

2013 Greenwich Leaders: German Middle Market Corporate Banking

Q4 2013

Deutsche Sparkassen continues to be the leader in German middle market banking — with respect to both market penetration and quality of service, according to the results of Greenwich Associates 2013 German Middle Market Corporate Banking Study.

“Some market participants might be surprised at this result, due to Deutsche Sparkassen’s reputation as a lender to smaller businesses,” says Greenwich Associates consultant Jan Lindemann. “But in reality, Deutsche Sparkassen’s franchise extends well into the lower end of the middle market, and it is its strength in this segment that propels the bank to the top of the overall market in terms of market penetration.”

Deutsche Sparkassen claims a market penetration of 47% in middle market banking, easily topping runner up Commerzbank at 36%, Deutsche Bank at 25%, and Volksbanken and UniCredit, which are tied with a market penetration of 15%. These banks are the 2013 Greenwich Share Leaders in German Middle Market Corporate Banking.

Deutsche Sparkassen also receives very strong quality ratings from its middle market clients. However, unlike last year, when the group clearly bested its rivals in terms of quality ratings, this year Deutsche Sparkassen’s quality scores are matched by those of LBBW, Volksbanken and Commerzbank. These banks are the 2013 Greenwich

Quality Leaders in German Middle Market Corporate Banking. “This is not a case of any slippage on the part of Deutsche Sparkassen, but rather improvements in the quality of services delivered by several key competitors,” says Greenwich Associates consultant Dr. Tobias Miarka. “In particular, this year’s findings show clearly how much middle market companies value their longstanding relationships with both Sparkassen and Landesbanken, and the ability of these lenders to make credit decisions at a local level.”

In fact, Germany’s largest banks — including, most notably, Deutsche Bank — have experienced difficulties expanding their footprints in the middle market due largely to the strength of these local relationships and the committed role the Sparkassen and Landesbanken play in local communities. “As middle market companies become more sophisticated, so too do their banking needs,” says Jan Lindemann. “This should represent an important opportunity for Deutsche Bank and other large providers. To date, however, many middle market companies have stuck with the local providers with whom they’ve had long relationships. To gain market penetration, the national banks must better demonstrate the value proposition of their extensive capabilities and product offerings.”

Consultants Jan Lindemann and Dr. Tobias Miarka specialize in corporate banking in Germany. For more information, please contact the consultants at +44 20.7726.9400.

Greenwich Share and Quality Leaders — 2013



German Middle Market Corporate Banking — Market Penetration

Bank	Market Penetration*	Statistical Rank
Deutsche Sparkassen	47%	1
Commerzbank	36%	2
Deutsche Bank	25%	3
Volksbanken	15%	4T
UniCredit	15%	4T

German Middle Market Corporate Banking — Quality

Bank
Commerzbank
Deutsche Sparkassen
LBBW
Volksbanken

Note: *Proportion of companies interviewed that name each bank as a provider of their corporate banking services. Based on responses from 617 companies. Share leaders are based on top five banks including ties. Quality leaders are cited in alphabetical order including ties. Source: 2013 German Middle Market Banking Study

Methodology

Greenwich Associates conducted interviews with 617 financial officers (e.g., CFOs, finance directors and treasurers) at corporations and financial institutions in Germany with sales between €50 and €500 million. Interviews took place from December 2011 through February 2013. Participants were asked to detail their usage of specific products, to name their banking providers and to rate the quality of service delivered by providers in a variety of products and services.

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6 High Ridge Park Stamford CT 06905 USA

Tel: +1 203.625.5038/+1 800.704.1027

Fax: +1 203.625.5126

email: ContactUs@greenwich.com

www.greenwich.com