



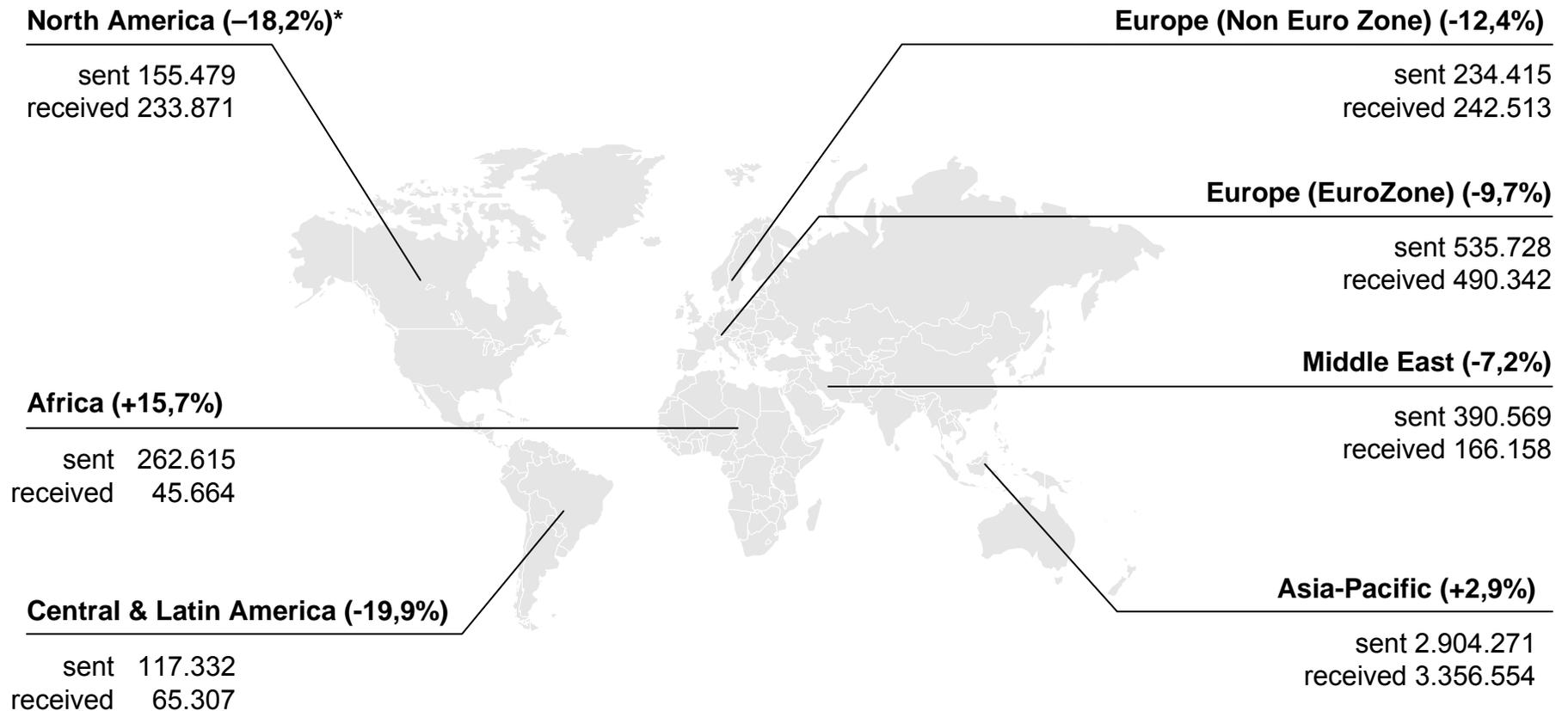
Trade Finance in 2010

Challenges and opportunities

21st April 2010 - Conference: „Prospects of Development of Trade and Export Finance“

International Banking Club “Analytics without borders”

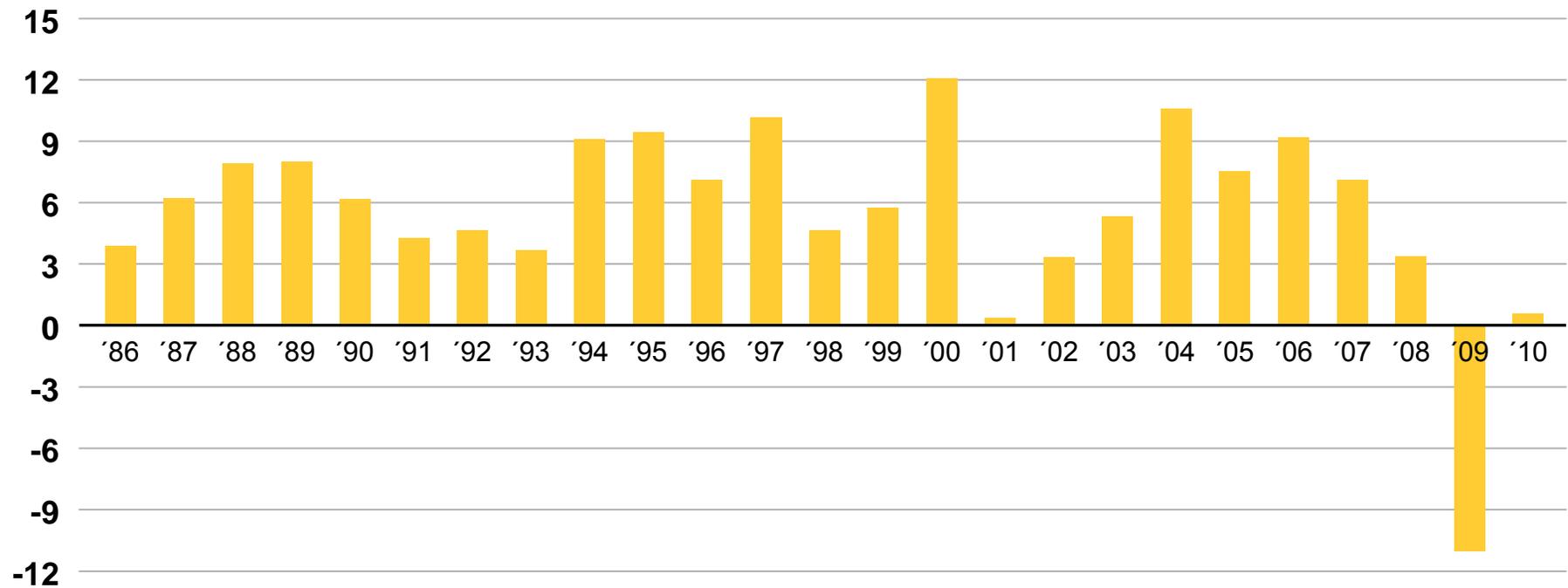
L/C via SWIFT in 2009: 4.6 mn p.a.



Source: SWIFTWatch, * sent LCs in comparison to 2008

Global Trade Volumes of Goods and Services

World trade volumes
yoy, %

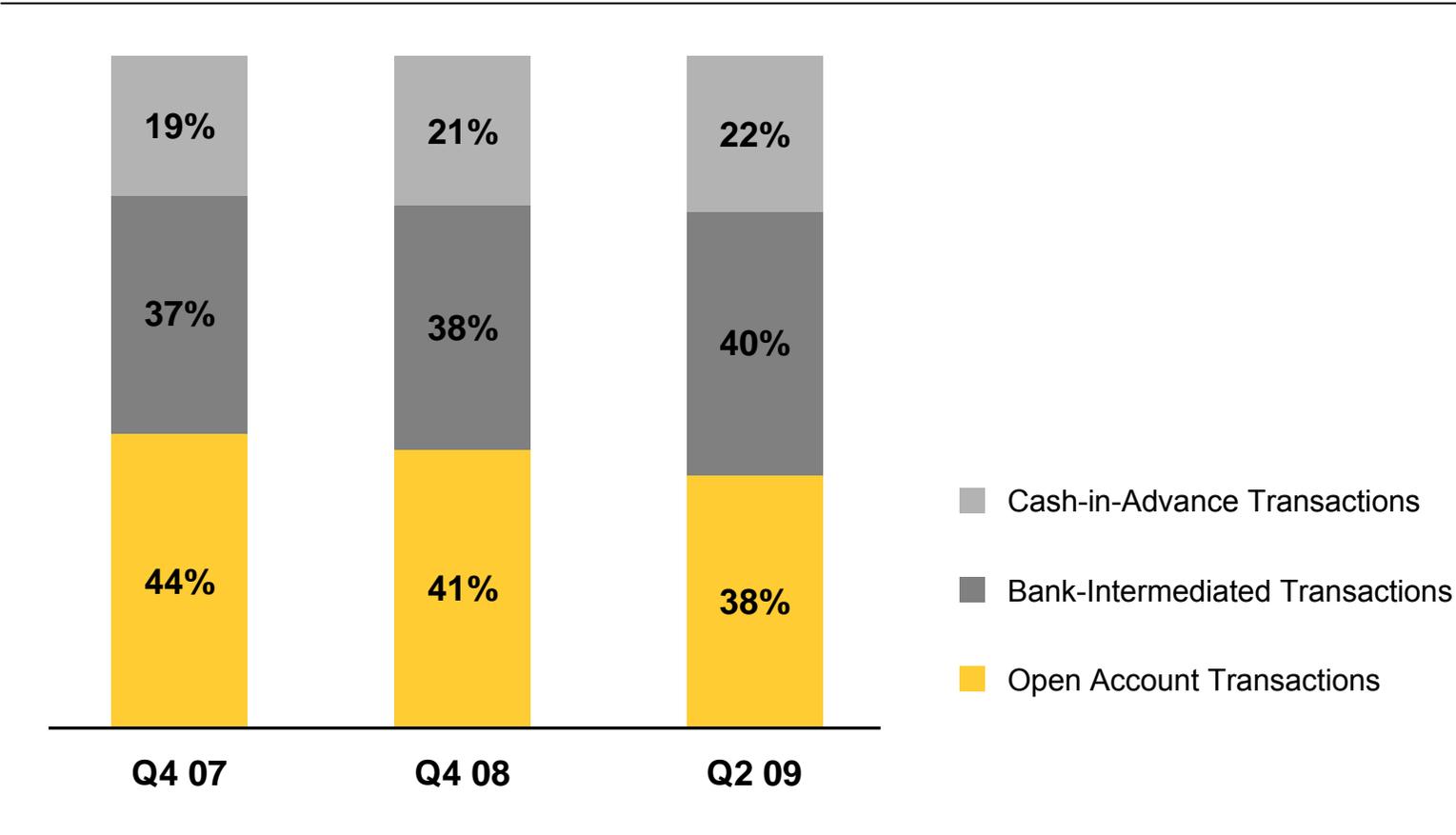


Source: IMF WEO

Baltic Dry Index



Composition of Trade Finance Business



Source: IMF/BAFT Trade Finance Study

Influence on trade

- Liquidity and risk will be the major drivers
- International trade has contracted in 2009 and risks being weak in 2010
- Decreasing risk premiums
- Sovereign risk will be a significant issue in some developing market countries (not only)
- Developing countries / south-south / east-east trade fastest growing trade segment

Lessons of history

- › Historically few losses in trade transactions
- › Apart from fraud, even fewer losses
- › Successful repayments turned on sound structures
 - due diligence
 - good monitoring
 - ability to withstand minor problems
- › All of the above together with the tougher analysis could mean:
 - reward for good structuring (including taking security)
 - more reasonable (higher) returns to make it worthwhile

„A banker is a fellow who lends you his umbrella when the sun is shining, but wants it back the minute it begins to rain.“

Mark Twain
US humorist, novelist, short story author, & wit (1835 - 1910)

So what about risk?

Performance risk

- › production
- › commodity
- › logistics

Country risk

- › likelihood of government intervention analysed
- › importance of commodity
- › analyse borrower
Payment risk on commodity

Counterparty risk

- › buyer/seller/banks/
insurance companies
/government

Structural risk

- › does it work?
- › resilient?
- › other parties ?

How to handle risks ?

- › Transfer them
 - other parties who accept risk:
 - insurers, hedge providers, BUT
 - the risk participation market, BUT
 - credit default swaps etc, BUT

- › Mitigate them
 - security / cover
 - Monitoring

- › Co-lending with multilaterals

- › Accept them
 - BUT care to be taken

Who Gains, who Loses?



GAIN MARKET SHARE

Financial Institution with...

- › strong innovative capacity
 - › stable consumer base in real economy
 - › sound liquidity practice
 - › stable and sufficient deposits
 - › strong credit culture
 - › quick to assimilate acquired FIs
 - › adequate and sophisticated risk management capacities
-

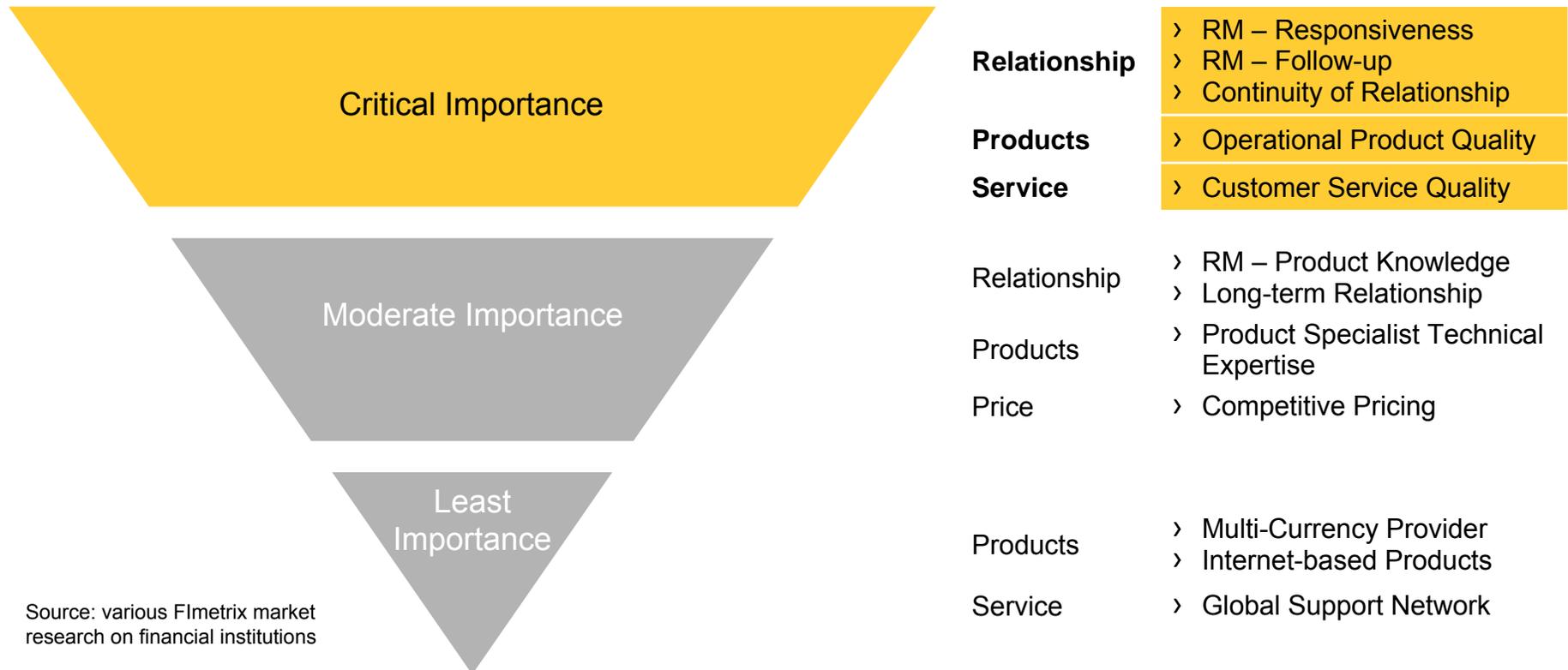
Financial Institution with...

- › heavy leverage
- › low liquidity buffer
- › heavy dependence on capital market for short term finance
- › inadequate risk management capacities
- › uncompetitive in sales and marketing



LOSE MARKET SHARE

We understand what drives your decision-making and satisfaction



Source: various FImetrix market research on financial institutions



... and that's what we are good at

Our concept of a customer-driven Financial Institutions and Trade Services business:

Partnership meets expertise...

- › 350 Financial Institutions staff
- › 40 outlets worldwide
- › 1,350 documentary and transaction services staff globally in 67 trade units
- › In-depth knowledge of markets and drivers of clients success
- › Over 6,000 financial institutions clients worldwide
- › 1.75 % of all Letters of Credit worldwide are handled by Commerzbank *
- › Every 25th guarantee in the world is handled by Commerzbank *
- › Member in major initiatives such as ICC Task Forces, UCP Consulting group, IFA, TSU, BAFT, etc.

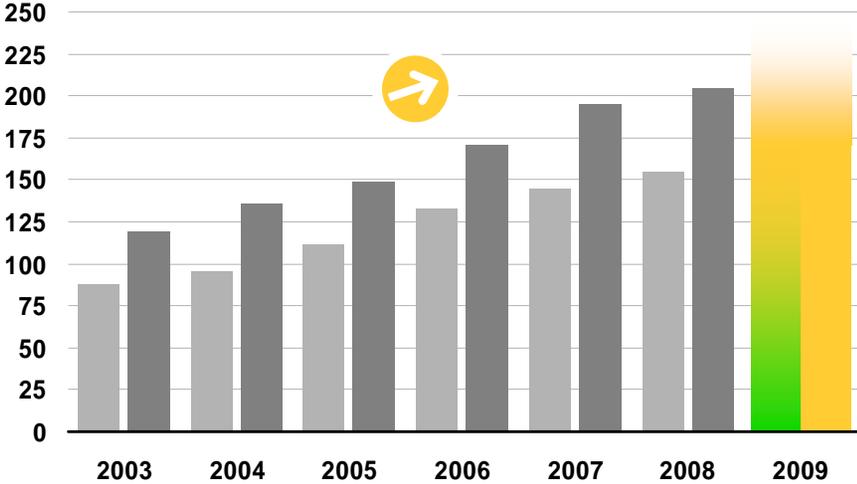
* Source: SWIFT Watch MT700 & MT760

... we know what it takes

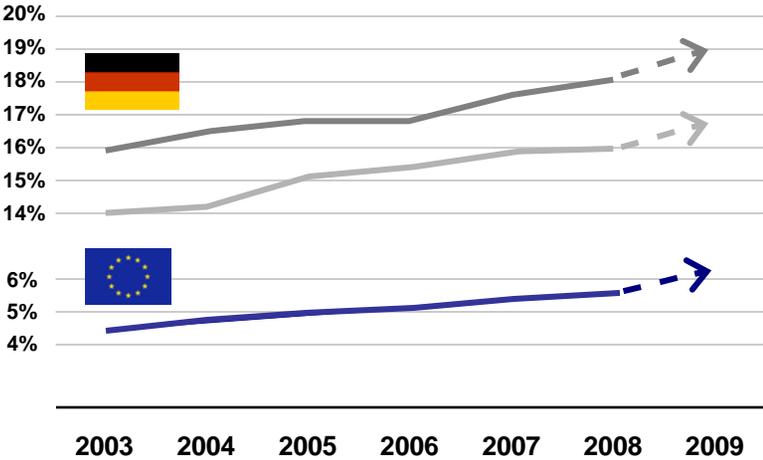
- › Access to beneficiaries in Europe and Asia within 24 hours
- › Lines provided by Commerzbank enable you to trade with almost all countries in the world
- › Willingness to provide and extend credit lines to an unparalleled number of banks
- › Ready access to secondary markets permit large underwriting commitments beyond existing limits
- › Commerzbank name accepted worldwide
- › Trade service and finance tradition since our foundation in 1870
- › Reimbursement services in euro, US dollar and 45 other currencies
- › Experience and volumes permit flexible pricing structures according to your objectives

Trade Services at Commerzbank: Leading foreign trade franchise

Trade transaction volumes (p.a., € billion)



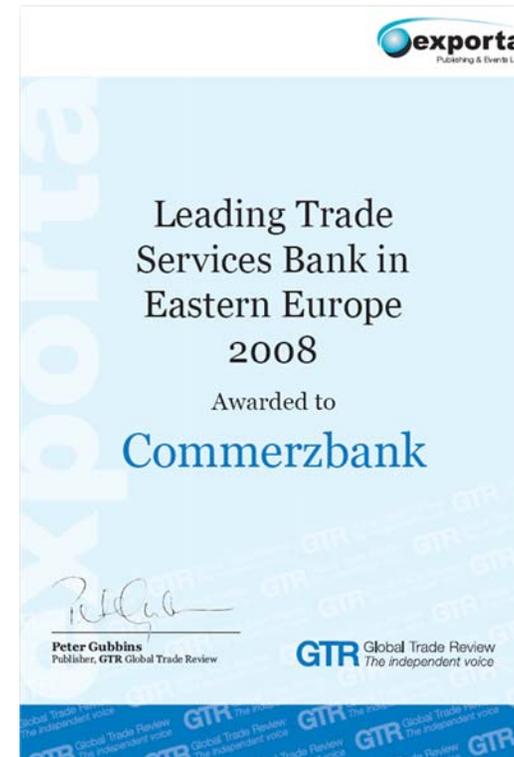
Commerzbank market share in %



Import
 Export
 Foreign Trade

Unwavering commitment to enhancing global trade

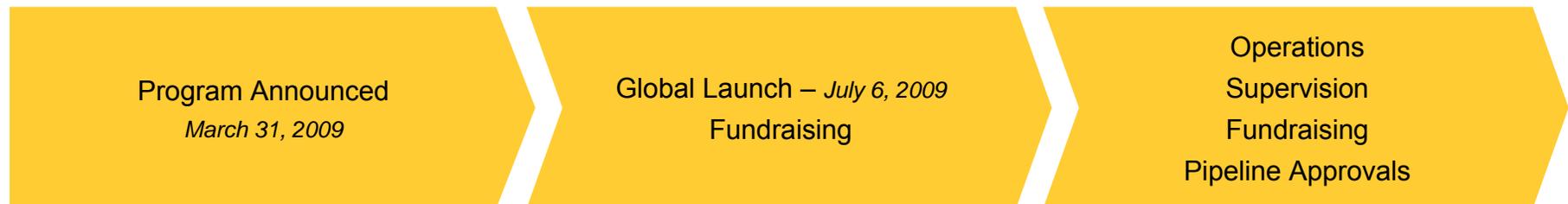
6th time in a row: most active confirming bank, Award 2009 just arrived



Proactive involvement in trade facilitation programmes of IFC, EBRD, ADB, IADB and all major Export Credit Agencies

Global Trade Liquidity Program

Where we are today:



PROGRAM PARTNERS

1 billion – IFC, US\$200 million – Canada
 US\$50 million – Netherlands, US\$300 million – DFID(UK)
 US\$75 million – CDC (UK), US\$500 million - AFDB
 US\$300 million – SFD (Saudi Arabia), US\$100 million – OFID
 US\$1.5 billion – JBIC (MOU – parallel financing)
 US\$ \$1.5 billion – China (via a private placement to purchase IFC bonds)

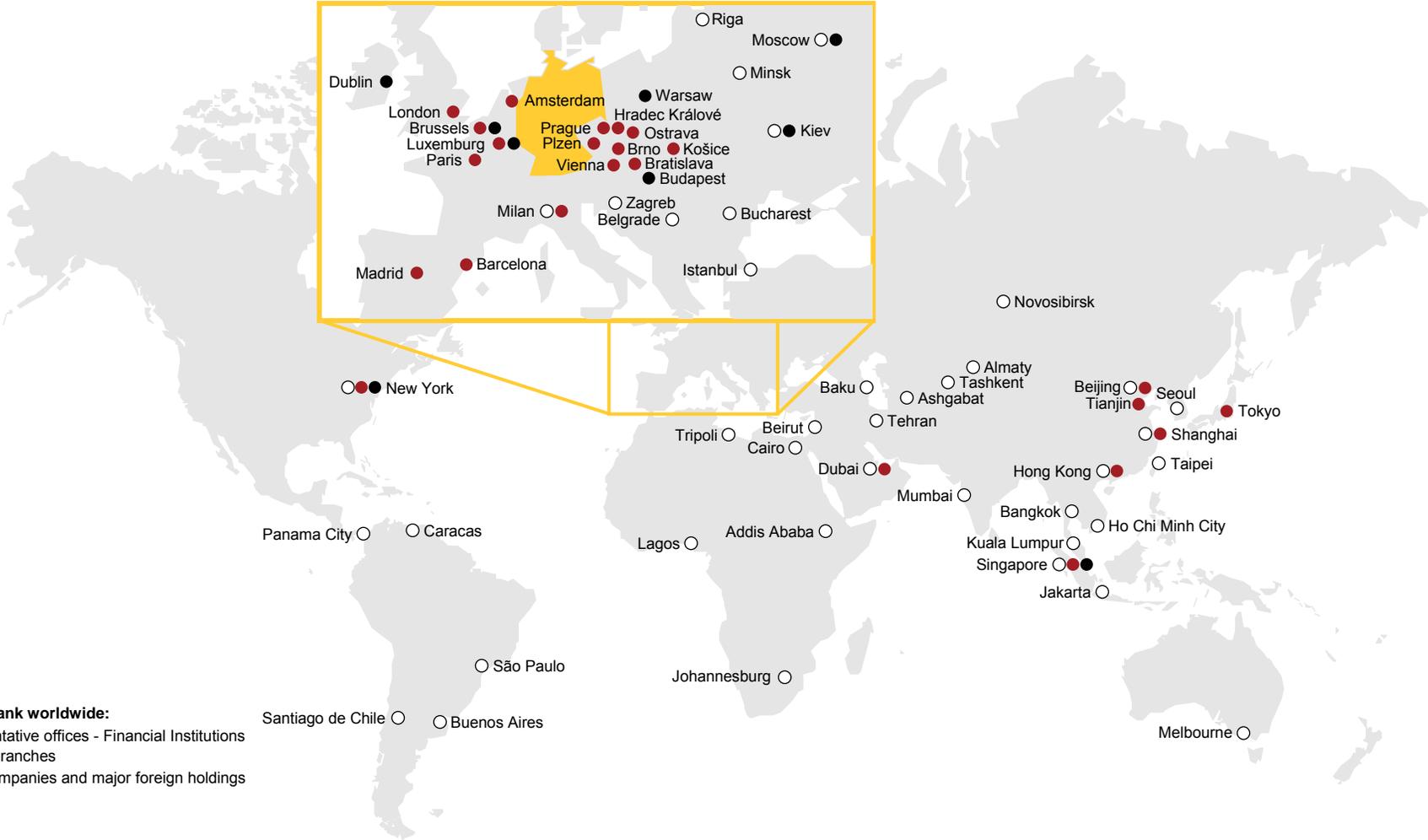
US\$5.525 billion

UTILIZATION BANKS

US\$750 million – Standard Chartered Bank
 US\$750 million – Citigroup
 US\$750 million – Rabobank Int.
US\$750 million – Commerzbank
 US\$600 million – J.P. Morgan Chase
 US\$400 million – Standard Bank

US\$4.0 billion

6,000 bank clients, over 60 locations, one bank: Commerzbank



Your global network



International presence – global reach

This is Trade Services for us!

<hr/> <p>Documentary Collection</p>	<ul style="list-style-type: none"> › Import collection › Export collection 	<hr/> <p>Guarantee</p>	<ul style="list-style-type: none"> › Global advising › Issuance of direct guarantee › Issuance / confirmation of indirect guarantee › Provision of individual wording
<hr/> <p>Letter of Credit - Advising</p>	<ul style="list-style-type: none"> › Global advising 	<hr/> <p>Supply Chain Financing</p>	<ul style="list-style-type: none"> › Export pre-financing › LC post-shipment financing › Reimbursement financing › Import pre-financing
<hr/> <p>Letter of Credit - Confirmation</p>	<ul style="list-style-type: none"> › Open confirmation › Silent confirmation 	<hr/> <p>Buyer's Credit</p>	<ul style="list-style-type: none"> › Loan to bank for onlending to buyer › Loan to buyer guaranteed by bank
<hr/> <p>Letter of Credit - Negotiation</p>	<ul style="list-style-type: none"> › Taking up of documents 	<hr/> <p>Forfaiting</p>	<ul style="list-style-type: none"> › Discounting of promissory note › Discounting of banker's acceptance › Purchase of a claim without recourse
<hr/> <p>Letter of Credit - Reimbursement</p>	<ul style="list-style-type: none"> › Payment of a reimbursement claim › Irrevocable reimbursement undertaking 		

Our flexibility meets your needs

Commercial lines with Commerzbank can be used for various purposes

- › Confirmation of Letters of Credit
- › Issuance of Guarantees
- › Confirmation of Standby Letters of Credit
- › Overdraft of current accounts
- › Acceptances
- › Pre-Shipment Financing
- › Post-Shipment Financing
- › Irrevocable Reimbursement Undertakings
- › Reimbursement Financing
- › Negotiations
- › Deferred payments
- › Payments under reserve
- › ECA-covered business
- › Participation in trade transactions
- › ...

As if Trade Services were not enough, here is what partnership banking means to us

Current and special accounts for dedicated business in EUR and other currencies

- › Various overnight investment and time deposit facilities
- › Individual staggered interest arrangements for your overnight investments with daily interest rate projection via FI-Online
- › Day-to-day interest calculation based on market rate, e.g. EONIA / LIBOR
- › MT9nn intraday reporting up to 10-minute intervals
- › Internet reporting through FI-Online
- › On-demand transaction reporting
- › Event-triggered balance reporting

Cash Services

Moving Money and Securities

- › Account
- › Commercial Payments
- › Clearing
- › Payment Enabling
- › Cheque
- › Direct Debit
- › Custody
- › Banknote Services

Banking Products

Raising Debt

- › Money Market
- › Bilateral Loan
- › Club Deal
- › Syndicated Loan
- › Schuldschein
- › Bonds, Private Placements & other debt instruments
- › Asset Finance solutions
- › Islamic Financing

Market Products

Hedging Risk

- › Fixed Income
- › Equity Markets
- › Commodities
- › Precious Metals
- › Foreign Exchange
- › e-Commerce
- › Research



We have answers to the full scope of your needs

The new Commerzbank – the leading German commercial bank

A strong universal bank

- › Germany's leading wholesale bank leveraging its successful franchise
- › № 1 retail bank in Germany
- › One of Europe's largest FI departments
- › One of the world's largest networks of representative offices
- › A leading private wealth manager in Germany
- › Client-centred investment bank with a European footprint

A strong new brand

- › A new brand positioning which mirrors the principles the new Commerzbank abides by, partnership and performance
- › A new logo which symbolizes how the merger of two traditional brands has given rise to a new, exciting and innovative institution
- › A new brand promise: "Achieving more together"

Main takeaways

1. Crisis may ultimately have had some positive effects on trade finance
2. Things can still go wrong, BUT
3. Some will gain, some will lose market share
4. Partnering for transactions
5. No matter where your business comes from we at Commerzbank can handle it:
“Partnership meets expertise” – challenge us and use opportunities!

Country Coverage & Organisation Russia



Torsten Erdmann
Senior Representative

torsten.erdmann@commerzbank.com



Andrei Kononov

Representative Moscow
Andrej.Kononov@commerzbank.com

Peter Petrik

Representative Moscow
Peter.Petrik@commerzbank.com

Natalia Harun

Assistant Representative Moscow
Natalia.Harun@commerzbank.com

Natalia Kolesnik

Representative Novosibirsk
Natalia.Kolesnik@commerzbank.com

Representative Office Moscow
14/2 Kadashevskaya nab.
109017 Moscow / Russia
Tel.: +7 495 7974848
Fax: +7 495 7974849

Representative Office Novosibirsk
42 Krasny Prospekt
630099 Novosibirsk / Russia
Tel.: + 7 3832 11 90 92
Fax: + 7 3832 11 90 93



Contact

fi.russia-belarus@commerzbank.com

or visit our website

www.fi.commerzbank.com

Commerzbank AG
Head Office
Kaiserplatz
Frankfurt am Main

Postal Address
60261 Frankfurt am Main