

We invest in winners. That means we invest in strong companies that create value for their shareholders with sustainable business models, solid balance sheets and high margins. We keep the risks low and invest when our position is fuelled by a positive event. We refer to that as the combination of value and event.

comdirect Bank AG

Since its formation in 1994, comdirect has developed from a purely on-line broker into Germany's leading direct bank. As a full bank, it offers retail customers a full range of financial services on-line. Even though the bank does not have its own network of branches, it is a member of the Cash Group, meaning that its customers can access 9,000 domestic ATMs at no extra charge. In addition, comdirect has also been successful in the corporate client segment since the take-over of the European Bank for Fund Services GmbH (ebase) in 2009. Financial services providers and companies utilise the solutions for custodian account management and the offering of products for asset building and retirement provisions at a volume of EUR 21 billion.

As confirmed by our own consumer behaviour, comdirect meets all of the requirements needed to establish itself as the first bank for private individuals. The number of current accounts grew from 68,000 to 901,000 during the last ten years. This area offers enormous potential. There are approximately 95 million current accounts in Germany, of which about half are on-line at present. But only 5% of current accounts are with direct banks. Their 19 million customers primarily take advantage of demand loan, building and vehicle financing offerings. Every additional customer strengthens comdirect's competitive advantage by reducing fixed costs. The number


of retail customers has increased from 622,000 to 1,717,000 during the last ten years. At the same time, annual administration expenses per client, adjusted for marketing expenses, fell from EUR 195 to EUR 87. This is a fraction of the administrative costs incurred by branch banks. comdirect passes on this advantage directly to its customers ("free account management"). At the same time, it is far superior to conventional banks in terms of service, speed and functionality. Operating excellence generates attractive margins. During the last ten years, comdirect has been able to generate an annual interest surplus of EUR 68-139 per client and a commission surplus of EUR 72-182 per client depending on the interest rate, trading activity and order volume. At this time, both value drivers are at the lower end of the range. For example, a 1% increase in historically low interest rates would improve the interest surplus per client by EUR 21-35 (ratio of interest passed on: 50-70%). Because of the large deposit (EUR 12 billion) and custody volume (EUR 16 billion), such basis effects have a significant effect on earnings per share.

The stock does not reflect this level of quality. Additional potential may arise from an expansion of the business model to payment transaction offerings for corporate clients, or a complete take-over by Commerzbank, which holds 81% of the share capital. Until then, we look forward to a 5% dividend yield in May 2013.

Sincerely yours



J. Henrik Muhle



Dr. Uwe Rathausky