



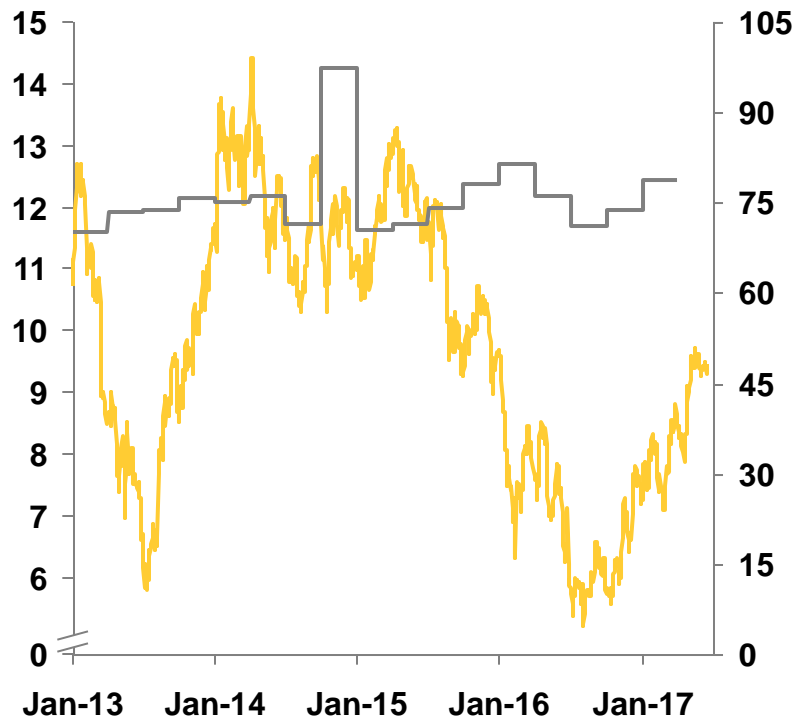
# Digitalisation as key cornerstone of Commerzbank 4.0

Commerzbank Digitalisation Workshop – Frankfurt 27 June 2017

# Digitalisation creates new opportunities and changes customer needs

## Banks lack efficiency

— Commerzbank share price  
— Cost-Income Ratio (right axis)



Source: Bloomberg, Company Reporting

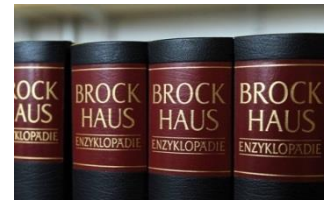
## Digital Business Models are outperforming



**amazon**



**WhatsApp**



*Realtime*

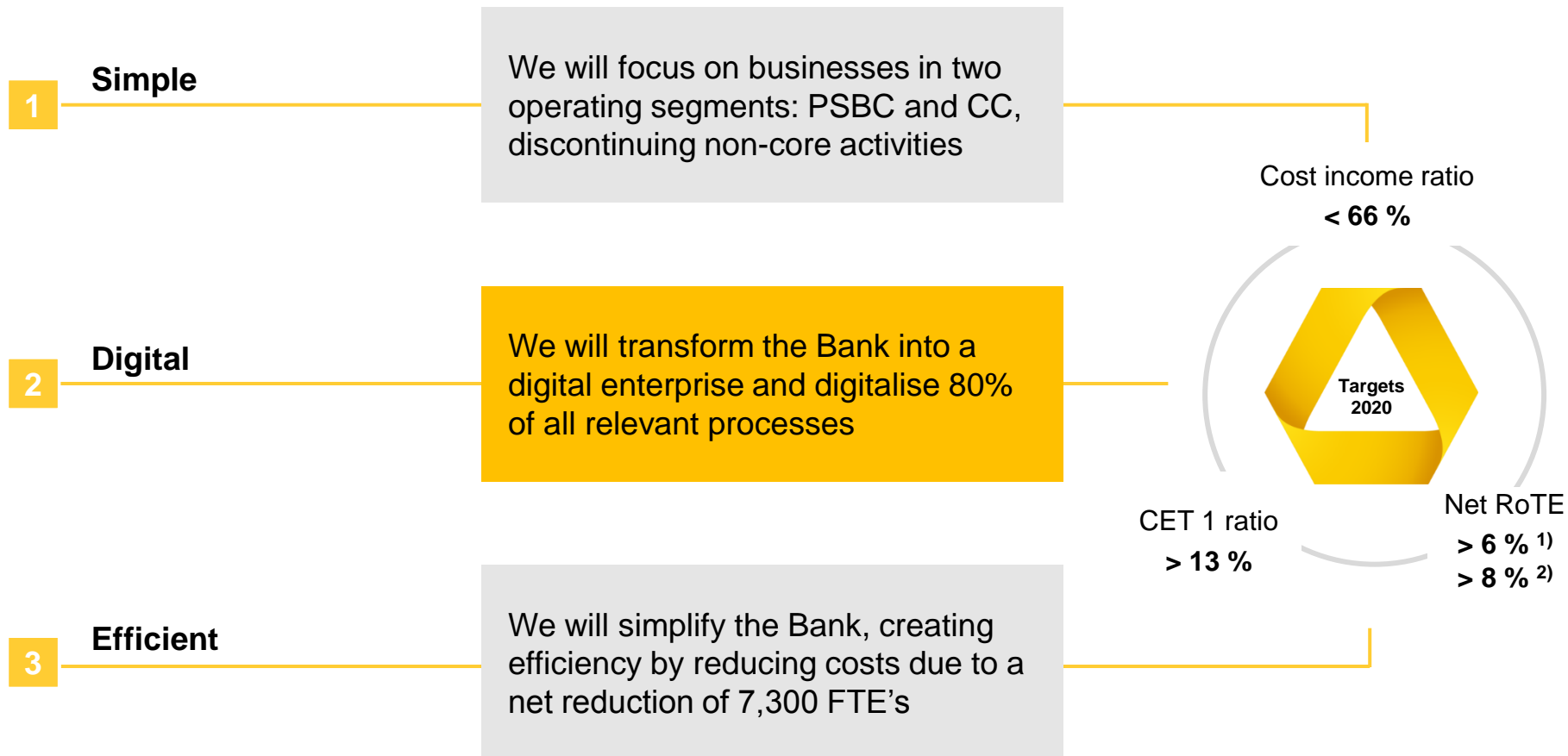
*24/7- Availability*

*Paperless*

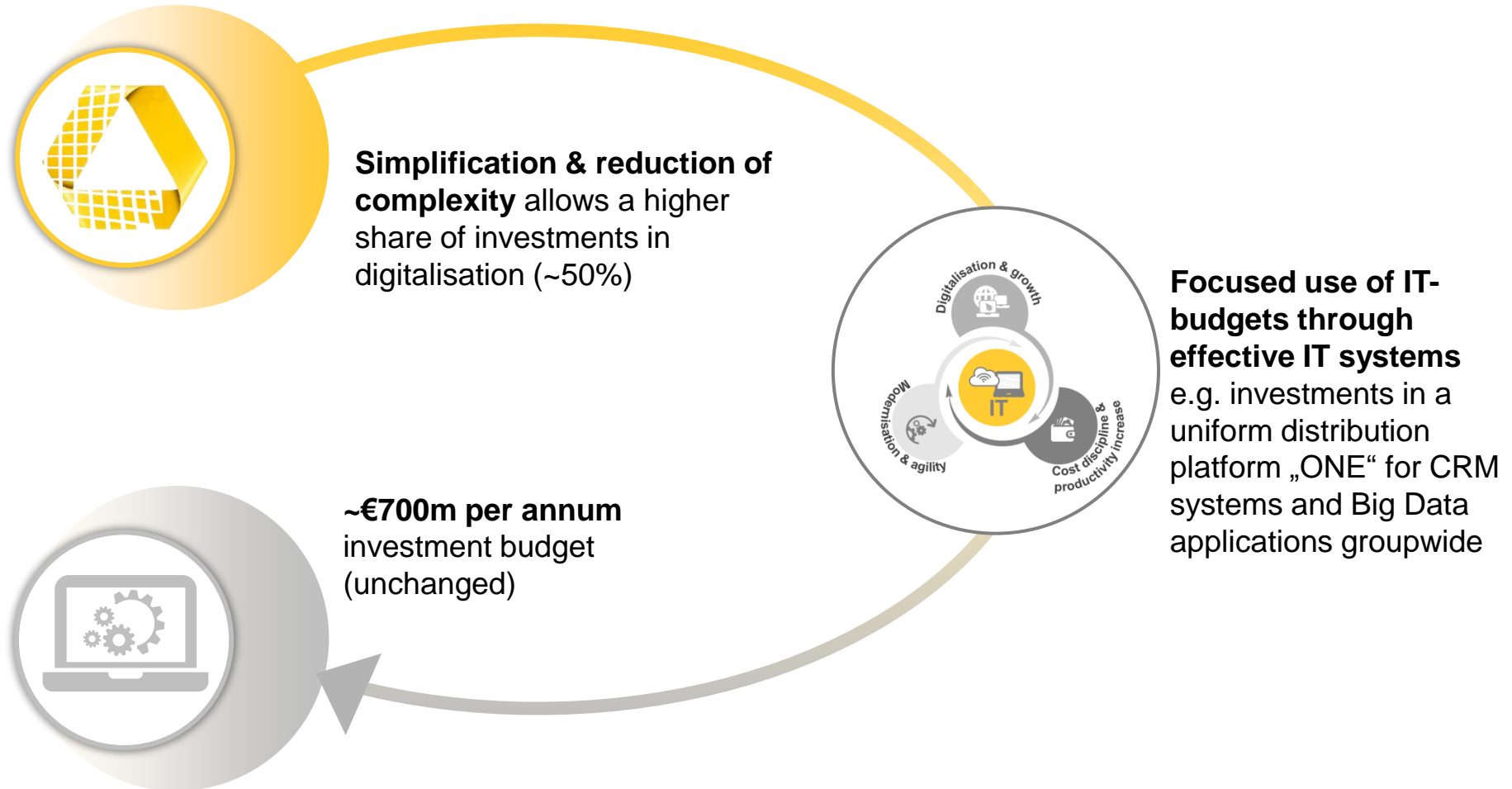
*Multi-Channel*

*Customer Experience Flexible*

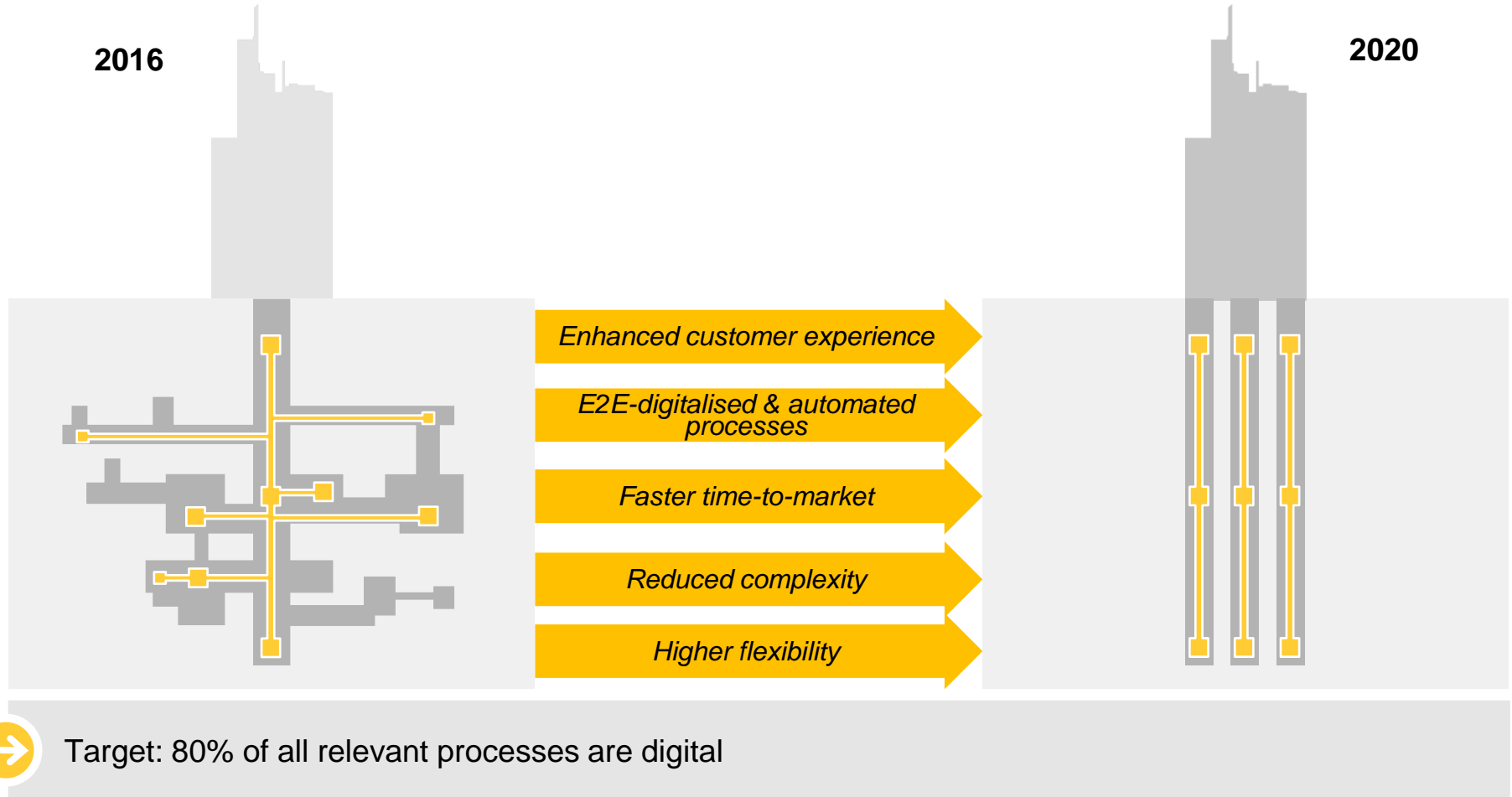
# Digitalisation a major cornerstone of our Commerzbank 4.0 strategy



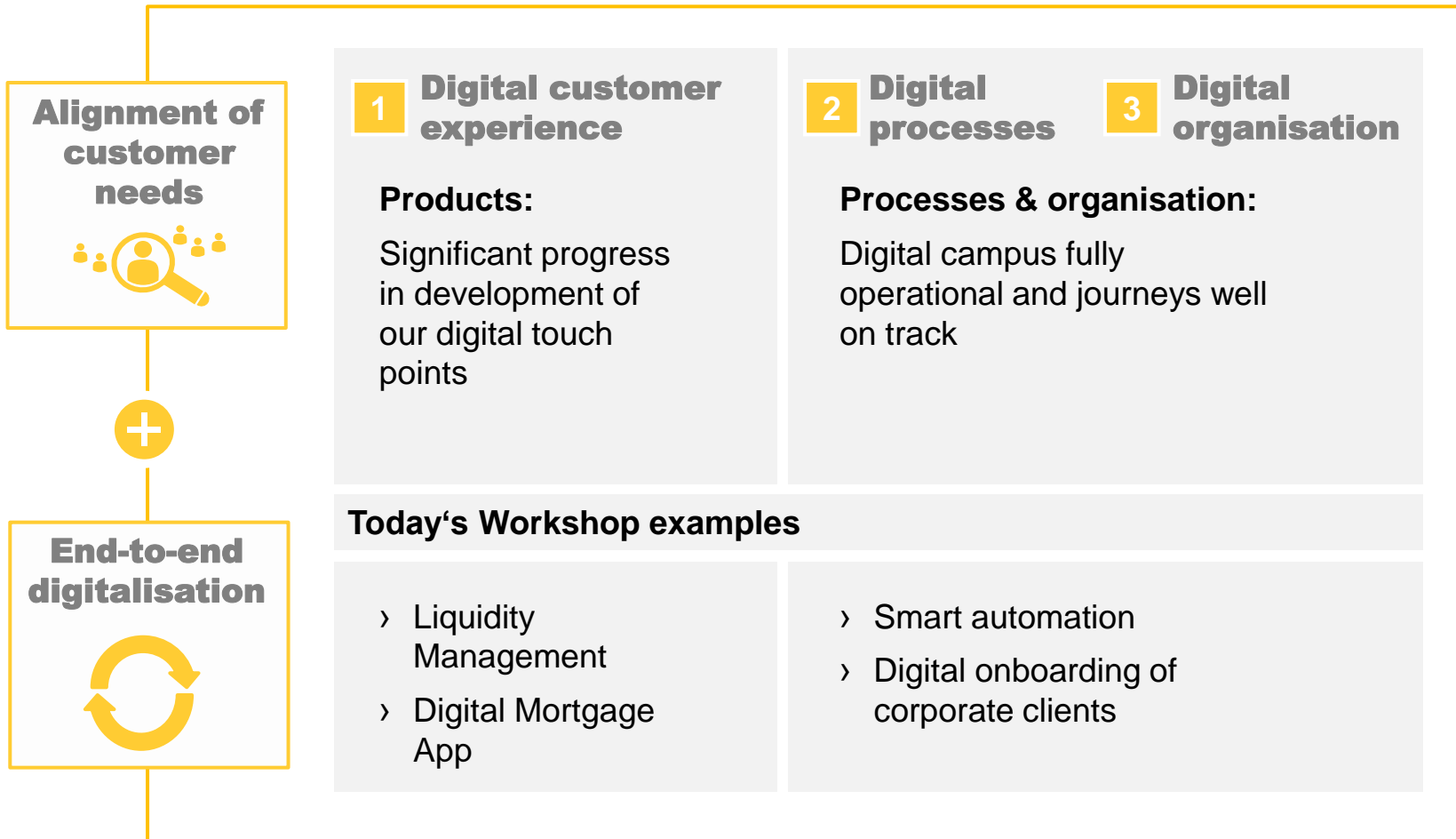
# Simplification and reduction of complexity allows to increase investments in digitalisation



## Our evolution into a digital enterprise



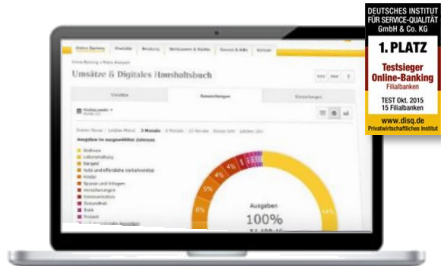
# Commerzbank is accelerating end-to-end digitalisation for a complete digital customer experience and increased efficiency



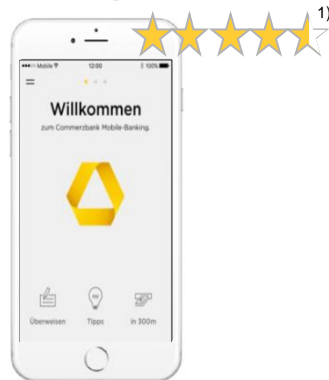


# We have significantly expanded our digital touch points

## Digital housekeeping book



## Optimised banking App



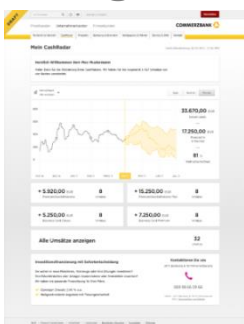
## Balance App on Apple Watch



## Digital consumer loan



## Liquidity Management



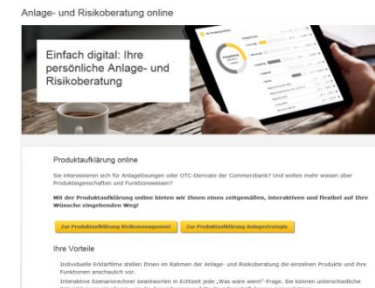
## Mobile Mortgage App



## Automated FX-trading

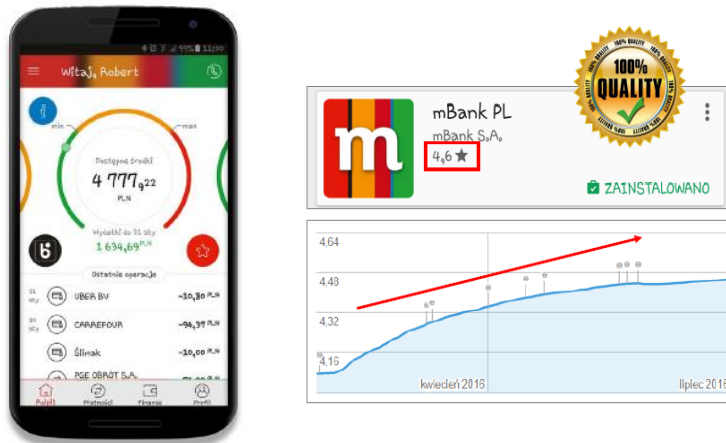


## Digital Advisory process



# Our subsidiaries with strong digital capabilities and innovative digital offerings

## Mobile App 3.0 – a leading European Banking App



- › 834.000 user with 21 Monthly logins per customer
- › One-click end to end mobile sales processes
- › According to Forrester's 2017 Mobile Banking Benchmark #1 in usability and #3 in functionality in Europe

## comdirect Cominvest – Digital Asset Management in a few steps



- 1 General investment planning
- 2 Identification of investor type
- 3 Selection of advisory concept
- 4 Detailed planning

- › Highly automatized digital platform, which allows the management of portfolios
- › Adjusting and managing master asset allocation
- › Rebalancing as a result of market volatility
- › Generating portfolio recommendations



## Impulses are also generated by our accelerators and incubators through cooperation with or investments in Fintechs

### COMMERZ VENTURES Commerzbank Group

- › Launched in 2014
- › Positioning as a venture capital company
- › Focus: start-up in market maturity phase

### main incubator Nr. 1 für Visionäre im Banking

- › Launched in 2013
- › Ideas-scouting and -development
- › Focus: Startups in early phase

### comdirect start-up garage

- › Launched in 2015
- › Support for startups from the time of the idea
- › Joint construction of prototypes



- › Iwoca offers uncomplicated short-term and flexible loans to small companies and self-employed
- › Granting of loans up to EUR 50,000
- › Identify risk profile of companies based on real-time data



- › OptioPay is a bridge between modern online marketing and traditional finance
- › Converting credit to higher value vouchers from many well-known retailers and service providers



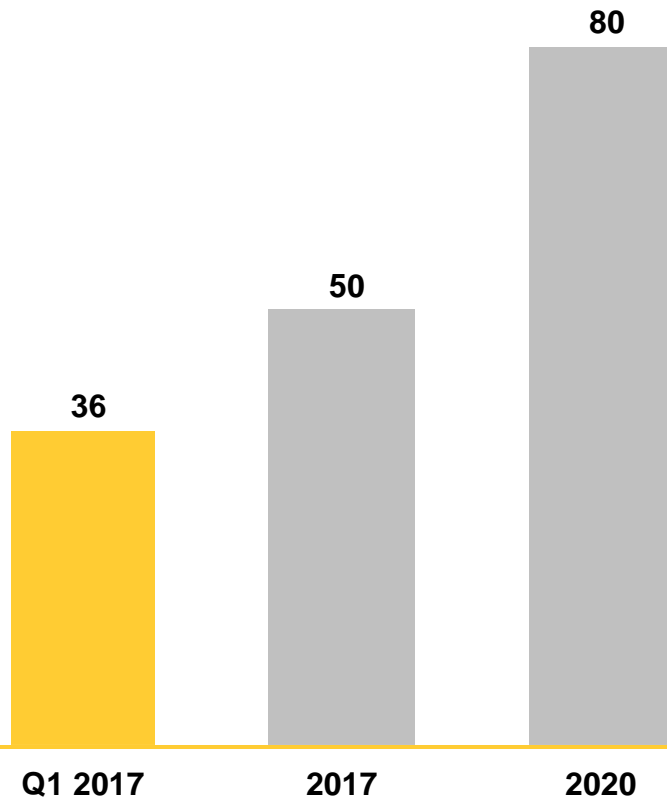
- › CocktailTrade is a search engine for stocks that are based on the search terms of the user's theme specific product recommendations (for example based on the term "Auto")

Additionally:



# Savings of 0.5bn by 2020 through 80% digitalisation of relevant processes

## Digitalisation ratio leads to... (%)

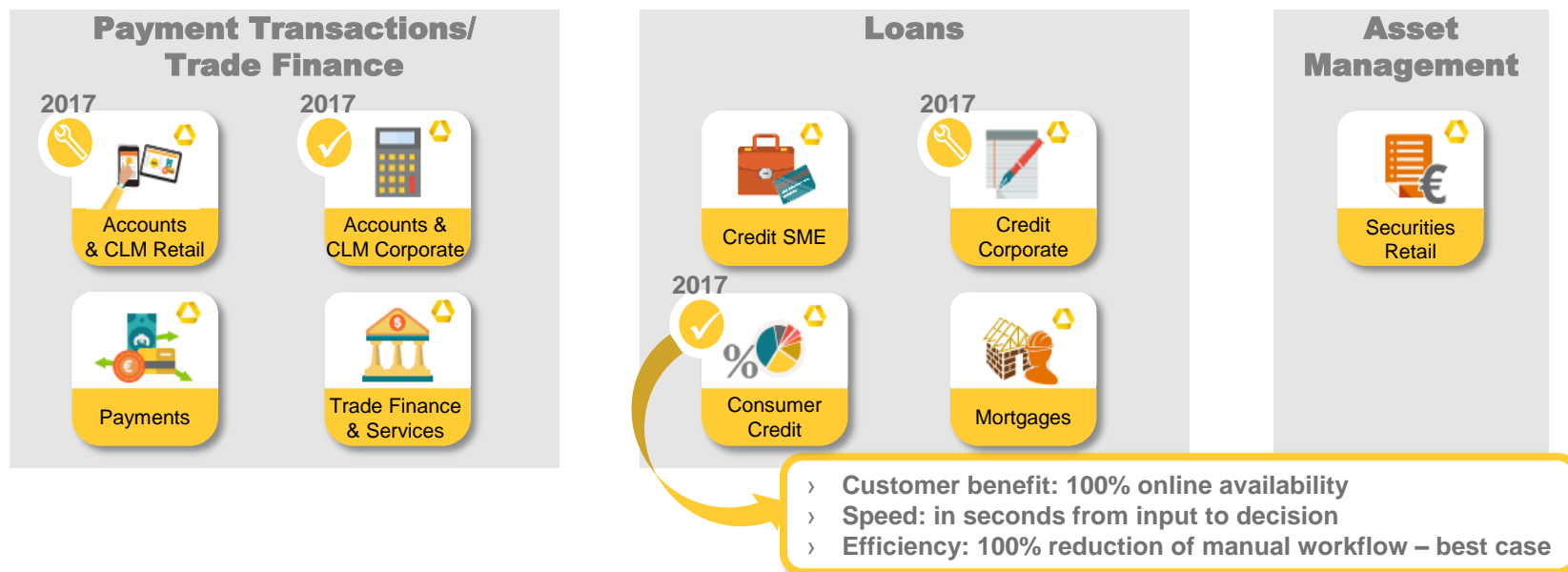


## ... a high degree of automation: Example Consumer Loan

- › Access2Account: Minimisation of document checks
- › Quick pay-out: Same-day pay-out planned
- › Efficient E2E processes: Considerable reduction of manual work
- › Automated fraud check: e.g. use of OCR- and cracking-services
- › Automated bank controlling: No manual processes for loans
- › Scalability: Solution a precondition for strong growth

# 14 Journeys are the basis for building a digital enterprise

## Master Journeys



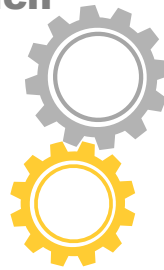
## Support Journeys



# Digital Campus as key accelerator of our digital transformation...

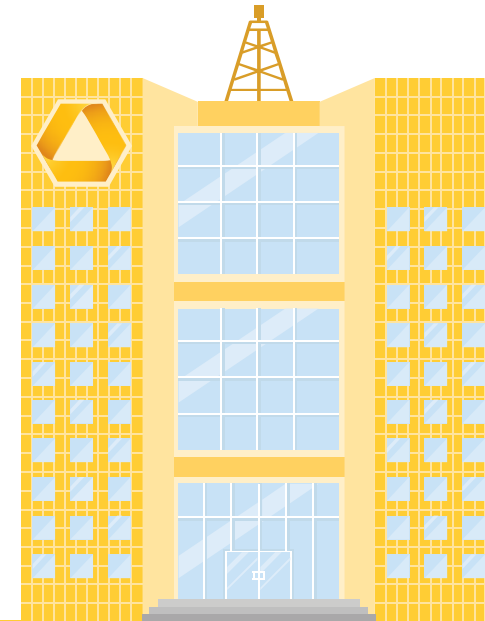
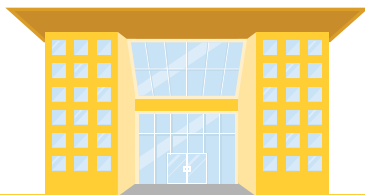
## Digital Campus is the „factory“ in which agile implementation happens

- › Digital Campus is a „protected area“ in which agile working methods are put into practice without organisational interferences
- › Identification of best practice and lessons learnt
- › Commitment to principles of "agile cooperation"
- › Continuous adaption of methodological approaches and formats



## Digital Campus is a stimulus for the agility of the whole of the CBK's organisation

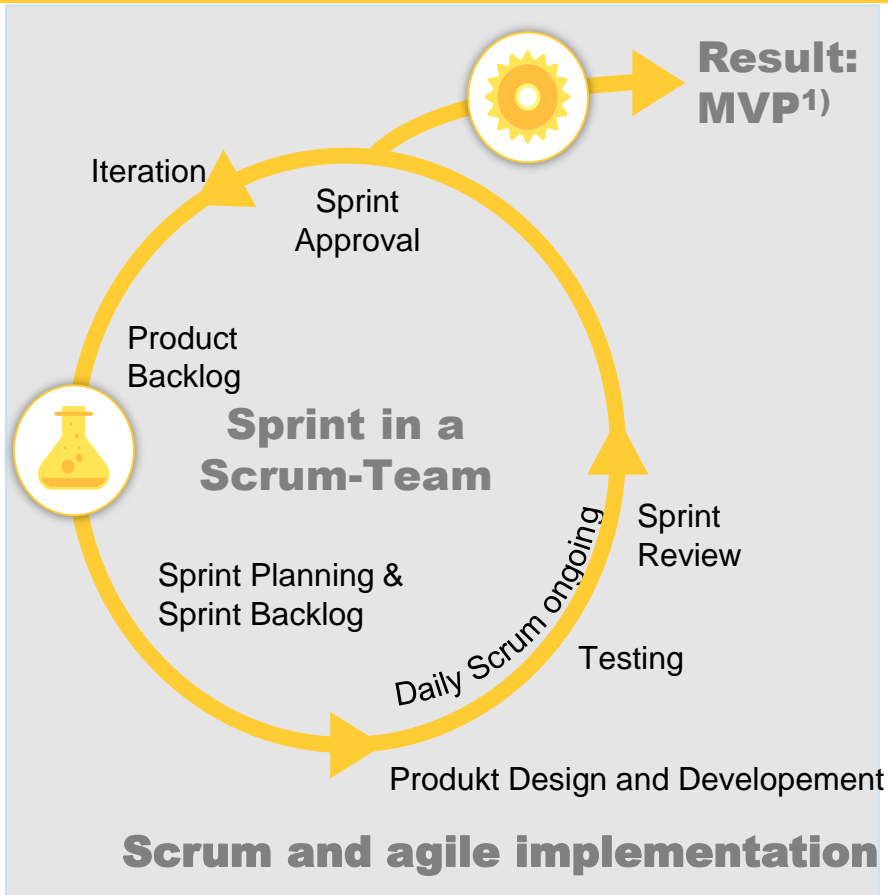
- › New ways of working result in a core of experienced staff who will spread knowledge within the organisation



## ...and a pivot for agile collaboration



# Agile work is based on an iterative procedure with short sprint cycles





## **1 Smart automation**

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## **2 Digital customer experience PSBC**

## **3 Digital onboarding of corporate clients**

# The new Consumer Loan of Commerzbank – Quick, Easy and Digital

## Financial requirements

1



- › Customer has financial requirements up to € 80,000 and 120 months maturity
- › Input of little basic data into ONE (loan value, maturity)
- › Insurance as optional-product selectable

## Self-disclosure

2



- › For customers with an online account a digital pre-filled self-disclosure form can be provided via an SMS containing a link to the automated account analysis
- › Customer and relationship manager check the pre-filled data together

## Loan decision

3



- › Fully automated risk appraisal including fraud checks
- › Rating related pricing
- › Instant loan decision and contract offer
- › Placing-out-possibility to third parties

## Conclusion of contract

4



- › Conclusion of contract with signature
- › Loan agreement is scanned and digitally processed
- › Same-day pay-out technically feasible
- › Fully automated transmission of welcome letter

# 10 months to a full-blown consumer loan production line from scratch with the help of the Digital Campus

## Digital Customer Communication

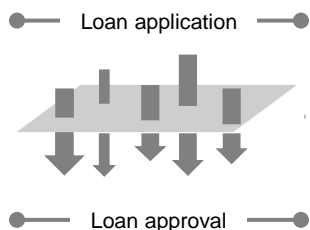
Multi channel strategy within the Commerzbank 4.0 framework



- › Digital loans available in branches since April
- › Online loans scheduled in Q3, Point of Sale starts end of 2017
- › Customer satisfaction through consistent customer experience in all sales channels

## Effective Risk Management

Latest technology guarantees safety and cost-efficiency



- › Automation concerning check of critical item, decision making and other parameters
- › Usage of Commerzbank's highly developed scoring procedures
- › Centralised administration of loan approvals
- › Placing out in accordance with rating

June 2016  
Proof of Concept

06.04.2017  
Go Live Branches

Autumn 2017  
Migration & Go Live Online

End of 2017  
Go Live POS

## High Degree of Automation

Low unit costs due to factory-like handling of loans

Access2Account –  
Minimisation of document checks

Quick pay-out – same-day pay-out planned

Efficient E2E processes –  
Considerable reduction of manual work

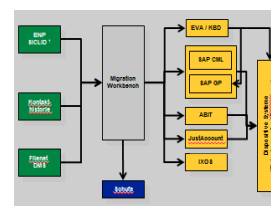
Automated fraud check –  
e.g. use of OCR- and cracking-services

Automated controlling –  
No manual processes for loans

Scalability – Solution a precondition for strong growth

## Consumer Finance now CBK branded

~€3bn consumer loans will be transferred to own platform



- › Termination of JV and transfer of the Commerzbank accounts in Q3 2017
- › Fast track migration into Commerzbank business and data processing logic

# First Smart Automation potentials realised in the Delivery Centre

## Smart Automation



Automating processes and imitating rule-based human actions



Transparent and comprehensive processing



The business units can configure process steps via a simple and intuitive user interface





Interactions can be done with systems in the same way as with human beings – without elaborate software programming

## Areas of application

- › Periodic processes with high volumes
- › Rule-based processes with little space for decisions
- › High degree of standardisation with few exceptions
- › Usage of structured electronic data
- › Processes with  $\geq 2$  IT-systems involved

## E.g. manually booked fees

Manually operated steps	Number of systems	Process time
Ca. 50	3	105 Sek.
		
0	3	<60 Sek.

## **1 Smart automation**

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## **2 Digital customer experience PSBC**

## **3 Digital onboarding of corporate clients**

# The heart of the new digital platform for business clients is Liquidity Management (LM)

## Enhancement of existing business clients online banking portal

- › Liquidity forecast as major feature of new digital offer
- › Seamless integration into existing online banking portal
- › Liquidity forecast for the upcoming 3 months
- › Incorporation of third party bank accounts
- › Integration of additional innovative services in the future (e.g. Dunning, Invoice management)

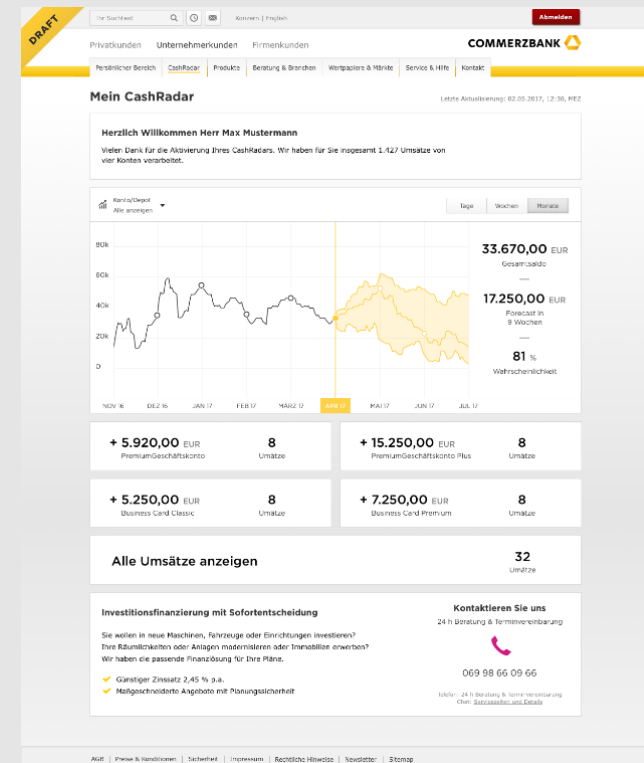
+ Enhancement of transaction banking

+ Small ticket leasing

+ Subsidy finder

+ Time deposits online

## Liquidity Management





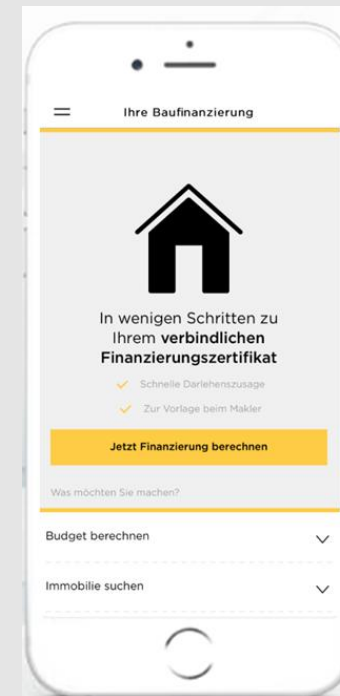
# The new generation of residential mortgage lending

## Multi-channel approach: easy mortgage lending for private customers

- › **Baufi-App with complete customer journey<sup>1)</sup>**
- › Budget calculation tool supports estimation of maximum purchase price
- › Find your matching property with the help of the property search feature immediately
- › Obtain a realistic market value with the support of the valuation engine
- › The App generated financing certificate shows preliminary affordability to real estate agent

- + Contact customer advisor via phone
- + Opportunity of direct loan applications<sup>1)</sup>
- + Chat function<sup>1)</sup>

## Baufi-App



## **1 Smart automation**

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## **2 Digital customer experience PSBC**

## **3 Digital onboarding of corporate clients**

# Objectives, approach and outcomes of the journey “Digital Onboarding Corporates” (Domestic Markets)

## Objective of the journey

- › Digital onboarding of corporate clients with the following **ambitions**:
  - Uniform client onboarding and account opening process across all segments
  - Digitalisation of **80% of digital onboarding processes** and digital integration of all ordinary regulatory checks
  - „**Time-to-market**“ („24 + 24“):
    - Base case onboarding within 24h
    - Delivery of account within 24h if all necessary client documents are available and all regulatory approvals for the client are successful
    - Complete onboarding in 48h

## Content of today's workshop



**Target dimensions and prerequisites**  
**Agile working methods and principles**  
of the journey



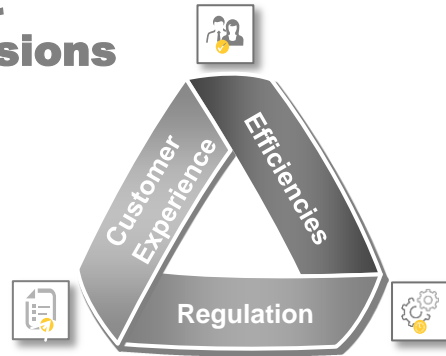
**Artefacts** of the journey



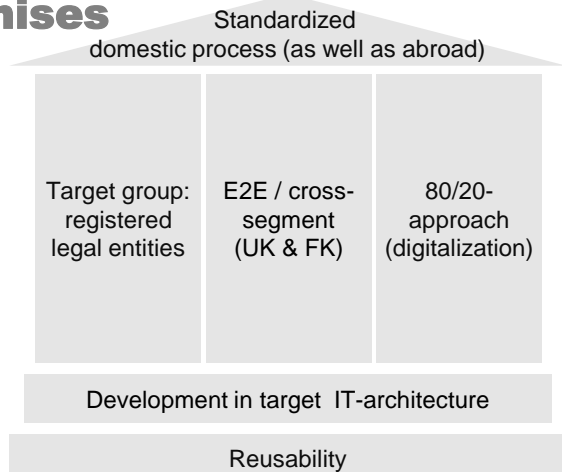
**Live demo** of customer journey  
illustrated by prototype

# Master Journey Account & CLM Corporate is consistently focusing on the target dimensions and premises

## Target dimensions



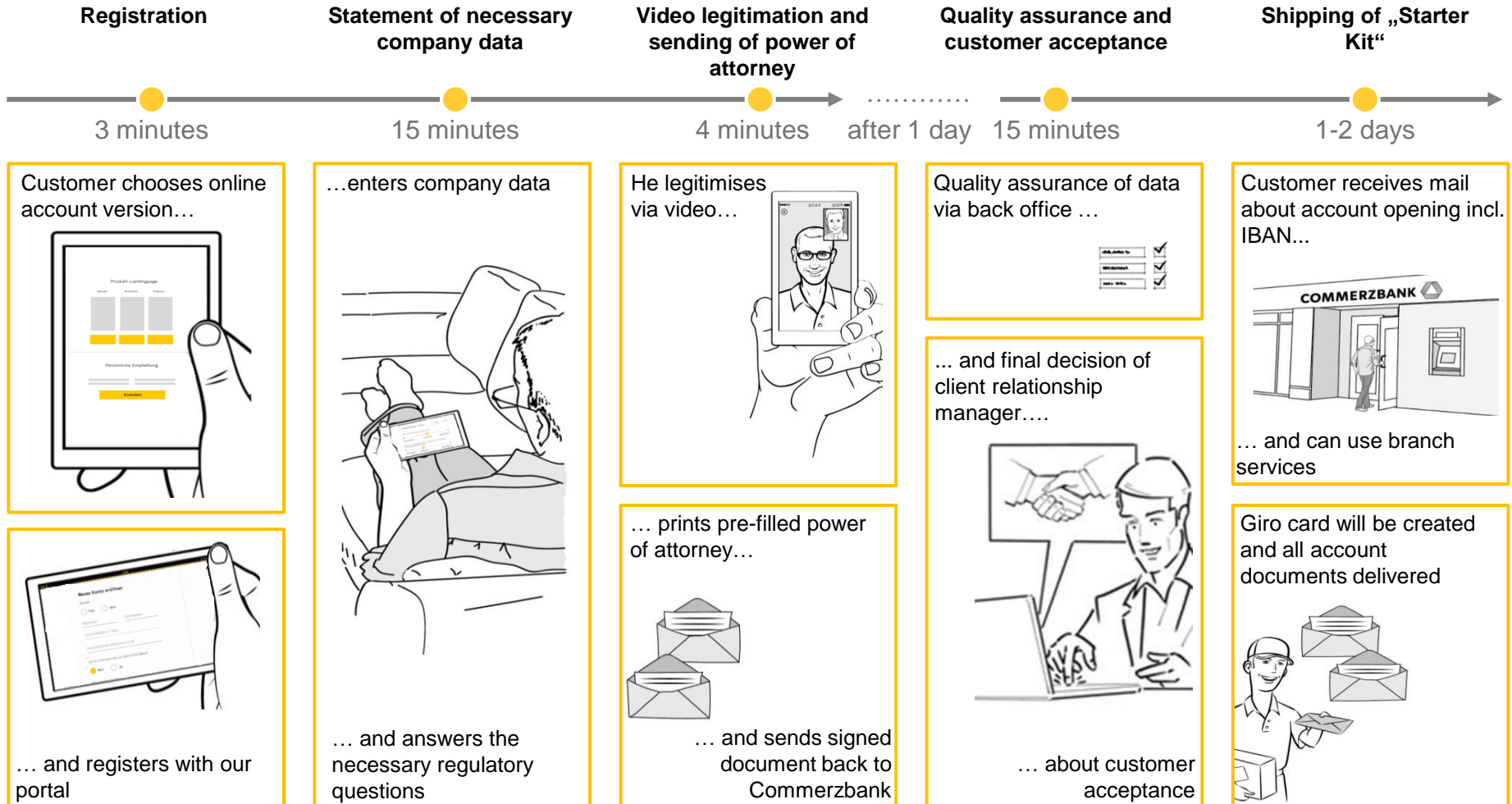
## Premises



## Framework of the Master Journey

- › Consistent focus on **speed**, **simplicity** and **clarity**
- › **Evaluation** by customers at an early stage
- › Focus on volume drivers and processes supporting **efficiency and growth targets**
- › **Cross-segment solutions**
- › **Development in target systems**
- › High level of **reuse** of existing systems
- › **ONE process** for customers and employees
- › Realization takes place in **incremental expansion phases**

# Digital onboarding of corporate clients incl. regulatory check and account opening in 48h<sup>1</sup>



# Digitalisation Workshop – Presenters

**Frank Annuscheit (Chief Operating Officer)**

Welcome remarks on Commerzbank 4.0

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**Jörg Hessenmüller (Head of Strategy)**

Digitalisation strategy

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**Christian Rhino (Head of Banking Operations)**

Smart automation

**Ulrich Coenen (CDO & Managing Director SBC)**

Digital customer experience in Private and Small-Business Customers

**Dr. Christina Hepp (Cluster Lead Master Journey Accounts Corporates)**

Digital onboarding of Corporate Clients

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## For more information, please contact Commerzbank's IR team

### Christoph Wortig (Head of Investor Relations)

P: +49 69 136 52668

M: christoph.wortig@commerzbank.com

### Ansgar Herkert (Head of IR Communications)

P: +49 69 136 44083

M: ansgar.herkert@commerzbank.com

### Institutional Investors and Financial Analysts

#### Michael H. Klein

P: +49 69 136 24522

M: michael.klein@commerzbank.com

#### Fabian Brügmann

P: +49 69 136 28696

M: fabian.bruegmann@commerzbank.com

### Retail Investors

#### Simone Nuxoll

P: +49 69 136 45660

M: simone.nuxoll@commerzbank.com

### Dirk Bartsch (Head of Strategic IR / Rating Agency Relations)

P: +49 69 136 22799

M: dirk.bartsch@commerzbank.com

ir@commerzbank.com  
www.ir.commerzbank.com

## Financial calendar

2017

02 Aug

Q2 2017 results

09 Nov

Q3 2017 results

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