

**COMMERZBANK**

The bank at your side



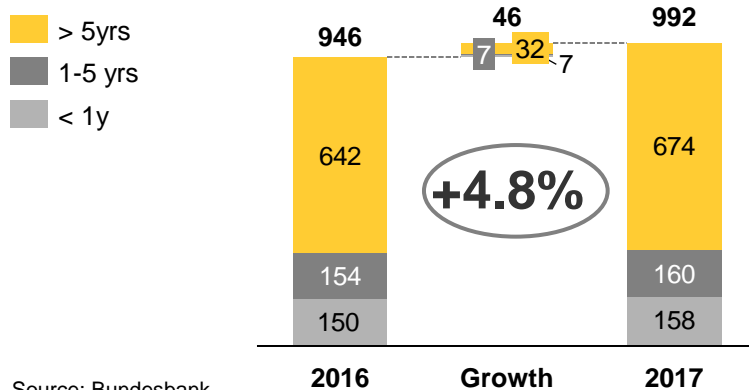
# Commerzbank: the partner of German Mittelstand

Workshop – Corporate Clients

# The German corporate banking market is highly attractive but highly competitive

## 1) Growth in loans including CRE

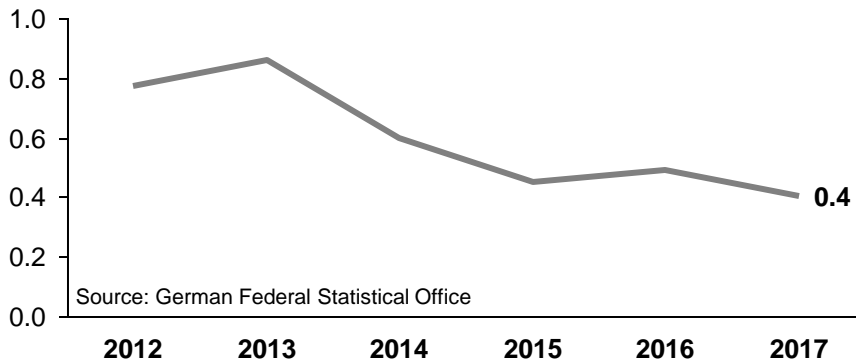
Loans to all domestic corporations by all domestic banks (€bn)



Source: Bundesbank

## 3) Very attractive risk profile

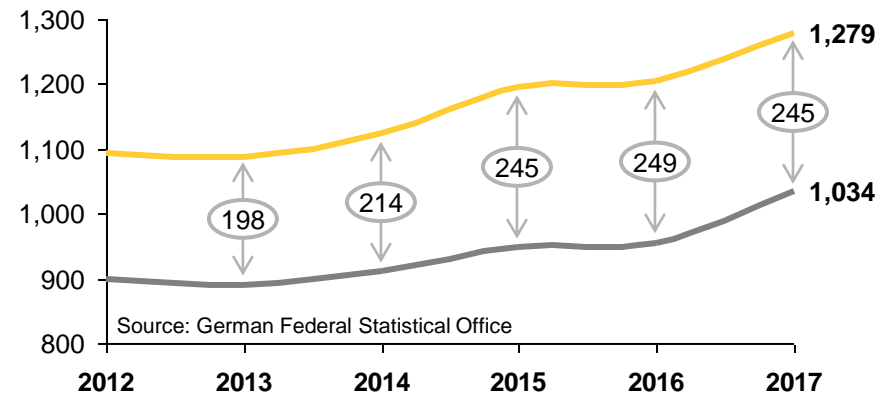
Default rates of German corporates with revenue > €20m (%)



Source: German Federal Statistical Office

## 2) National champion in exports

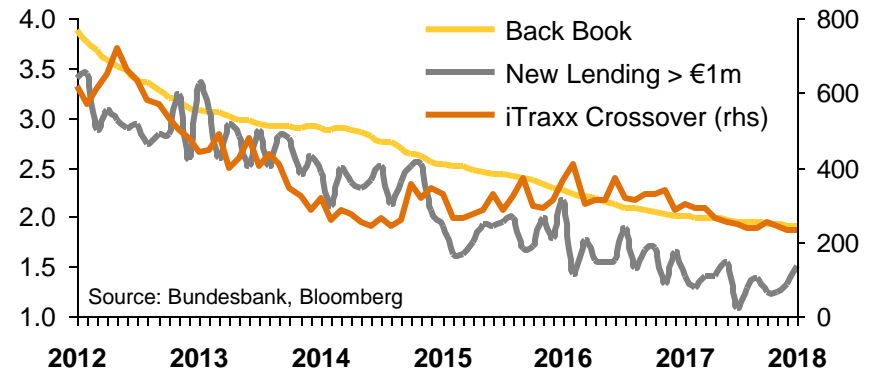
Exports (€bn) Imports (€bn) Surplus (€bn)



Source: German Federal Statistical Office

## 4) Rates and spreads weigh on margins

Avg. rates on 1-5 yrs corporate loans (%) & iTraxx Crossover 5y (bps)



Source: Bundesbank, Bloomberg

# We offer our clients worldwide support with a comprehensive global presence



With more than 100 locations, Commerzbank offers one of the **densest branch networks for Corporates** in Germany

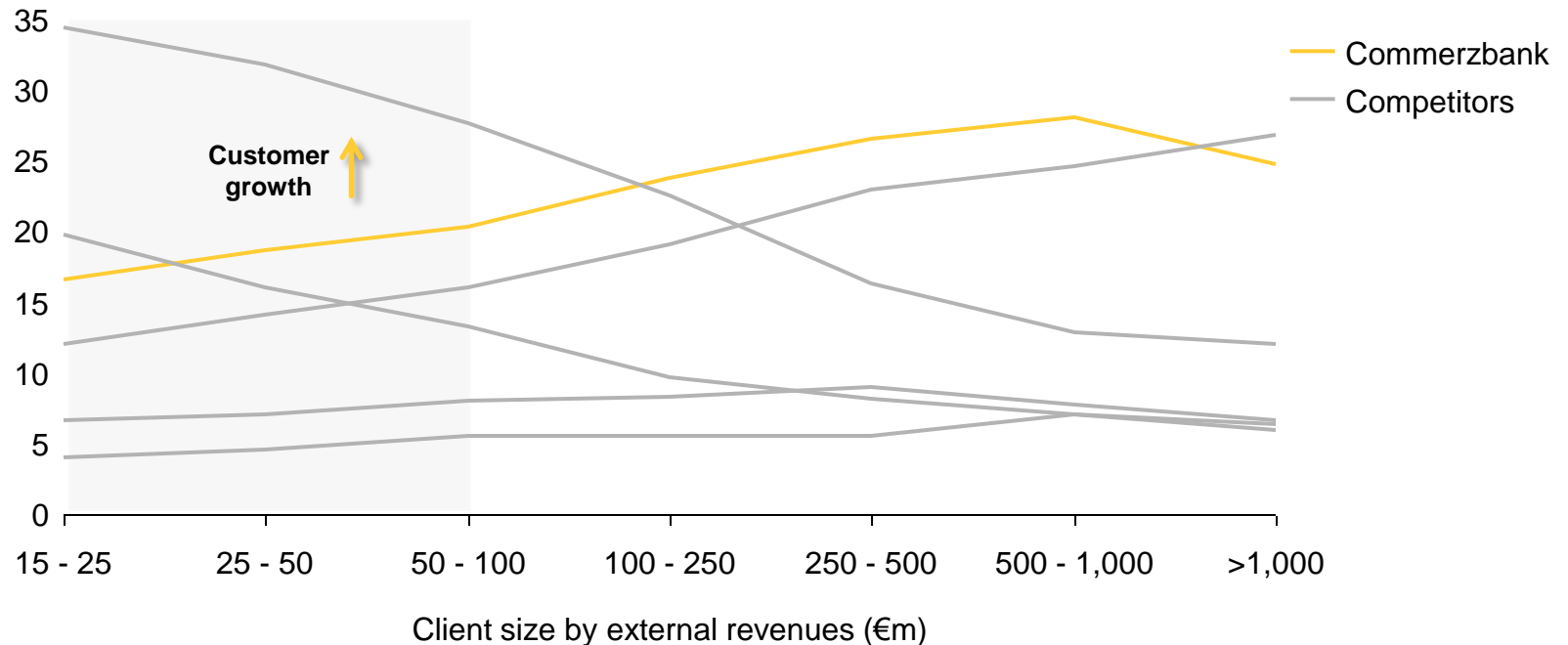
Commerzbank is present at **all financial centres** around the globe in **more than 50 countries on all continents**

An **intelligent connectivity strategy** supports international corporate clients to **expand into new markets** and to **enter European markets**

€m	1Q17	2Q17	3Q17	4Q17	1Q18
Revenues <sup>3)</sup>	1,068	951	960	979	<b>967</b>
Op. result	267	234	239	66	<b>145</b>

# German Mittelstand – Strong market position creates significant growth opportunities with smaller corporates

Share of corporate clients in Germany<sup>1)</sup> (%)



**Risk-adjusted margins**



# Corporate Clients' franchise offers significant competitive advantages

## Our strengths in comparison with regional competition

Strength		Regional SME Provider	Description
 <b>Product offering</b>	✓	✓	We offer an award-winning <sup>1)</sup> range of products and services including capital markets and attract new clients with “attacker” products
 <b>International presence</b>	✓	✓	We have a strong international presence and are market leader in support of the trade business in Germany across our global client network
 <b>Know-how</b>	✓	✓	We have excellent sector expertise to provide clients with holistic banking advice and full product support along sector lines
 <b>Technology</b>	✓	✗	Digitalisation of processes will improve service and make products simpler and more efficient for the bank and its clients
 <b>Interface efficiency</b>	✓	✗	We offer well functioning and frictionless processes at all organisational levels worldwide



# Our strategy Commerzbank 4.0 – Transformation well on track



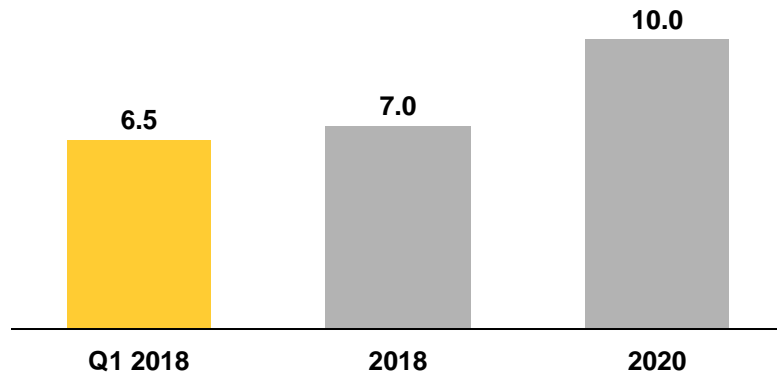
## Achievements since strategy announcement

- › Development of **net new customers** ahead of target
- › Market leading position in Mittelstand maintained with a clear growth **focus on smaller corporates**
- › Roll-out of **customer centric** organization structure in-line with refined client coverage (to be finalised by Q3)
- › **De-risking FI** completed – risk-adjusted business approach within Trade Finance initiated (growing finance solutions)
- › Unrivalled **sector expertise** leading to higher client engagement also with smaller corporates
- › **Core competencies** in moving money, hedging risks and financing trading activities contributing to leading franchise
- › **RWA efficiency** target for 2018 already reached
- › **Investments in compliance** to remain substantial

# Strategy execution well on track – RWA efficiency as key execution indicator...

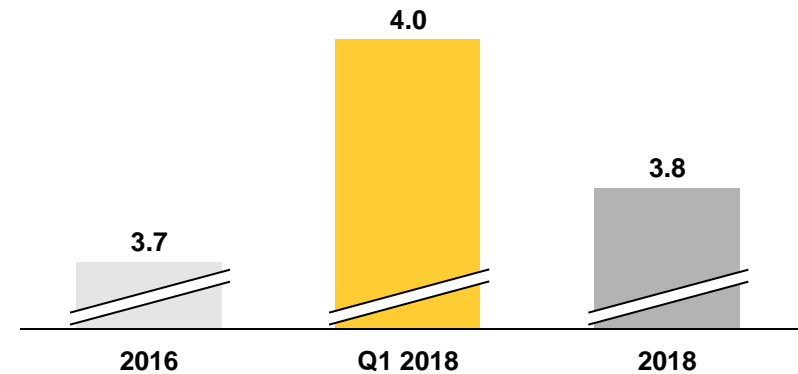
## Customer growth ahead of target

Net new customers (k cumulated)



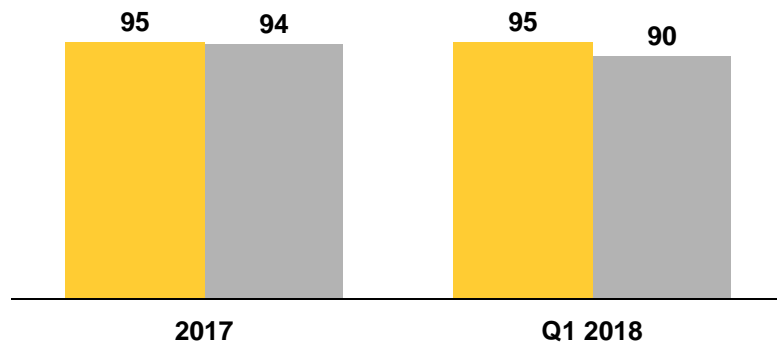
## Improved RWA efficiency

Revenues / RWA (%)



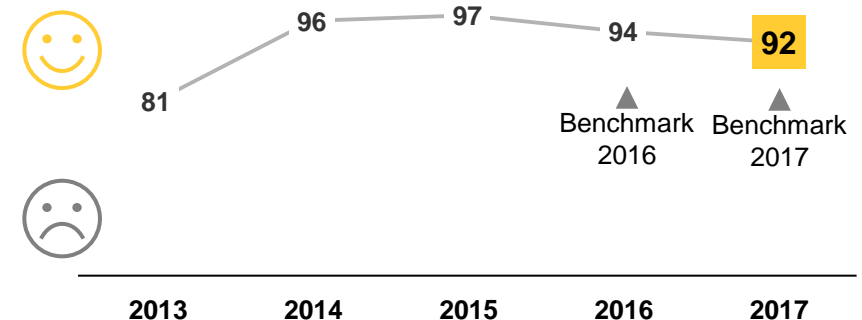
## Deposit management compensates negative rates

(€bn) ■ Loan volume ■ Deposit volume



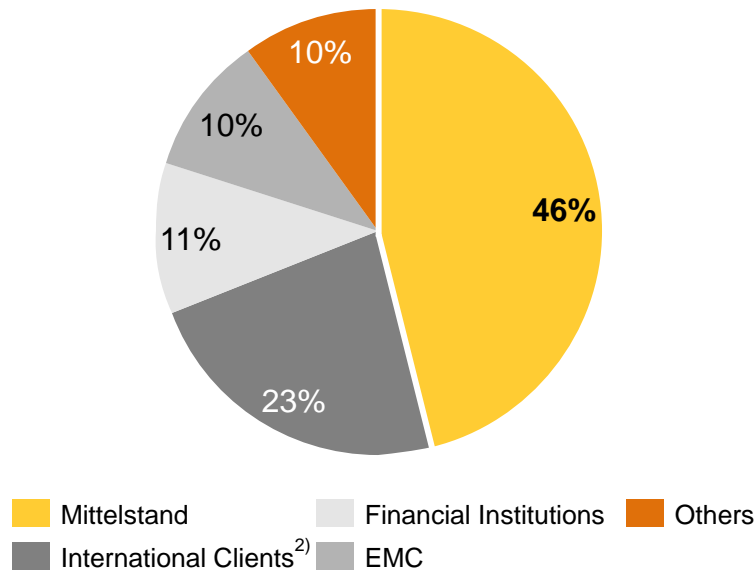
## Impressive customer loyalty & satisfaction

TRI\*M Index based on four questions: overall satisfaction, recommend to others, continuation of customer relationship, specific advantage

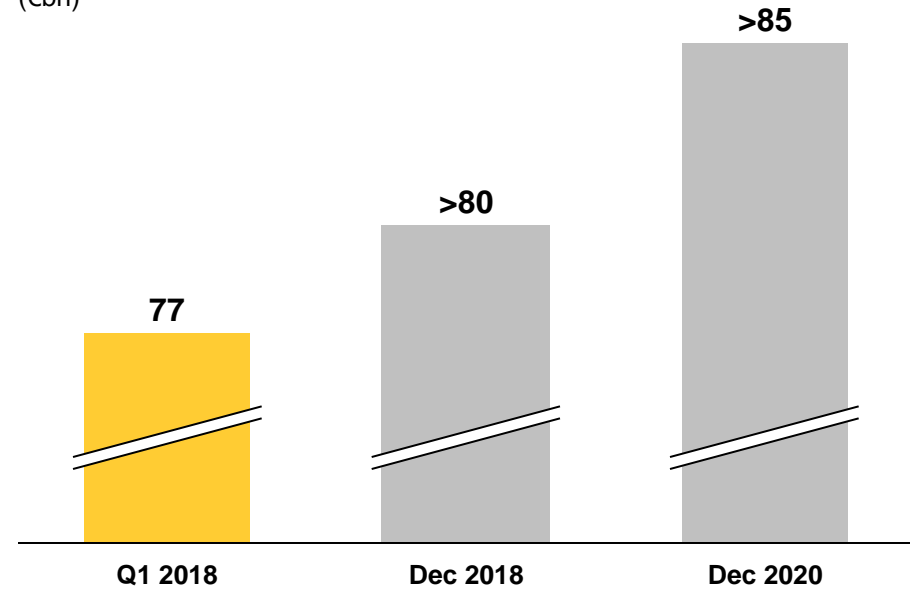


# ... will be complemented by Loan Volume Corporates going forward

Revenue Corporate Clients by type of client<sup>1)</sup>



Loan Volume Corporates<sup>3)</sup>  
(€bn)



**Growth in loan volumes offset margin pressure**



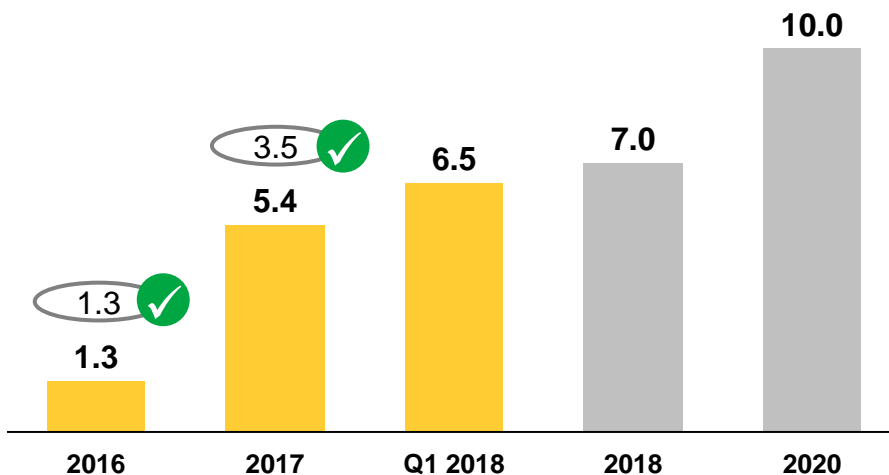
# New client additions ahead of plan supporting our revenue case

## 2016-2017: New client targets overachieved

Net new customers (k cumulated)

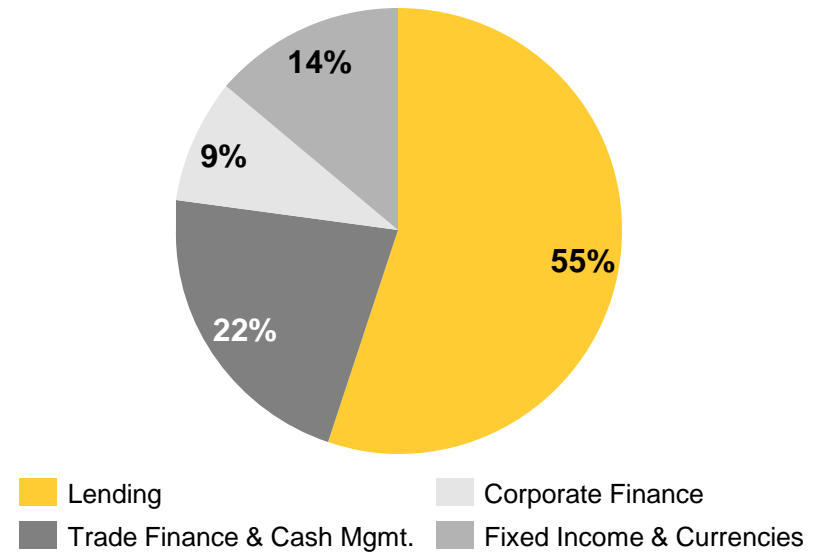


Targets 2016 & 2017



## New client initiatives now bearing fruit

Revenues from new clients by type of product<sup>1)</sup>



- › Commerzbank 4.0 strategy aims to achieve 10k net new customers in Corporate Clients until 2020
- › With 5,394 NNC per 2017 more than 50% above respective 2017 target
- › **Additional ~5k in the next three years**

- › Loans and Trade Finance & Cash Management are core products for new clients
- › Through the life cycle share of other products and revenues increase due to cross sell effects
- › **Germany as core market with €10-23k revenues per client in year two in Mittelstandsbank**

# Trade Finance: Five core measures to increase market share and gross revenues

**De-risking FI** completed in 2017 - Building a solid ground for future business growth based on risk-adjusted approach



## Expansion of client portfolio

- › Acquisition of 500 national and 500 international new Trade Finance business clients



## Growth through Importer's Origination

- › Expansion of position by increasing importer's coverage in relevant global markets



## Optimisation of product portfolio & sales

- › Broad range of products based on our core competencies of moving money, hedging risks and financing trading activities



## Leadership through technological progress

- › Supply chain finance solutions supported by innovative technologies in form of web-based platforms and applications; first pilot client transactions successfully executed on global trade finance platform (e.g. Blockchain Batavia, Marco Polo)



## Optimisation of trade corridors

- › Adjustment of strategic country portfolio

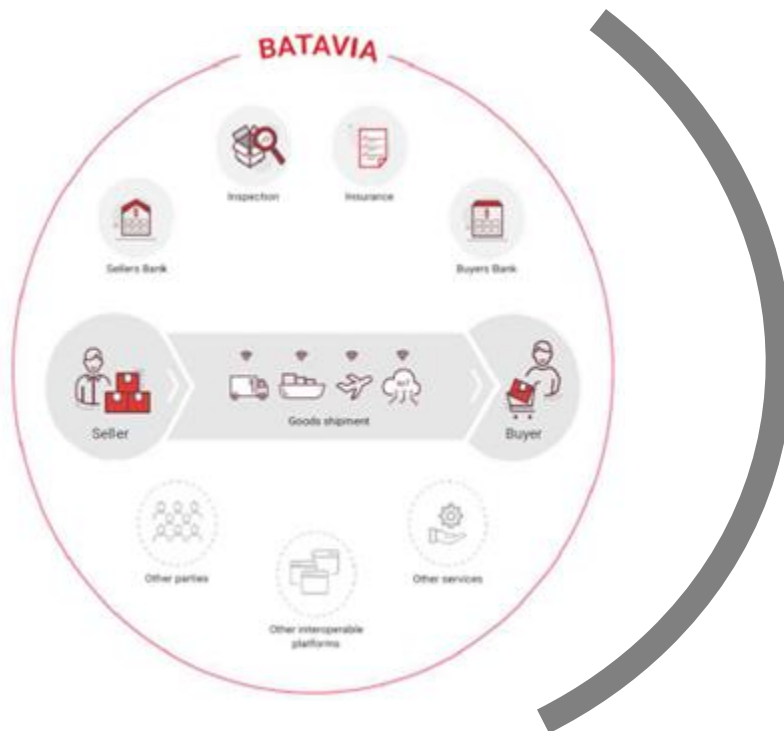


**Market share TFS<sup>1)</sup> (GER): Increase German market share in trade services and finance from 30% to 32%**

# Batavia - global blockchain trade finance platform: First pilot client transactions successfully executed

## Our Mission:

*„Seller and Buyer do transactions as simple as Open Account but secure like Letter of Credit“*



**Never experienced digital, transparent, efficient and cost-effective access to international trade** 

- › Seamless, secure and automated flow across supply chains through smart contracts & Internet of things
- › Smart contracts represent legally binding trade transactions
- › Contractual conditions digitally and immutably signed-off in advance by all participants
- › Smart payments automatically triggered by the events (pre-defined by buyer and seller) on the IBM blockchain
- › Documents dematerialised for process simplification, acceleration and automation
- › Convenience for clients maximised through lean and fully digital interface

# Sector Approach: Conversion of existing expertise to stimulate further growth within Corporate Clients

**Eight sector coverage groups have been built**

**AUTOMOTIVE & TRANSPORT**



**HEALTHCARE & CHEMICALS**



**INFRASTRUCTURE & ENERGY**



**FINANCIAL INSTITUTIONS**



**INDUSTRIALS**



**TMT**



**CONSUMER & RETAIL**



**NON-BANK FIN. INSTITUTIONS**



**Comments**

**Harmonisation and expansion of sector related activities within the bank**



**Direct sector based services for DAX und MDAX customers**



**Extension of sector coverage for large corporates**



**Leverage sector expertise to German Mittelstand**



**Capitalising on our sector expertise to deliver even better solutions and services to more clients**

# Debt Capital Markets: Expanding as a leading debt house in Europe



With a leading position for corporate financing in Germany with bonds and syndicated loans, our multi-disciplinary teams of relationship managers, product and sector specialists provide advisory, structuring, syndication and execution expertise across all debt capital solutions

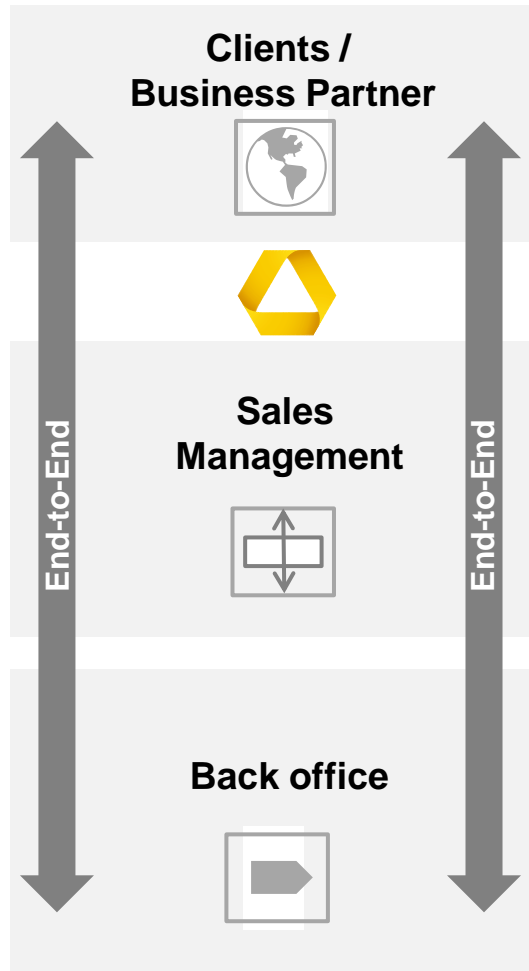
## Selected League Tables and awards

- › No. 1 League Table for German Pfandbriefe and No. 4 for International Covered Bonds end of 2017<sup>1)</sup>
- › No. 1 for German Financials and No. 1 for German Insurers end of December 2017<sup>1)</sup>
- › In 2017 Commerzbank has been awarded as Best Arranger of Mid-Cap Loans<sup>2)</sup>



# Digitalisation: On the right track towards digital end-to-end processes

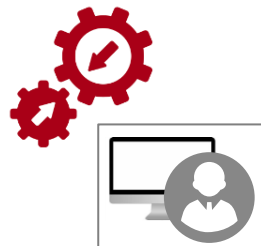
## Achievements in 2017



- › **Online portal** with over 20 functionalities (e.g. digital research on interest rates, FX-rates and commodities)
- › **API-Connection** to external customer platforms
- › Communication channels **POS-Terminals**
- › **Blockchain** for Euro Commercial Paper etc.



- › **Unified CRM system** and **new sales analytics** tools to enable individual approach to the client
- › **Big Data analysis** for foreign payment transactions, FX trading strategies and Trade Finance
- › Faster and efficient internal Loan Pricing Portal
- › **New Sales App** for optimized preparation of client meetings



- › **Automated KYC-review** for faster loan approval process
- › **Streamlining of settlement processes** for trading products
- › **Automated creation of contracts** for current accounts
- › Automated collection of official information (e.g. from Handelsregister) on client and creation of **digital client file**

## Summary – Commerzbank: the partner of German Mittelstand with a global footprint

- **We target sustainable growth via an increased client base and loan volumes as well as a higher market share in broader German Mittelstand**
- **Our transformation is in progress with new key execution indicator focusing on growth**
- **We are building a strong culture in the new segment aiming to combine the best of the two previous segments**
- **Our digital transformation will improve the efficiency of our processes and better meet our clients' needs**
- **Our roadmap 2020 is well on track with major strategic measures under way**



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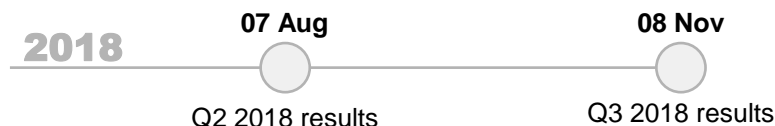
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## Financial calendar



# Disclaimer

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