization	+2.6m	Net new clients
Cost savings culture	36.9%	Cost / Income[C]
Continuous risk discipline	7.2%	Gross NPE ratio

A. vs. 2015; all 2015 figures are restated assuming new Group perimeter.
B. At current FX rate, Constant FX Rate CAGR 3.4%.
C. In 2019. At current FX, 36.3% at constant FX.

The region's innovation, exemplified by the strong growth of its digital customer base, makes it the perfect testing ground for new digital and IT solutions. A number of important transformation programs have been launched in CEE, particularly in areas related to innovation and digitalization, which have been rolled out across the Group.

Solid growth of digital users at ~45 percent, well on track vs. 2019 target of 51 percent.

Active mobile banking users, CEE
Penetration, %



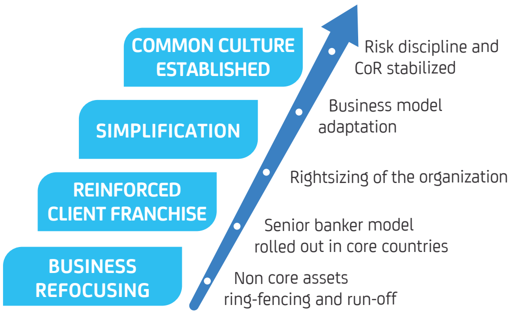
We remain focused on maximizing synergies across the Group. Cross-border activity is growing, thanks to an increasing number of international customers. As of December, CEE customers active in more than one country where our Group is present had grown by 12 percent from the previous year.

In addition, we have further developed our data analytics capabilities and our advisory tools to support relationship managers in their work. For example, our new global transaction banking (GTB) *Spider* tool was launched in 2017 to rapidly process large amounts of data and provide a deeper understanding of corporate customers' behavior in relation to global transaction products in order to provide our customers with a best in class and tailored service.

10. Including Yapi Kredi (YKB) in Turkey.

Capturing more cross-selling opportunities through an efficient CIB Division that is fully plugged into Commercial Banking

Over the past few years, our CIB Division has been significantly reshaped and simplified to establish a common culture and strong risk discipline.



Thanks to this effort, CIB is now fully plugged in our Commercial Banking Division and is an established leader in our core geographies, serving multinational corporates and key financial institutions, delivering services to corporate and public sector clients and offering investment solutions for 25 million retail and private banking clients.

Our next step is to consolidate and improve CIB's market-leading position by building on our strengths and further expanding our leadership into areas such as global transaction banking and debt finance. To achieve this, we will leverage our international network and clients while ramping up our market capabilities for the benefit of our corporate and financial institution clients. So far, such actions have already enabled 75 percent of CIB's total revenues to be client-driven, and we aim to increase that figure to 84 percent by 2019.

We are also working to enhance Group synergies by strengthening cross-selling. Our joint venture between CIB Division and Commercial Banking Italy, which was also discussed in the 2016 Integrated Report, integrates our traditional corporate customers offerings with a wider range of products and services that enable them to take advantage of structural changes in the financial markets. This client-centric approach benefits from direct senior management involvement, fully coordinated commercial activities, and an aligned incentive system. Its customized service model provides our customers access to high-value-added products and services, enabling them to access capital markets and advisory for financial risk and liquidity management.

The third and final step of the strategy, which is in line with both our efforts over the past few years and our *Transform 2019* plan, is to deploy strong cost and risk discipline to enable CIB to grow.

There is a considerable foundation to build on, as CIB leading position among European financial institutions is recognized in multiple league tables.

- n.1 by number of transactions both in EMEA Bonds in EUR and Combined EMEA Bonds and Loans in EUR
- n.1 in Syndicated Loans in EUR in Italy, Germany, Austria and CEE as well as in EMEA Covered Bonds[11]
- n.2 in Combined EMEA Bonds and Loans in EUR
- n.2 in EMEA Bonds in EUR.

Moreover, it is recognized as a leading player in Europe, as confirmed by several awards it received in 2017, such as Best Global Trade Finance Provider for All Services, Products/Payments and Overall Executions (Euromoney Trade Finance Survey 2018).

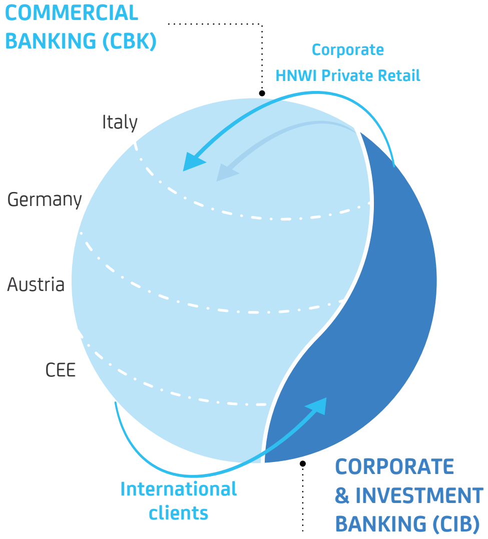
Maximizing synergies across the Group

UniCredit has significant potential to promote synergies across business lines and countries. With our *One Bank, One UniCredit* approach, we are working to take full advantage of every opportunity by leveraging Group-wide best practice sharing platforms to better serve our customers.
With the objective of maximizing synergies across the Group, we have deployed several different business initiatives.

As previously discussed, we have greatly increased cooperation between CIB and Commercial Banking to capture more cross-selling opportunities. In this approach, we introduced dedicated cross-selling committees in all Group geographies. These committees involve key representatives from both the Commercial Banking and CIB activities. To further boost this effort, we have introduced cross-selling targets within the key performance indicators (KPIs) of our managers.

11. Source: Dealogic, as of 5 Jan 2018. Period 1 Jan – 31 Dec 2017; rankings by volume unless otherwise stated.

Maximize synergies and best practice sharing



Another opportunity for greater synergies is available in the service we offer to international customers, in the form of cross-border support. We are working to increase the cross-border business generated by CIB and international corporate banking clients across our 14 European core markets and across our international network. To support this opportunity, our newly opened branch in Abu Dhabi is equipped to serve more than 1,000 European companies operating in the Middle East region.

We have identified a third opportunity for synergies – between our corporate, high net worth individual / private and retail services – and have implemented initiatives in every country to maximize cooperation and share best practices in this area.

Groupwide, we continue to work on the optimization of our product and investment platform, which will enable us to generate more synergies among business segments. All of these opportunities for greater cooperation across the Group are fostered through our *Best Practice Sharing*[12] Program, both between divisions and countries.

Adopt lean but strong corporate center

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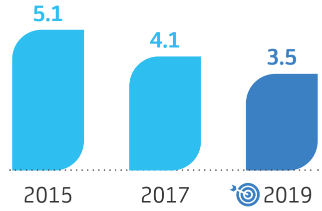
We have taken several important steps to create a strong steering center that can firmly guide our various divisions and business lines. At the same time, we are implementing measures to reduce the impact of our corporate center in terms of costs.

Reduction of weight of Group Corporate Center on total costs

Weight of Group Corporate Center on total costs, %



In July 2016, UniCredit decided to strengthen the role of the General Manager, expanding responsibilities to cover all business activities. This includes, among other items, our CIB and CEE divisions as well as all operations in Italy, Germany, Austria. This represents an important step toward expanding UniCredit's client offering and maximizing cross-selling and value creation across the entire Group. It will also better enable us to implement our digital strategy and make changes to the bank's service model. This is part of an overall transformation in which IT simplification, back office streamlining and real estate optimization are changing the DNA of our culture, costs and structure.

With a simplified organization and a strong management team, we are fully committed to implement *Transform 2019*. We have established a strong governance and monitoring framework to enable us to achieve our targets and objectives, overseeing 18 Groupwide projects based on three core platforms.

12. Refer to the Intellectual Capital chapter for more information.

These platforms are:
- the IT demand platform, which is ensuring discipline and the optimization of IT investments while supporting our transformation by allocating resources to the most impactful initiatives
- the finance platform, which is serving as the authoritative source for all revenue and cost figures, enabling us to consistently track progress toward our strategic plan targets. It is also ensuring that overall performance management is based on our steering managerial KPIs
- the human resources platform, which is tracking progress toward our targets and drive forward people engagement, talent development and training activities.

Regular monitoring of the implementation of our transformation programs is carried out at weekly or monthly steering committee meetings focused on the status of specific work streams with pillar sponsors, program owners and, when required, CEO and General Manager. There are also regular monthly Transformation Jour Fixe involving the CEO, the General Manager and the sponsors of the five pillars and program owners to update on the plan developments. These measures promote accountability and help drive the Group's transformation forward.

- 11 Transformation Jour Fixe in 2017
- roughly 180 Steering Committes, covering all pillars.

Managerial KPIs, which are uniformly applied across the Group, are fully aligned with our overall Group Risk Appetite Framework and tightly linked to our incentive scheme. These KPIs have been disseminated to every division and business line.

Effective execution and governance of the transformation program

KPIs cascaded down to divisions

KPIs	Rationale
Value Creation	
ROAC	Business profitability including all P&L items
Risk & capital governance	
CET1 ratio fully loaded	Focus on capital strength
New business EL[A]	Quality of new business
Performing stock EL[A]	Risk dynamics of performing credit portfolio
Gross NPE	Development of non-performing credit portfolio
Loan and deposit volumes	Liquidity position
Industrial drivers and clients	
Opex	Cost-efficiency developments vs. targets
Cross-selling	Cross-selling effectiveness across business lines and countries
Net new clients	New client origination

A. EL stands for Expected Loss.

MATERIAL TOPICS

Divisional KPIs

		Revenues € bn	Cost / income %	Cost of risk bps	RWA[A] € bn	Branches[B] n.
CBK ITA	2016	7.4	61.5	147	79	3,054
	2017	7.4	59.9	69	86	2,663
	2019	7.5	52.6	58	105	2,400
CBK GER	2016	2.5	77.0	-5	36	341
	2017	2.7	67.3	13	34	341
	2019	2.5	67.0	15	36	341
CBK AUT	2016	1.6	75.4	7	24	141
	2017	1.6	70.0	-7	21	123
	2019	1.6	63.3	16	23	124
CEE	2016	4.2	35.9	134	91	1,801[C]
	2017	4.2	36.9	95	86	1,693[C]
	2019	4.4	36.9	102	99	1,693[C]
CIB	2016	4.2	40.9	53	75	-
	2017	4.1	40.0	22	76	-
	2019	3.9	40.2	21	87	-

A. Excluding intercompany and repos.
B. Retail only - excluded minor premises, corporate and private banking.
C. Including Turkey at 100 percent.