

Appendix 1

Annual Financial Statements

as of December 31, 2023

1.1 Balance Sheet

1.2 Profit and Loss Statement

1.3 Notes

1.4 Management Report

BALANCE SHEET
of
Commerz Direktservice GmbH

Assets	31.12.2023	31.12.2022	Liabilities	31.12.2023	31.12.2022
	EUR	EUR		EUR	EUR
A. Fixed assets			A. Equity capital		
I. Intangible assets			I. Subscribed capital	1.000.000,00	1.000.000,00
1. Concessions, industrial property rights and similar rights and assets purchased for valuable consideration, as well as licences to such rights and assets	663.049,00	1.314.576,00	II. Capital reserve	26.000,00	26.000,00
2. Payments on account	57.026,28	50.236,19	III. Retained earnings		
	720.075,28	1.364.812,19	Other retained earnings	829.840,75	829.840,75
II. Tangible fixed assets			IV. Balance sheet profit	0,00	0,00
1. Other equipment, office equipment, and furnishings and fixtu	3.343.621,00	2.632.012,00		1.855.840,75	1.855.840,75
2. Payments on account	0,00	124.306,41			
	3.343.621,00	2.756.318,41	B. Provisions		
	4.063.696,28	4.121.130,60	1. Provisions for pensions and similar obligations	0,00	605.615,00
B. Current assets			2. Other provisions	3.763.498,90	3.855.852,56
I. Receivables and other assets				3.763.498,90	4.461.467,56
1. Trade receivables	4.999,29	4.583,34	C. Liabilities		
2. Amounts owed by affiliated undertakings	7.549.466,91	7.779.004,61	1. Payables owed to credit institutions	0,00	6.900.487,00
<i>Of which from profit and loss transfer agreement</i>	0,00	1.968.972,77	<i>Of which to affiliated undertakings</i>	0,00	6.900.487,00
<i>Of which trade payables</i>	7.498.013,46	5.681.351,37	2. Trade payables	1.910.299,18	1.116.502,32
<i>Of which from consolidated tax group taxes (current year + previou</i>	51.453,45	128.680,47	3. Payables owed to affiliated undertakings	7.901.513,44	0,00
3. Other assets	18.417,85	22.168,45	<i>Of which trade payables</i>	147.540,00	0,00
	7.572.884,05	7.805.756,40	<i>Of which from profit and loss transfer agreemei</i>	7.753.973,44	0,00
II. Cash in hand, deposits with Deutsche Bundesbank, bank balances and cheques	1.762.964,37	0,00	4. Other liabilities	426.949,16	335.708,85
	9.335.848,42	7.805.756,40	<i>Of which with a separate indication of taxes</i>	426.634,23	334.131,04
C. Prepayments and accrued income	2.390.335,73	2.743.119,48		10.238.761,78	8.352.698,17
D. Net defined benefit asset	68.221,00	0,00	Total liabilities	15.858.101,43	14.670.006,48
Total assets	15.858.101,43	14.670.006,48			

**Profit and loss account
of
Commerz Direktservice GmbH**

	<u>FY 2023</u> EUR	<u>FY 2022</u> EUR
1. Turnover	93.460.363,69	73.568.825,03
2. Other operating earnings	1.592.749,94	1.593.086,34
3. Expenditures on materials Expenditures for purchased services	26.449.238,61	21.607.651,97
4. Staff costs		
a) Wages and salaries	31.969.389,83	29.224.576,21
b) Social security contributions and expenditures for old-age pension schemes and for support	6.406.568,75	5.498.767,62
5. Amortisation/depreciation of Intangible assets forming part of the fixed assets and tangible fixed assets, and capitalised expenditures for the start-up and expansion of business operations	1.831.392,39	1.691.249,31
6. Other operating expenses	20.743.711,13	17.739.633,15
7. Other interest receivable and similar income	417.255,00	0,00
8. Interest payable and similar expenses	316.094,48	1.369.005,88
9. Taxes on income and earnings	<u>0,00</u>	<u>0,00</u>
10. Profit or loss after taxes	7.753.973,44	-1.968.972,77
11. Profit transferred under profit transfer agreement	<u>7.753.973,44</u>	<u>0,00</u>
12. Income from the transfer of losses	0,00	1.968.972,77
13. Net income for the year	0,00	0,00
14. Transfers to other retained earnings	<u>0,00</u>	<u>0,00</u>
15. Balance sheet profit	<u>0,00</u>	<u>0,00</u>

Annual financial statements 2023

Commerz Direktservice GmbH

Notes

1 Accounting and valuation policies

The annual financial statements of Commerz Direktservice GmbH, Duisburg, for the 2023 financial year have been prepared in accordance with the provisions of Art. 242 ff. of the German Commercial Code (HGB) taking into account the supplementary provisions for large share capital companies pursuant to Art. 264 ff. HGB and the German Act on Limited Liability Companies (GmbH-Gesetz). The annual financial statements have been prepared on the assumption that the company will continue to pursue its activities as a going concern, pursuant to Art. 252 (1) no. 2 HGB. The company is registered with the District Court of Duisburg under commercial register number HRB 9100. The object of the company is to provide services of all kinds, in particular for credit and financial services institutions that make use of the option of outsourcing individual parts of their banking or financial services operations to another company, as well as to conduct all transactions conducive to achieving and furthering this purpose. A consolidated tax group for the purposes of value added tax, corporate income tax and trade tax exists between Commerz Direktservice GmbH and Commerzbank AG, Frankfurt am Main, as the controlling company.

The accounting and valuation methods are unchanged against the previous year.

Tangible fixed assets and **intangible assets** are valued at the cost of acquisition, reduced by straight-line amortisation/depreciation according to their expected useful life. Commerz Direktservice GmbH closely adheres to the useful life specified by the tax authority (amortisation/depreciation table for generally usable fixed assets) and to the amortisation/depreciation rules of Commerzbank AG. The depreciation of movable assets begins in the month in which they are put into operation.

Low-value assets with a cost of acquisition between €250.00 and €1,000.00 (excluding value added tax) are combined in a compound item, which is written down by one-fifth in the financial year of its establishment and in each of the subsequent four financial years. Assets with a value of less than €250.00 (excluding value added tax) are treated as immediate expenses.

Receivables and other assets, bank balances and prepayments and accrued income are recognised at their nominal value. The credit institution did not charge negative interest on bank balances (previous year: €10,082).

The **subscribed capital** is recognised at its nominal value.

We measure **provisions for contingent liabilities** in accordance with the principles of prudent business judgement at the expected amount required to settle the liability; foreseeable cost and price increases are taken into account. Provisions with a remaining term of more than one year are discounted.

The amount of provisions for pensions and deferred compensation is determined using the projected unit credit method. The following parameters have been used as a basis for determining the amount:

- Calculatory interest rate: 1.82% (previous year: 1.78%)
- Annual wage and salary increase (including career development): 2.50% (unchanged from previous year)
- Annual pension adjustment: 2.50% (previous year: 2.40%)
- Biometric bases for calculation: Klaus Heubeck 2018 G mortality tables
- Remaining term of the obligations of 10 years

Liabilities are recorded at their respective settlement amount.

2 Information on the balance sheet and the profit and loss account

The balance sheet and the profit and loss account have been prepared in accordance with the layout stipulated in Art. 266 (2) and (3) and Art. 275 (2) of the German Commercial Code (HGB).

2.1 Balance sheet

The change in **fixed assets** during the financial year can be found in the statement of changes in fixed assets of Commerz Direktservice GmbH (see annex). The additions in the 2023 financial year amounting to €1,773,958 were attributable to the renewal of the hardware infrastructure (€1,602,854) and of the software systems (€53,587) as well as the purchase of furniture and office equipment and fixtures (€117,517).

In 2023, the write-down for low-value assets amounted to €168,093 (previous year: €204,854); the remaining book value of the compound item as at 31 December 2023 was €258,615 (previous year: €354,378).

The total amount of **receivables and other assets** was €7,572,884 (previous year: €7,805,756), of which €15,330 (previous year: €10,371) had a remaining term of more than one year. The balance sheet item **amounts owed by affiliated undertakings** totalling €7,549,467 (previous year: €7,779,005) included amounts owed by the shareholder from the invoicing of services for €7,498,013 (previous year: €5,681,351). In addition, in the previous year an amount of €1,968,973 owed from the transfer of the loss was recognised. An amount of €51,453 was owed by affiliated undertakings from consolidated tax group taxes (previous year: €128,680).

Bank balances were entirely held at affiliated undertakings and amounted to €1,762,964 (previous year: €0).

Expenditures that were incurred before the reporting date but represent a cost for a time after this date are recognised as **prepayments and accrued income**.

The company's **subscribed capital** remained unchanged compared to the previous year at €1,000,000 and was fully held by Commerzbank AG.

The **capital reserve** remained unchanged at €26,000.

As in the previous year, **other retained earnings** to the value of €829,841 were recognised. The amount consisted, for example, of a contractual reserve of €100,000 created under the profit transfer agreement and of a balance sheet profit from previous years of €52,249 that was transferred to other retained earnings. In addition, a total amount of €677,592 was transferred resulting from the shortfall between the unrealised income from the plan assets for the fulfilment of pension obligations and the company's total reserves (of which from the 2017 financial year: €27,097 / of which from the 2019 financial year: €328,271 / of which from the 2020 financial year: €269,686 / of which from the 2021 financial year: €52,538). In the reporting year, the company's reserves covered the total for unrealised income from the plan assets.

The **provisions** amounting to €3,763,499 (previous year: €4,461,468) included €0 (previous year: €605,615) in pension provisions. At the end of the reporting year, the fair value of the plan assets exceeded the amount required to settle the pension obligations, and thus a net defined benefit asset was recognised. Other provisions (€3,763,499; previous year:

€3,855,853) were mainly set aside in relation to staff – in particular for the payment of variable remuneration components, for holiday entitlements and for the settlement amount of anniversary bonuses – as well as for outstanding invoices.

The **liabilities** totalled €10,238,762 (previous year: €8,352,698), of which €7,753,973 was a liability to the shareholder from the existing profit transfer agreement. In the previous year, there were mainly liabilities to the shareholder stemming from the utilisation of the credit line in the amount of €6,659,747 and from the utilisation of a universal loan amounting to €240,740. Liabilities amounting to €275 (previous year: €0) had a remaining term of more than one year.

The breakdown of liabilities was as follows:

	2023	2022
	EUR	EUR
Total liabilities	10,238,762	8,352,698
Of which to the shareholder and affiliated undertakings	7,901,513	6,900,487
Of which from profit transfer agreement	7,753,973	0
Of which other	147,540	6,900,487

2.2 Profit and loss account

The **business activity** of Commerz Direktservice GmbH consists in providing services of all kinds, in particular for credit and financial services institutions, as well as conducting all transactions conducive to achieving and furthering this purpose.

Turnover amounting to €93,460,364 (previous year: €73,568,825) was generated by the services of the customer centre operation and associated activities that the company provided for Commerzbank AG against payment. The rise in turnover compared to the previous year was explained by the increased number of transactions and higher transfer prices for the services provided.

Other operating earnings amounting to €1,592,750 (previous year: €1,593,086) included an amount from the release of provisions of €154,712 (previous year: €252,247), which was

mainly in connection with provisions to cover operating expenses for various IT projects and for service providers supporting the customer centre operation.

The **expenditures on materials** item included services purchased from external companies and the use of temporary staff, as they are an essential part of the company's activities and one which generates turnover (€26,449,239; previous year: €21,607,652).

Operating a customer centre is a labour-intensive business; therefore, **staff costs** accounted for the largest part of the total expenditure at around 43.8% (previous year: 45.0%).

Amortisation/depreciation amounted to €1,831,392 (previous year: €1,691,249).

Other operating expenses totalled €20,743,711 (previous year: €17,739,633) and included in particular payments for the provision of technical infrastructure (€9,883,292; previous year: €8,319,321) and of premises (€4,148,921; previous year: €4,092,566) and for the purchase of Group services (€3,626,707; previous year: €2,739,718).

Other interest receivable and similar income amounted to €417,255 (previous year: €0) and derived entirely from the plan assets invested to cover pension obligations. Pursuant to Art. 246 (2) sentence 2 HGB, the interest payable was set off against the corresponding income from the plan assets. As in the previous year, there was no interest income from bank balances to record.

Interest payable and similar expenses amounting to €316,094 (previous year: €1,369,006) resulted from utilisation of the credit line, of the universal loan and of a temporary money market loan (previous year: €67,469 plus interest payable from the discounting of the settlement amount of the pension obligations (€1,300,111) and from the discounting of the anniversary bonuses (€1,426)).

The total fee charged by the auditor for the financial year was €17,510 (previous year: €21,000) excluding value added tax.

The **profit** for the financial year of €7,753,973 (previous year: loss of €1,968,973) is transferred in full to Commerzbank AG on the basis of the existing control and profit transfer agreement.

2.3 Set-off of assets and liabilities

On the basis of the set-off requirement under Art. 246 (2) sentence 2 HGB, plan assets are set off against pension obligations. Thus, the fair value of the plan assets invested in the Commerzbank Pension Trust is set off against the settlement amount of the pension obligations, and the associated expenses are set off against the income, as follows:

	EUR
Cost of acquisition of plan assets	4,840,805
Fair value of plan assets	5,029,811
Settlement amount of pension obligations	4,961,590
Pension expenses (interest expenses) to be set off against income from plan assets	39,468
Income from plan assets to be set off against pension expenses	456,723

After the settlement amount of the pension obligations was netted with the plan assets, a net defined benefit asset of €68,221 resulted (previous year: a provision of €605,615). The income from the plan assets after offsetting against the interest expenses was €417,255 (previous year: interest expenses of €1,300,111).

The difference in values pursuant to Art. 253 (6) HGB was €87,956 as at 31 December 2023 (previous year: €376,468). Under Art. 253 HGB, the period for determining the average interest rate for discounting pension obligations is increased from seven to ten years. The switch in the calculation was made for the first time for the 2016 financial year. The resulting €87,956 reduction in the associated charge (previous year: €376,468) is subject to an explicit bar on distribution (Art. 253 (6) sentence 2 HGB).

If a profit and loss transfer agreement is in place, there is an accounting option regarding whether this reduction in the charge may be transferred. According to a Federal Ministry of Finance letter dated 12 May 2016, a consolidated tax group between the controlling company and the controlled company is only recognised for tax purposes if an existing profit and loss transfer agreement is actually implemented. For this reason, the option is exercised such that the reduction in the charge is transferred to the parent company via the profit and loss transfer agreement.

As in the previous year, there was no unrealised income from the plan assets as at 31 December 2023.

3 Other details

3.1 Other financial obligations

For the five financial years following the reporting year, other financial obligations amounted to €29,437,451 (previous year: €20,337,540). They were made up as follows:

	2023	2022
	EUR	EUR
Rental agreement for commercial premises	10,091,193	13,456,613
Other rental/usage agreements	16,131,865	4,672,644
Maintenance agreements	3,214,393	2,208,283

Since the current rental agreement for commercial premises comes to an end on 31 December 2026, one year was again omitted from the calculation of obligations for the following five financial years, and therefore the associated obligations decreased. The significant increase in obligations from other rental/usage agreements and maintenance agreements was attributable to the conclusion of a long-term agreement (term: 29 December 2023 to 31 December 2029) in relation to the telephone system, which in particular means an increase in subscription fees as well as higher support costs.

3.2 Governing bodies

3.2.1 Supervisory Board

Jana Kubach

- Chairwoman (from 12 January 2023) –

- Deputy Chairwoman (until 11 January 2023) –

Head of Private and Small-Business Customers Advisory Centre, Private and Small-Business Customers, at Commerzbank AG, Frankfurt am Main

Oliver Haibt (from 1 January 2023)

- Deputy Chairman (from 12 January 2023) –

Head of Private and Small-Business Customers Strategic Product & Channel Management,
Private and Small-Business Customers, at Commerzbank AG, Frankfurt am Main

Patrick Klasen (until 31 December 2023)

Lending Corporate Clients, Head of Process and Digital Transformation, Corporate Clients,
at Commerzbank AG, Frankfurt am Main

Dirk Lenzkes

Commercial Executive, Commerz Direktservice GmbH, Duisburg

Reinhold Mitzkus (from 16 November 2023)

Commercial Executive, Commerz Direktservice GmbH, Duisburg

Freya Müller (until 15 November 2023)

Commercial Executive, Commerz Direktservice GmbH, Duisburg

Andreas Schimmele

Head of Group Operations, Group Services, at Commerzbank AG, Frankfurt am Main

3.2.2 Management

Marc Ernesti

Director

Banking professional

Anja Rutkat

Director

Banking professional

3.3 Remuneration of and loans to governing bodies

No remuneration was granted to the company's Supervisory Board. The total remuneration of the Management is not disclosed, with reference to Art. 286 (4) HGB.

As at the reporting date, no advances or loans had been granted to the members of the governing bodies, nor had any contingent liabilities been entered into in favour of the members of the governing bodies.

3.4 Employees

In the 2023 financial year, an average of 794 (previous year: 745) staff were employed, made up as follows:

	2023	2022
Full-time	481	446
Part-time	313	299

3.5 Group information

The sole shareholder is Commerzbank AG, Frankfurt am Main, which prepares the consolidated financial statements for the largest and smallest groups and in the consolidated financial statements of which as at 31 December 2023 the company is included. The published consolidated financial statements are placed in the company register (registration number HRB 32000, District Court of Frankfurt am Main). A control and profit transfer agreement concluded on 20 March 2001 exists between Commerz Direktservice GmbH, Duisburg, and Commerzbank AG, Frankfurt am Main.

4 Report on events after the reporting period

There were no events of particular importance occurring after the end of the financial year and not reflected in the profit and loss account or the balance sheet.

Duisburg, 21 March 2024

Commerz Direktservice GmbH
Management

Marc Ernesti

Anja Rutkat

Statement of changes in fixed assets of Commerz Direktservice GmbH for the period from 1 January to 31 December 2023

Fixed asset accounts	Historical cost of acquisition/production						Amortisation/depreciation				Residual book values	
	As at 1.1.2023	Additions FY	Partial additions FY	Transf. (+/-)	Disposals FY	As at 31.12.2023	As at 1.1.2023	Additions FY	Disposals FY	As at 31.12.2023	As at 1.1.2023	As at 31.12.2023
Intangible assets	€	€	€	€	€	€	€	€	€	€	€	€
Concessions, industrial property rights and similar rights and assets purchased for valuable consideration, as well as licences to												
such rights and assets	3,542,656.27	10,700.54	23,870.02	12,226.11	0.00	3,589,452.94	2,367,632.27	617,508.67	0.00	2,985,140.94	1,175,024.00	604,312.00
SW low-value assets compound item	404,101.76	0.00	0.00	0.00	249,457.82	154,643.94	264,549.76	80,815.00	249,457.82	95,906.94	139,552.00	58,737.00
Payments on account	50,236.19	19,016.20	0.00	-12,226.11	0.00	57,026.28	0.00	0.00	0.00	0.00	50,236.19	57,026.28
Total:	3,996,994.22	29,716.74	23,870.02	0.00	249,457.82	3,801,123.16	2,632,182.03	698,323.67	249,457.82	3,081,047.88	1,364,812.19	720,075.28
Tangible fixed assets	€	€	€	€	€	€	€	€	€	€	€	€
IT hardware	3,907,726.76	116,929.15	7,345.28	1,554,453.36	1,339,324.02	4,247,130.53	3,074,056.76	648,684.79	1,339,324.02	2,383,417.53	833,670.00	1,863,713.00
Durable assets	2,353,967.54	34,894.41	0.00	0.00	0.00	2,388,861.95	1,427,775.54	186,253.41	0.00	1,614,028.95	926,192.00	774,833.00
Installations, removals, conversions	2,490,885.96	53,929.66	0.00	4,795.74	17,581.75	2,532,029.61	1,833,561.96	210,852.40	17,581.75	2,026,832.61	657,324.00	505,197.00
Other low-value assets compound item	161,188.10	23,897.12	0.00	0.00	47,127.79	137,957.43	85,204.10	37,046.12	47,127.79	75,122.43	75,984.00	62,835.00
HW low-value assets compound item	202,739.79	48,433.00	0.00	0.00	5,970.08	245,202.71	63,897.79	50,232.00	5,970.08	108,159.71	138,842.00	137,043.00
Payments on account	124,306.41	1,434,942.69	0.00	-1,559,249.10	0.00	0.00	0.00	0.00	0.00	0.00	124,306.41	0.00
Total:	9,240,814.56	1,713,026.03	7,345.28	0.00	1,410,003.64	9,551,182.23	6,484,496.15	1,133,068.72	1,410,003.64	6,207,561.23	2,756,318.41	3,343,621.00
Grand total:	13,237,808.78	1,742,742.77	31,215.30	0.00	1,659,461.46	13,352,305.39	9,116,678.18	1,831,392.39	1,659,461.46	9,288,609.11	4,121,130.60	4,063,696.28

Management report 2023

Commerz Direktservice GmbH

Organisational changes and changes under company law

In 2023, Commerz Direktservice GmbH (hereinafter referred to as CDS) continued with its business activities as a customer dialogue centre for the Commerzbank Group. The company was managed by Mr. Marc Ernesti (Managing Director) and Ms. Anja Rutkat.

The areas of responsibility within the Management are divided among the directors. Mr. Marc Ernesti was responsible for the Banking, Management Office and Support, Purchasing and Building Management, Operational Controlling & Channel Management, Digital Development & Information Technology, and Framework & Access Management units. Ms. Anja Rutkat assumed responsibility for the Human Resources & Finance, Audit, Banking Support, Fraud Detection & Prevention, Sales and Management Support, Communication, and Complaints Management PSBC & Employee Share Ownership Programmes units. In September 2023, the Digital Development & Information Technology unit was divided up into three departments: Dialogue Platform, Digitalisation & Development, and Information Technology. Mr. Marc Ernesti assumed responsibility for the three departments. Furthermore, responsibility for the Management Office was transferred to Ms. Anja Rutkat in December, while the Communication unit was integrated into Sales and Management Support.

Economic report

Macroeconomic and sector-specific conditions

The activities of CDS are commissioned predominantly by the Private and Small-Business Customers (PSBC) business segment of Commerzbank AG and CDS does not operate independently on the market. In addition, CDS works to a lesser extent for the Corporate Clients (CC) segment. Accordingly, the course of its business activities is closely linked with the business of the PSBC segment. The same macroeconomic and sector-specific conditions therefore apply to CDS as to Commerzbank AG and in particular to the Private and Small-Business Customers (PSBC) segment; a description of these conditions can be found in the Group management report 2023 of Commerzbank AG.

Business activities and performance

The business activities of CDS progressed satisfactorily in 2023 and continued to show growth in transactions.

A total of 20,161,674 transactions were processed. That represents an increase of 19.4% compared to the previous year. As in the previous year, the biggest driver was fully automated transactions. The processing volume rose by 6.6% in 2023 to 51,023,147 minutes (+3,172,268 minutes) compared to the previous year.

The share of fully automated contacts rose to 73.8%. A total of 758,609 voice portal contacts were processed, while 13,157,287 contacts were handled through the web-based service and information portals and via automated emails. The projected volume of automated contacts was 10,240,000, while in fact 13,915,896 contacts were processed automatically. The proportion of automated contacts was thus 35.9% above the projected level. At the same time, 6,245,778 contacts were handled through Human Contact, which was 21.2% fewer than forecast (projected total: 7,921,205).

CDS is an important component in Commerzbank's strategy and continues to be responsible for processing incoming customer enquiries. Commerzbank complaints are handled by CDS and the social media channels are also managed by CDS. Furthermore, licences, maintenance and servicing are provided for the Pure Connect telephony platform and other systems are made available for the advisory centres. The Bank's corporate client service also uses the Pure Connect telephony platform.

The management KPIs in 2023 were as follows: adherence to the cost budget; accessibility of voice channels for authenticated customers (ratio of offered and accepted customer contacts in per cent); contribution to earnings (total income generated for Commerzbank AG through the sale of products); and compliance with an upper limit for the staffing level. The cost target for the company adopted in the 2023 budget in the amount of €93.1m was undershot by €5.4m with a figure of €87.7m (– 5.8%). The staff costs budget was exceeded by €1.2m, while the operating costs budget was undershoot by €6.6m. The overrun in staff costs was explained by the pay adjustment in September, which was above the budgeted level, and by the payment of two inflation adjustment premiums to all employees in April and December. The deviation in operating costs was mainly due to IT expenses and to write-downs (a total of €4.5m below budget) because projects were not fully implemented or were postponed to 2024. External contracts also fell short of the projected level by €1.8m because service providers were unable to deliver the contracted volumes in full. The costs for premises and workplaces, training, Group services and other operating cost items resulted in a total budget undershoot of €0.3m.

For customers who verified their identity during the call, the average annual availability rate was 94.6% (projected level: 90%). The total contribution to earnings was €11.7m

(projected total: €8.0m). The upper limit for staffing, at 660 full-time equivalents, was slightly exceeded at the year-end (661.3 FTEs).

The following describes the performance of the five operational units as well as of the Automated Customer Contacts unit.

Banking Sales & Services:

In the Banking unit, all direct contacts with Commerzbank customers and prospective customers are handled via the telephone and chat channels. Sales and service processes are offered to our customers on a case-by-case basis. The unit is divided into two departments: Banking Sales & Services and Banking Sales.

In the Banking Sales & Services department, all direct contacts with Commerzbank customers and prospective customers are handled via the telephone and chat channels. The focus is on service matters and on the Net Promoter Score (NPS), which involves making calls to measure customer satisfaction. In addition, Banking Sales & Services includes the Company & More team, whose main task is to acquire new customers under the partner programme of the same name.

In 2023, 5,149,153 transactions were processed within Banking Sales & Services. Compared to 2022, there were 342,922 fewer transactions – a decrease of –6.2%.

Banking Sales:

The Banking Sales department is exclusively responsible for sales matters at CDS. This includes the teams looking after instalment loans and retail mortgage financing, in which customers can purchase various Commerzbank products directly or obtain assistance in the purchase process.

In total, the department processed 33,485 transactions in 2023. That represents an increase of 3,420 transactions (+11.4%) compared to 2022.

Banking Support:

The Banking Support unit handles calls regarding questions about Commerzbank's digital banking service and emails from the entire Private and Small-Business Customers segment. The unit also includes the testing team, which is responsible for testing forthcoming innovations as part of the digital strategy. In addition, Banking Support processes enquiries from Commerzbank advisors and provides services connected with checking regulatory requirements under the Common Reporting Standard (CRS) and the Markets in Financial Instruments Directive (MiFID). Reactive management of social media channels in the Private and Small-Business Customers segment of Commerzbank also resides within Banking Support.

A total of 796,896 business transactions were processed in Banking Support, an increase of 123,787 transactions compared to the previous year (+18.4%). The uptick in volume was explained by the fact that the unit has largely taken over responsibility for processing emails from the advisor centre. A total of 422,315 emails were processed (+15.6% compared to the previous year).

A total of 104,188 telephone enquiries from advisors were processed by CDS via the InfoLine (–4.9% compared to the previous year). In the MiFID service, 51,974 transactions were processed (+1.7%).

Complaints Management PSBC & ESOP:

The Complaints Management PSBC & ESOP unit processes customer complaints and accepts securities orders under employee share ownership programmes.

A total of 326,227 transactions were processed by Complaints Management PSBC & ESOP (–13.5% compared to the previous year).

The number of customer complaints processed was 54,254, which was above the prior-year level (+9.4%). Complaint support contacts, involving complaint dispatching, complaint management calls and tracking of complaints forwarded by sales units, totalled 121,736, which was on a par with the prior-year level (–0.8%).

In the employee share ownership programmes unit, processing declined to 144,757 transactions. This represents a decrease of –26.5% compared to the previous year.

Fraud Detection & Prevention:

A new unit was set up in 2023. The team that deals with security matters and damage relating to Commerzbank's electronic sales channels and the anti-fraud team, with its active approach to raising awareness of investment fraud among customers, were separated out from Banking Support and brought together in a new Fraud Detection & Prevention unit. The Fraud Detection & Prevention unit is dedicated to combating various types of fraud such as phishing, scams and social engineering at the expense of Commerzbank customers. Both a reactive and a proactive approach are taken to tackling fraud. The unit's performance is not measured in terms of transactions.

Automated Customer Contacts:

Automated Customer Contacts captures all customer contacts in which customer enquiries are dealt with without Human Contact. That includes processes in the natural voice portal. In addition, knowledge about processes is made available in the form of FAQs in the service portal, on the web and in the Commerzbank banking app. The information portal gives Commerzbank advisors automated access to information on internal Bank processes and banking systems. Since 2023, CDS has also been operating a chatbot to assist customers with their enquiries during their initial contact before they are forwarded to an employee. In 2023, the service portal registered 11,541,135 page views by customers; the information portal provided 914,762 answers to questions from advisors. The chatbot engaged in 641,407 chats, of which 590,953 were automated.

The voice portal makes it possible for customers to verify their identity before connecting with an agent. With account balance queries, the branch finder and the card service, automated functions have been built in that allow a case to be closed directly. The voice portal also enables FAQs and assistance to be sent to customers via text message.

In 2023, a total of 758,609 customer enquiries were processed and closed through the voice portal. Compared to the previous year, this represents a reduction of 24,859 transactions (-3.2%).

Change in staffing

In 2023, an average of 794 (previous year: 745) staff (headcount including absentees, but excluding temporary staff and trainees) were employed by the company, of whom 481 were full-time and 313 were part-time.

The ratio of women to men was 59% to 41%.

A total of 129 new employees were appointed within the company. In addition, an average of seven trainees were employed over the year.

The staffing level average over the year was 644.6 FTEs and at the end of the year it was 661.3 FTEs.

Notes on assets, liabilities, financial position and financial performance

In the 2023 reporting year, turnover rose significantly compared to the previous year (+27.0%); in contrast to the previous year (with a loss of €1,969 thousand), a profit from ordinary activities (of €7,754 thousand) was achieved in the year under review.

Expenses

Operating expenses in 2023 amounted to €87,716 thousand. Compared to the previous year, that represents an increase of €10,586 thousand (+13.7%), mainly on the back of the rise in service provider costs, staff costs and the costs for the technical infrastructure.

Staff costs amounted to €38,376 thousand, expenditures on materials (services from external companies, use of temporary employment) were €26,449 thousand, other operating expenses were €20,744 thousand, amortisation/depreciation was €1,831 thousand, and interest payable was €316 thousand.

Other operating expenses included payments of €3,627 thousand to Group companies for IT services and other services provided by Group support units.

The change in the expenses items compared to the previous year can be seen from the following table:

Expenses item	2023	2022	Change
Staff costs	€38,376 thousand	€34,723 thousand	+10.5%
Expenditures on materials	€26,449 thousand	€21,608 thousand	+22.4%
Other operating expenses	€20,744 thousand	€17,740 thousand	+16.9%
Amortisation/depreciation	€1,831 thousand	€1,691 thousand	+8.3%
Interest payable	€316 thousand	€1,369 thousand	-76.9%
Total	€87,716 thousand	€77,131 thousand	+13.7%

Income

Turnover in the financial year rose by €19,892 thousand to €93,460 thousand (+27.0%) compared to the previous year. The improvement in turnover was bolstered by an increased number of transactions and higher transfer prices for the services provided to the Bank. The turnover was entirely attributable to companies in the Commerzbank Group. Other operating earnings amounted to €1,593 thousand, of which €888 thousand was attributable to affiliated undertakings.

Profit or loss

Compared to the previous year, the result from ordinary activities increased by €9,723 thousand, up from €–1,969 thousand to €7,754 thousand. The profit is transferred to the shareholder on the basis of the existing control and profit transfer agreement.

The change in the material figures relevant to the loss can be seen from the following overview:

	2023	2022
Turnover	€93,460 thousand	€73,569 thousand
Profit or loss from ordinary activities	€7,754 thousand	€–1,969 thousand
Transfer of profit (+) / loss (–)	€7,754 thousand	€–1,969 thousand
Transfer to retained earnings	€0 thousand	€0 thousand
Balance sheet profit	€0 thousand	€0 thousand

Balance sheet

Total assets increased from €14,670 thousand to €15,858 thousand. The total for fixed assets decreased by €57 thousand to €4,064 thousand. In the reporting year, amortisation/depreciation of €1,831 thousand exceeded total capital expenditure (€1,774 thousand), which was mainly incurred for the improvement and expansion of the technical infrastructure.

Receivables and other assets amounted to €7,573 thousand, of which €7,549 thousand was attributable to affiliated undertakings. Bank balances totalled €1,763 thousand. Prepayments and accrued income were recognised in the amount of €2,390 thousand. The net defined benefit asset was €68 thousand.

As in the previous year, the equity capital amounted to €1,856 thousand, of which €1,000 thousand was share capital. The amount of provisions fell by €698 thousand to €3,763 thousand and was mainly the result of provisions for outstanding settlement of operating costs with respect to the landlord of the office premises (€1,295 thousand), for outstanding service provider invoices (€828 thousand), for variable remuneration components (€615 thousand), for anniversary bonuses (€265 thousand) and for holiday entitlements (€209 thousand). Liabilities in the amount of €10,239 thousand were

recognised. Of these, €7,902 thousand was attributable to affiliated undertakings, €1,910 thousand was for trade payables and €427 thousand was for other liabilities.

Asset and liquidity analysis

The structure of the company's total assets compared to the previous year was as follows: The share of fixed assets (€4,064 thousand) in the company's total assets (€15,858 thousand) fell to 25.6%, compared to 28.1% in the previous year.

Receivables, other current assets, prepayments and accrued income items, and the net defined benefit asset amounted to €11,794 thousand, thus rising to 74.4% (previous year: 71.9%) of total assets. The majority of the receivables were due from affiliated undertakings.

CDS's liquidity requirements for ongoing business operations, capital expenditure on fixed assets and the transfer of profit were covered in the 2023 financial year by turnover and loans from Commerzbank AG. In particular, Commerz Direktservice GmbH has a flexible credit line to ensure that liquidity requirements are met at all times. We consider the equity capital base of €1m in share capital and around €0.8m in reserves to be appropriate.

Declaration on corporate governance

Under the German Act on the Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors (FüPoG), the Supervisory Board decided in November 2017 to set the target quota for filling positions with women at 17% for the Supervisory Board and 0% for the Management. The quotas are currently being met.

In October 2017, the Management decided to set the target quota for filling positions with women at 25% for the first level of management below the Management and at 30% for the second level of management. One of the quotas is currently being met (first level of management 15% and second level of management 52%).

Risk report

No risks that could endanger the company's continued existence as a going concern were identified for the 2023 financial year. There are also no risks that could jeopardise the company's continued existence as a going concern in the current 2024 financial year.

Default, liquidity and market risks are not relevant risks for the company given its business model in conjunction with the control and profit transfer agreement with Commerzbank AG.

Of material significance for the company is operational risk, which is defined as the risk of loss resulting from the inadequacy or failure of internal processes, people and systems or from external events.

The situation as regards the areas of material operational risk for the company is as follows:

Technology

IT systems are of particular importance to the company. In addition to regular renewal of technology, important IT components are designed with redundancy to ensure a high level of availability. We have taken into account the significance of the "human" factor in IT security and cyber security by introducing additional training and awareness-raising measures.

Staff

Risks arise from unauthorised actions by employees such as fraud or embezzlement. This risk is limited within the company by extensive security precautions such as access restrictions in the systems and control mechanisms in payment transactions. In addition, an online whistle-blowing system is in place for economic crimes.

Organisation

Process and organisational risks can arise, for example, from the failure of control bodies, processing errors or project failure. The company regularly evaluates its internal control system including defined key controls. We consider the risk posed by the issues referred to above to be low.

External factors

Critical business processes are identified in line with Group policy and protected in such a way that they are not interrupted or are only temporarily interrupted regardless of emergency events. A technical backup location is available for this purpose as part of business continuity management. Emergency workstations are also available at another location.

Sustainability report

As a medium-sized company in Germany with around 800 employees, Commerz Direktservice GmbH regards sustainability as an important cornerstone of its corporate strategy. Along with ESG criteria, the sustainability goals of the United Nations (UN) form the framework for action at CDS, in both social as well as business and environmental terms. The implementation of the associated activities is coordinated at CDS by a dedicated project team. The sustainability strategy paper, which was drawn up for internal and external communication, also provides guidance.

As it participates in the parent company's climate accounting, CDS regularly collects, analyses and evaluates data on resource consumption. That applies to electricity and water consumption as well as the materials generally required in business operations. Waste disposal is also subject to regular checks. In 2023, a number of measures were implemented to contribute to climate protection. These included converting to energy-efficient LED lighting, optimising air conditioning controls, installing e-charging stations and recycling hardware that is no longer needed. The measures also encompassed drawing up mandatory training for all CDS employees.

Under the German Supply Chain Due Diligence Act (LkSG), our suppliers and service providers are likewise obliged to comply with legal norms and standards for environmental protection.

CDS will be expanding its focus to further issues in the coming financial year. One focal point will be preparing for the expanded reporting obligations under the Corporate Social Responsibility Directive (CSRD) in close consultation with Commerzbank AG. In addition, CDS is aiming for certification for its environmental and energy management under ISO 50001 and ISO 14001.

Outlook and forecast

In the 2024 financial year, Commerz Direktservice GmbH will consolidate its role as a customer dialogue centre within the context of Commerzbank's business strategy. We expect the number of customer contacts in Human Contact to increase from around 6.3 million contacts to about 7.0 million contacts. That equates to a rise of approximately 10%.

In connection with the advisory centres, CDS provides essential components of the technical infrastructure for Commerzbank. The provision of licences, of maintenance and servicing for the telephone infrastructure, of authorisation management and of knowledge management for the advisory centres will be core tasks for CDS in future. This infrastructure will also be made available to other segments within the Bank in 2024. This will continue to include the corporate client service, but in the future will be extended to encompass loan processing centres and other support hotlines at Commerzbank AG.

There will be a technological switchover in the infrastructure from 2024 onwards. The existing dialogue platform, which is operated on site at CDS, will be replaced by a cloud solution. The new platform offers both cost savings at Group level and better scalability for the increasing number of users who will make calls on the platform in future.

As in the previous financial year, the management KPIs in 2024 are as follows: adherence to the cost budget (€103.3m); staffing level (an average of 680 FTEs); accessibility for authenticated customers (90%); and contribution to earnings from sales activities (€10.0m).

Thus, the cost budget for 2024 is 11% higher than the budget for 2023 (€93.1m). Both staff costs and operating costs require a higher budget in the current year. The need for a larger staff costs budget arises from the increase in the number of FTEs and the change in employee salaries.

With regard to operating costs, projects to digitalise and optimise our platform necessitate a higher budget. The technological switchover to a new platform will result in one-off costs for implementation and migration in 2024. Furthermore, other units within the Bank will be connected to the platform. The resulting costs resulting from this will initially be incurred by CDS, and will then be allocated to the receiving units in which the costs originate through regular Group billing. Our service providers will also take on higher volumes, mainly to handle tasks of relatively low complexity. Our staffing level will rise to an average of 680 FTEs. More specialists will be required to maintain and optimise the digital infrastructure. Our sales activities will also continue to be expanded and will need to be staffed accordingly. The projected level for accessibility for authenticated customers remains unchanged from the previous year at 90%.

Turnover will be higher than in the previous year because of adjusted transfer prices in line with the increased cost budget. If the forecast for processing volumes should prove to be incorrect, then turnover and profit targets would be at risk. However, given the new contracts that have already been put in place and the plans for further expansion at CDS, we consider the risk to be low.

Commerz Direktservice GmbH will thus continue to represent an important component in Commerzbank's personal and digitalised dialogue with its customers. In addition to handling customer enquiries, it provides the technical infrastructure for the entire advisory centre system and other operations within Commerzbank AG. Along with the strengthening of sales activities for Commerzbank AG, this makes CDS an essential pillar for Commerzbank AG's strategic direction. We therefore continue to expect the company to perform positively.

Duisburg, 21 March 2024

Commerz Direktservice GmbH
Management

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