



Press Release

For business editors
5 June 2018

Commerzbank the first German bank to offer new data-based loans for corporate clients

- **Prototype for the innovative pay-per-use loan developed with machine tool manufacturer EMAG and implemented with KMB Technologie Gesellschaft für rationelle Fertigung, a company specialising in rationalised manufacturing**
- **Rate of repayment of the loan rises and falls with the degree of machine use**
- **Liquidity preserved when utilisation of capital equipment is lower**
- **Big Data facilitates development of digital financial products and solutions**

The increased digital networking and automation of machines via the Internet of Things (IoT) in the age of Industry 4.0 makes it possible to access machine capacity and production data. The Internet of Things refers to networked physical devices that communicate among themselves on their own via the internet. Mechanical engineers and operators, for example, can use it to optimise machine capacity, minimise downtimes and customise maintenance cycles to suit utilisation patterns. The objective is to improve the efficiency of use for capital goods. These new technologies also make new business models possible, such as pay per use, pay per part, equipment as a service, and more.

Commerzbank has now become the first German bank to develop a data-based loan solution for this purpose. At its core, the new “pay-per-use loan” is an investment loan whose repayment is linked to the usage of the machine. The loan repayment schedule is calculated based on the actual usage of capital equipment, which helps preserve the user’s liquidity. If machine utilisation is low, the repayment burden is also low. It follows, then, that if there is an increase in production – and a rise in turnover – the repayment rate for the pay-per-use loan also rises.

This innovative solution for corporate clients has been developed by Big Data & Analytics experts at Commerzbank. At the beginning of the year, Commerzbank founded the new group division Big Data & Advanced Analytics under the leadership of Kerem Tomak in order to perform focused analytics of big and complex data and their business usage.

The prototype for this new digital loan model was put together by Commerzbank with machine tool manufacturer EMAG GmbH & Co. KG in Salach (Baden-Württemberg). The networking of the machine tools at EMAG allow for a detailed look at their utilisation patterns, which in turn dictates the calculation of the loan repayment rate. KMB Technologie für rationelle Fertigung mbH, a company specialising in rationalised manufacturing and headquartered in Saxony-Anhalt, uses these types of machines for parts production in the automotive sector. The production cycle typical of the industry is well reflected in the repayment process of the prototype.

For Dr. Achim Feinauer, COO of EMAG GmbH & Co KG, the pay-per-use loan represents one of the few features of Industry 4.0 which has successfully been translated from theory into practice. “On the path to networked production many obstacles, very often mental ones, have to be overcome. Pay-per-use is characterised by a direct combination of usage, i.e. turnover and earnings, to the costs of the investment. The benefits to liquidity requirements are tangible on a daily basis and are an incentive to implement Industry 4.0 in practical day-to-day production.”

“Thanks to the ability of our machines to communicate information, we are creating additional benefits for our customers,” says Claus Mai, CFO of EMAG GmbH & Co. KG. “As a result of the cooperation with Commerzbank and the development of customised financing, these benefits are heightened for our customers. As one of the leading providers of manufacturing systems we are pleased that Commerzbank is taking such innovative paths together with us.”

“The pay-per-use loan from Commerzbank allows us to invest in a new generation of machines from EMAG,” says Sven Hartwich, Commercial Manager at KMB Technologie Gesellschaft für rationelle Fertigung mbH. “With the flexible repayment rates we can adjust our liquidity for production and turnover. This in turn allows us to lower our break-even point further in order to achieve better overall financial stability.”

Jan-Philipp Gillmann, Divisional Board Member, Segment Development & Digitalisation in the Corporate Clients business segment at Commerzbank adds: “With our new pay-per-use loan, as the leading bank for corporate clients, we are taking another major step towards Industry 4.0. We are delighted that our long-standing client EMAG as well as KMB were willing to take that step with us. The jointly developed solutions are an important new element in our digitalisation strategy. Following on from the fully digitalised advisory

process for hedging products and the digital loan platform, the pay-per-use loan will be rolled out over the course of this year as the next innovation in financial solutions for small and medium-sized enterprises.”

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About EMAG GmbH & Co. KG

The EMAG Group is one of the few manufacturers of manufacturing systems able to cover the entire process chain in machining before and after heat treatment. Thanks to access to a wide range of technologies (gear cutting, drilling, turning, milling, grinding, laser welding, induction hardening, ECM deburring, PECM machining, automation) EMAG realises complete process chains in the fields of gear, engine and chassis component manufacturing, as well as in the non-automotive sector. In doing so the long-standing company domiciled in Salach is able to avail of the extensive experience of all of the member companies of the EMAG Group and offer its customers modular turn-key manufacturing solutions of the highest standard. The group of companies employs approx. 3,000 personnel worldwide and generated consolidated sales of ca. 600 million euros in 2017.

About KMB Technologie Gesellschaft für rationelle Fertigung mbh

Through its high-quality and on-time deliveries, KMB Technologie has developed an excellent reputation in the automotive supplier industry in Saxony-Anhalt. In addition to large-scale production, the company also manufactures individual components, samples and small batches for a wide variety of machining levels. KMB is focused on the manufacture of parts, components, assembly groups and systems for the automotive industry and mechanical engineering. The production facilities were especially designed and installed for rationalised large-scale manufacturing. Currently about 35,000 parts leave the plant every day. KMB is not only a reliable and competent partner in large-scale manufacturing, but also in the fabrication of prototypes and pilot production series. Quality management guarantees conformity with the specific requirements of the automotive industry through high levels of process security in manufacturing.

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About Commerzbank

Commerzbank is a leading international commercial bank with branches and offices in almost 50 countries. In the two business segments Private and Small Business Customers, as well as Corporate Clients, the Bank offers a comprehensive portfolio of financial services which is precisely aligned to the clients' needs. Commerzbank finances approximately 30% of Germany's foreign trade and is leading in financing for corporate clients in Germany. Due to its in-depth sector know-how in the German economy, the Bank is a leading provider of capital market products. Its subsidiaries Comdirect in Germany and mBank in Poland are two of the world's most innovative online banks. With approximately 1,000 branches, Commerzbank has one of the densest branch networks among German private banks. In total, Commerzbank serves more than 18 million private and small business customers, as well as more than 60,000 corporate clients, multinationals, financial service providers, and institutional clients. The Bank, which was founded in 1870, is represented at all the world's major stock exchanges. In 2017, it generated gross revenues of €9.2 billion with approximately 49,300 employees.

Disclaimer

This release contains forward-looking statements. Forward-looking statements are statements that are not historical facts. In this release, these statements concern inter alia the expected future business of Commerzbank, efficiency gains and expected synergies, expected growth prospects and other opportunities for an increase in value of Commerzbank as well as expected future financial results, restructuring costs and other financial developments and information. These forward-looking statements are based on the management's current plans, expectations, estimates and projections. They are subject to a number of assumptions and involve known and unknown risks, uncertainties and other factors that may cause actual results and developments to differ materially from any future results and developments expressed or implied by such forward-looking statements. Such factors include the conditions in the financial markets in Germany, in Europe, in the USA and other regions from which Commerzbank derives a substantial portion of its revenues and in which Commerzbank holds a substantial portion of its assets, the development of asset prices and market volatility, especially due to the ongoing European debt crisis, potential defaults of borrowers or trading counterparties, the implementation of its strategic initiatives to improve its business model, the reliability of its risk management policies, procedures and methods, risks arising as a result of regulatory change and other risks. Forward-looking statements therefore speak only as of the date they are made. Commerzbank has no obligation to update or release any revisions to the forward-looking statements contained in this release to reflect events or circumstances after the date of this release.