

Commerzbank AG
Martin Zielke, CEO
Kaiserplatz, 60261 Frankfurt

London, 12th September 2017

Dear Mr. Zielke,

Petrus Advisers are the second largest shareholder in comdirect. As an actively engaged fund manager we contribute to value creation for the benefit of all shareholders. While research analysts nearly unanimously favour financial services stocks, they shun comdirect – your leadership of the company scares off analysts: six research houses have a “Hold/Sell” on comdirect, nobody recommends a “Buy”. Furthermore, we perceive Commerzbank as a dominating shareholder who has no smart ideas. You have no domination agreement in place yet run comdirect as a Commerzbank department and apparently see it as a shelter for your former Dresdner Bank colleagues rather than taking an interest in a dynamic growth strategy. Retail investors who have been with comdirect since its IPO are choked by Commerzbank’s cost structures and stand no chance of seeing the stock return to its historical price level if this continues - outside investors lose out on value.

The comdirect Cost Problem

comdirect’s cost / income ratio is higher than peers by a mind-boggling c.20%. Its core operations and administration are housed within Commerzbank on terms not supportive to value creation for comdirect who appears to have no say. The Commerzbank cost savings programme of €1.1bn will not end value destruction – no savings are shared.

eBase

There are no material synergies between eBase and comdirect. eBase is kicking the can around with the same net result since 2013 – despite its c.29% growth in assets under custody contributing to Commerzbank’s own growth targets. In a well-run bank managers enjoying life so lavishly get fired.

Management, Performance-related Variable Compensation and Supervisory Board

comdirect’s Management and Supervisory Boards are effectively composed of your circle of friends from your Dresdner Bank days. Notably, management’s share incentive programme is based on Commerzbank AG stock! We see this as an utter and disconcerting violation of corporate governance best-practices, and a slap in the face for long-suffering minority shareholders.

Lack of Dynamic Growth Strategy

The capital market despises your leadership and goals for comdirect: There is no growth strategy worth mentioning; the business is run provincially, with a sole focus on Germany; Commerzbank cannot leave all its customer groups to the superior online-business model of comdirect; and international growth is not actively pursued by comdirect. You position comdirect in the capital markets as a mere option on rising interest rates – a far cry from the promises of the old comdirect at the time of its IPO as dynamic poster child of German shareholder culture.

We demand that you immediately focus on comdirect or hand the business over to owners with better ideas. Hence, we call for: (1) a comprehensive review and assessment of the management team, including the potential addition of non-Commerzbank executives, (2) the strengthening of the Supervisory Board with independent members who can embrace German and international equity market culture, (3) the immediate conversion of all share-based incentive plans to comdirect AG stock, (4) cost savings of at least €25 million, (5) the sale of eBase or alternatively a focussed and profit-driven growth strategy, and (6) the expeditious development of a convincing growth strategy for comdirect including plans for international growth.

Should you as the dominating shareholder be unwilling to or incapable of accomplishing this, we demand that you offer a fair alternative to minority shareholders in the form of a domination agreement.

Yours sincerely,



Klaus Umek
Managing Partner



Till Hufnagel
Partner

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