

Appendix 1

Annual Financial Statements

as of December 31, 2022

1.1 Balance Sheet

1.2 Profit and Loss Statement

1.3 Notes

1.4 Management Report

BALANCE SHEET
of
Commerz Direktservice GmbH

Assets	31.12.2022	31.12.2021	Liabilities	31.12.2022	31.12.2021
	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	1.314.576,00	1.448.096,00	II. Capital reserve	26.000,00	26.000,00
2. Payments on account	<u>50.236,19</u>	<u>62.843,90</u>	III. Retained earnings		
	1.364.812,19	1.510.939,90	Other retained earnings	829.840,75	829.840,75
II. Tangible fixed assets			IV. Balance sheet profit	<u>0,00</u>	<u>0,00</u>
1. Other equipment, office equipment, and furnishings and fixtur	2.632.012,00	3.306.803,00		1.855.840,75	1.855.840,75
2. Payments on account	<u>124.306,41</u>	<u>0,00</u>			
	<u>2.756.318,41</u>	<u>3.306.803,00</u>	B. Provisions		
	4.121.130,60	4.817.742,90	1. Provisions for pensions and similar obligations	605.615,00	144.782,00
B. Current assets			2. Other provisions	<u>3.855.852,56</u>	<u>3.851.983,19</u>
I. Receivables and other assets				4.461.467,56	3.996.765,19
1. Trade receivables	4.583,34	1.173,55	C. Liabilities		
2. Amounts owed by affiliated undertakings	7.779.004,61	6.307.709,40	1. Payables owed to credit institutions	6.900.487,00	808.157,01
<i>Of which from profit and loss transfer agreement</i>	1.968.972,77	0,00	<i>Of which to affiliated undertakings</i>	6.900.487,00	808.157,01
<i>Of which trade payables</i>	5.681.351,37	6.297.884,85	2. Trade payables	1.116.502,32	484.606,70
<i>Of which from consolidated tax group taxes (current year + previous</i>	128.680,47	9.824,55	3. Payables owed to affiliated undertakings	0,00	7.389.290,90
3. Other assets	<u>22.168,45</u>	<u>18.758,72</u>	<i>Of which from profit and loss transfer agreement</i>	0,00	7.389.290,90
	7.805.756,40	6.327.641,67	4. Other liabilities	335.708,85	349.187,46
II. Cash in hand, deposits with Deutsche Bundesbank, bank balances and cheques	<u>0,00</u>	<u>2.551.228,44</u>	<i>Of which with a separate indication of taxes</i>	<u>334.131,04</u>	<u>346.084,58</u>
	7.805.756,40	8.878.870,11		8.352.698,17	9.031.242,07
C. Prepayments and accrued income	2.743.119,48	1.187.235,00	Total liabilities	<u>14.670.006,48</u>	<u>14.883.848,01</u>
Total assets	<u>14.670.006,48</u>	<u>14.883.848,01</u>			

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

	<u>FY 2022</u> EUR	<u>FY 2021</u> EUR
1. Turnover	73.568.825,03	74.244.134,84
2. Other operating earnings	1.593.086,34	748.619,03
3. Expenditures on materials Expenditures for purchased services	21.607.651,97	18.792.485,27
4. Staff costs		
a) Wages and salaries	29.224.576,21	25.456.688,25
b) Social security contributions and expenditures for old-age pension schemes and for support	5.498.767,62	4.822.001,53
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	1.691.249,31	4.039.891,33
6. Other operating expenses	17.739.633,15	13.976.347,67
7. Other interest receivable and similar income	0,00	0,00
8. Interest payable and similar expenses	1.369.005,88	463.511,20
9. Taxes on income and earnings	<u>0,00</u>	<u>0,00</u>
10. Profit or loss after taxes	-1.968.972,77	7.441.828,62
11. Profit transferred under profit transfer agreement	<u>0,00</u>	<u>7.389.290,90</u>

12. Income from the transfer of losses	1.968.972,77	0,00
13. Net income for the year	0,00	52.537,72
14. Transfers to other retained earnings	<u>0,00</u>	<u>52.537,72</u>
15. Balance sheet profit	<u>0,00</u>	<u>0,00</u>

Annual financial statements 2022

Commerz Direktservice GmbH

Notes

1 Accounting and valuation policies

The annual financial statements of Commerz Direktservice GmbH, Duisburg, for the 2022 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. Negative interest on bank balances was charged by the credit institution in the amount of €10,082 (previous year: €8,973).

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: 1.78% (previous year: 1.87%)
- Annual wage and salary increase (including career development): 2.50% (unchanged from previous year)
- Annual pension adjustment: 2.40% (previous year: 2.00%)
- 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 2022 financial year amounting to €994,637 were attributable to the renewal of the software systems (€487,142) and of the hardware infrastructure (€431,922) as well as the purchase of furniture and office equipment and fixtures (€75,573). In 2022, the write-down for low-value assets amounted to €204,854 (previous year: €265,574); the remaining book value of the compound item as at 31 December 2022 was €354,378 (previous year: €382,475).

The total amount of **receivables and other assets** was €7,805,756 (previous year: €6,327,642), of which €10,371 (previous year: €10,716) had a remaining term of more than one year. The balance sheet item **amounts owed by affiliated undertakings** totalling €7,779,005 (previous year: €6,307,709) included amounts owed by the shareholder from the invoicing of services for €5,681,351 (previous year: €6,297,885) and €1,968,973 from the transfer of losses (previous year: €0).

Bank balances amounted to €0 and were entirely held at affiliated undertakings (previous year: €2,551,228).

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.

The **other retained earnings** were reported at a value of €829,841. The amount consisted, among other things, 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). No further unrealised income from the plan assets arose in the reporting year.

The **provisions** amounting to €4,461,468 (previous year: €3,996,765) included €605,615 (previous year: €144,782) in pension provisions. Other provisions (€3,855,853; previous year: €3,851,983) 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 €8,352,698 (previous year: €9,031,242), of which €0 (previous year: €7,389,291) was a liability to the shareholder from the existing profit transfer agreement, €6,659,747 (previous year: €0) was a liability to the shareholder from the utilisation of the credit line, and €240,740 (previous year: €808,157) was a liability to the shareholder from the utilisation of a universal loan. All liabilities had a remaining term of less than one year.

The breakdown of liabilities was as follows:

	2022	2021
	EUR	EUR
Total liabilities	8,352,698	9,031,242
Of which to the shareholder and affiliated undertakings	6,900,487	8,197,448
Of which from profit transfer agreement	0	7,389,291
Of which other	6,900,487	808,157

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 €73,568,825 (previous year: €74,244,135) was generated by the services of the customer centre operation and associated activities that the company provided for Commerzbank AG against payment.

Other operating earnings totalling €1,593,086 (previous year: €748,619) included an amount from the reversal of provisions of €252,247 (previous year: €47,459). The increase in the item compared to the previous year was mainly due to the adjustment of the input tax rate from 1 January 2022 (14%; previous year: 3.5%) and thus to higher income from value added tax accounting (€777,837; previous year: €147,067).

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 (€21,607,652; previous year: €18,792,485).

Operating a customer centre is a labour-intensive business; therefore, **staff costs** accounted for the largest part of the total expenditure at around 45.0% (previous year: 44.8%).

Amortisation/depreciation (€1,691,249; previous year: €4,039,891) decreased significantly, as the previous year's figure included unscheduled write-downs of €1,842,086, which were mainly due to switching the purchase licences for the omni-channel platform to a subscription model and thus to the derecognition of the licences.

Other operating expenses totalled €17,739,633 (previous year: €13,976,348) and included in particular payments for the provision of technical infrastructure (€8,319,321; previous year: €5,363,862) and of premises (€4,092,566 – of which €158,319 in expenses from the billing of operating costs; previous year: €3,611,403 – of which €28,505 in expenses from the billing of operating costs) and for the purchase of Group services (€2,739,718; previous year: €2,907,478).

As in the previous year, **interest income** amounted to €0. The negative income from plan assets was offset against the corresponding interest expense under Art. 246 (2) sentence 2 HGB. As in the previous year, there was no interest income from bank balances to record.

The **interest expenses** amounting to €1,369,006 (previous year: €463,511) resulted from the discounting of the settlement amount of the pension obligations (€1,300,111 – of which €1,127,378 negative income from plan assets; previous year: €401,539) and of anniversary bonuses (€1,426; previous year: €9,536), from the utilisation of the credit line and the universal loan, and from negative interest (€67,469; previous year: €52,436).

As in the previous year, the total fee charged by the auditor for the financial year was €21,000 excluding value added tax.

The **loss** for the financial year of €1,968,973 (previous year: profit of €7,441,829) is fully reimbursed by 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	4,340,815

Fair value of plan assets	4,072,588
Settlement amount of pension obligations	4,678,203
Pension expenses (interest expenses) to be set off against income from plan assets	172,733
Income from plan assets to be set off against pension expenses	- 1,127,378

After the settlement amount of the pension obligations is netted with the plan assets, a provision of €605,615 resulted (previous year: €144,782). The interest expense after offsetting against the negative income from the plan assets amounted to €1,300,111 (previous year: €401,539).

The difference in values pursuant to Art. 253 (6) HGB was €376,468 as at 31 December 2022 (previous year: €530,354). 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 €376,468 reduction in the associated charge (previous year: €530,354) 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 at 31 December 2022, there was no unrealised income from the plan assets (previous year: €855,841).

3 Other details

3.1 Other financial obligations

For the five financial years following the reporting year, other financial obligations amounted to €20,337,540 (previous year: €23,138,785). They were made up as follows:

2022	2021
EUR	EUR

Rental agreement for commercial premises	13,456,613	15,921,804
Other rental/usage agreements	4,672,644	4,839,287
Maintenance agreements	2,208,283	2,377,694

The reason for the decrease in obligations arising from the rental agreement for commercial premises was the time limit for the current rental agreement, which expires on 31 December 2026. The five financial years following the reporting year are used to calculate the obligations. In relation to the previous year 2021, this was based on the obligations from the rental agreement for five years (2022 to 2026). For the 2022 reporting year, only four years for the rental agreement (2023 to 2026) were used for the calculation.

3.2 Governing bodies

3.2.1 Supervisory Board

Dr. Alena Kretzberg (until 31 December 2022)

- Chairwoman (until 31 December 2022) –

Head of Private and Small-Business Customers Digital Banking, Private and Small-Business Customers, at Commerzbank AG, Frankfurt am Main

Jana Kubach (from 1 February 2022)

- Chairwoman (from 12 January 2023) –

- Deputy Chairwoman (from 10 February 2022 to 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 at Commerzbank AG, Frankfurt am Main

Arno Walter (until 31 January 2022)

- Deputy Chairman (until 31 January 2022) –

Head of Private and Small-Business Customers Segment Management, Private and Small-Business Customers, at Commerzbank AG, Frankfurt am Main

Patrick Klasen (from 1 January 2023)

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

Dirk Lenzkes

Commercial Executive, Commerz Direktservice GmbH, Duisburg

Freya Müller
Commercial Executive, Commerz Direktservice GmbH, Duisburg

Mario Peric (until 31 December 2022)
Head of WM & PB South/West, Private and Small-Business Customers, at Commerzbank AG, Frankfurt am Main

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

3.2.2 Management

Marc Ernesti
Director
Banking professional
Andre Kaiser (until 31 March 2022)
Director
Banking professional

Anja Rutkat (from 1 February 2022)
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 2022 financial year, an average of 745 (previous year: 738) staff were employed, made up as follows:

	2022	2021
Full-time	446	417
Part-time	299	321

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 2022 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, 12 April 2023

Commerz Direktservice GmbH
Management

Marc Ernesti

Anja Rutkat

Annex:

Statement of changes in fixed assets of Commerz Direktservice GmbH for the period from 1 January to 31 December 2022

Fixed asset accounts	Historical cost of acquisition/production						Amortisation/depreciation				Residual book values	
	As at 1.1.2022	Additions FY	Partial additions FY	Transf. (+/-)	Disposals FY	As at 31.12.2022	As at 1.1.2022	Additions FY	Disposals FY	As at 31.12.2022	As at 1.1.2022	As at 31.12.2022
	€	€	€	€	€	€	€	€	€	€	€	€
Intangible assets												
Concessions, industrial property rights and similar rights and assets purchased for valuable consideration, as well as licences to such rights	3,042,906.49	23,369.22	413,536.66	62,843.90	0.00	3,542,656.27	1,843,072.49	524,559.78	0.00	2,367,632.27	1,199,834.00	1,175,024.00
SW low-value assets compound item (up to 1,000€)	139,471.68	0.00	0.00	0.00	139,471.68	0.00	111,583.68	27,888.00	139,471.68	0.00	27,888.00	0.00
SW low-value assets compound item (from 1,000€)	404,101.76	0.00	0.00	0.00	0.00	404,101.76	183,727.76	80,822.00	0.00	264,549.76	220,374.00	139,552.00
Payments on account	62,843.90	50,236.19	0.00	-62,843.90	0.00	50,236.19	0.00	0.00	0.00	0.00	62,843.90	50,236.19
Total:	3,649,323.83	73,605.41	413,536.66	0.00	139,471.68	3,996,994.22	2,138,383.93	633,269.78	139,471.68	2,632,182.03	1,510,939.90	1,364,812.19
Tangible fixed assets												
IT hardware	3,736,102.58	171,624.18	0.00	0.00	0.00	3,907,726.76	2,503,344.58	570,712.18	0.00	3,074,056.76	1,232,758.00	833,670.00
Durable assets	2,392,973.28	25,727.16	0.00	0.00	64,732.90	2,353,967.54	1,311,493.28	181,015.16	64,732.90	1,427,775.54	1,081,480.00	926,192.00
Installations, removals, conversions	3,032,058.83	9,080.60	0.00	0.00	550,253.47	2,490,885.96	2,173,706.83	210,108.60	550,253.47	1,833,561.96	858,352.00	657,324.00
Low-value assets compound item (up to 1,000€)	116,720.29	0.00	0.00	0.00	116,720.29	0.00	93,393.29	23,327.00	116,720.29	0.00	23,327.00	0.00
Other low-value assets compound item (from 1,000€)	120,423.17	40,764.93	0.00	0.00	0.00	161,188.10	52,935.17	32,268.93	0.00	85,204.10	67,488.00	75,984.00
HW low-value assets compound item (from 1,000€)	66,748.13	135,991.66	0.00	0.00	0.00	202,739.79	23,350.13	40,547.66	0.00	63,897.79	43,398.00	138,842.00
Payments on account	0.00	124,306.41	0.00	0.00	0.00	124,306.41	0.00	0.00	0.00	0.00	0.00	124,306.41
Total:	9,465,026.28	507,494.94	0.00	0.00	731,706.66	9,240,814.56	6,158,223.28	1,057,979.53	731,706.66	6,484,496.15	3,306,803.00	2,756,318.41
Grand total:	13,114,350.11	581,100.35	413,536.66	0.00	871,178.34	13,237,808.78	8,296,607.21	1,691,249.31	871,178.34	9,116,678.18	4,817,742.90	4,121,130.60

Management report 2022

Commerz Direktservice GmbH

Organisational changes and changes under company law

In 2022, Commerz Direktservice GmbH (hereinafter referred to as CDS) continued with its business activities as a customer centre for the Commerzbank Group. Until 31 March 2022, the company was managed by Mr. Andre Kaiser (Managing Director) and Mr. Marc Ernesti. On 1 February 2022, Ms. Anja Rutkat was also appointed as a director. On 1 April 2022, following the departure of Mr. Andre Kaiser on 31 March 2022, Mr. Marc Ernesti (Managing Director) and Ms. Anja Rutkat assumed responsibility for managing the company.

The areas of responsibility within the Management are divided among the directors. Until 31 March 2022, Mr. Andre Kaiser was responsible for Human Resources including Qualification, Finance/Controlling, Digital Engineering & Operations and Audit, while Mr. Marc Ernesti had responsibility for the Banking Dialogue, Banking Support, Customer Care and Channel Management units. With the change in the members of the Management as at 1 April 2022, their responsibilities were also reorganised. Mr. Marc Ernesti is responsible for Banking, Management Office and Support, Purchasing and Building Management, Operational Controlling & Channel Management and Digital Engineering & Operations. Ms. Anja Rutkat has assumed responsibility for Human Resources & Finance, Audit, Banking Support, Sales and Management Support, Complaints Management PSBC & Employee Share Ownership Programmes and Communication.

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 2022 of Commerzbank AG.

Business activities and performance

The business activities of CDS progressed satisfactorily in 2022 and continued to show growth in transactions.

A total of 16,881,091 transactions were processed. That represents an increase of 16.5% compared to the previous year. As in the previous year, the biggest driver was fully automated transactions. The processing volume fell by 3.6% in 2022 to 47,850,879 minutes (–1,762,416 minutes) compared to the previous year.

The share of fully automated contacts rose to 61.0%. A total of 783,468 voice portal contacts were processed, while 9,520,060 contacts were handled through the web-based service and information portals and via automated emails. The projected volume of automated contacts was 8,545,000, while in fact 10,303,528 contacts were processed automatically. The proportion of automated contacts was thus 20.6% above the projected level. At the same time, around 6,131,831 contacts were handled through Human Contact, which was 18.9% fewer than forecast (projected total: 7,561,269).

CDS is an important component in Commerzbank's "Strategy 2024" programme and remains responsible for processing incoming customer enquiries. In addition, complaints processing has been almost completely taken over from Commerzbank, while the social media channels are now also managed by CDS. Furthermore, CDS provides licences, maintenance and servicing for the Pure Connect dialogue platform and makes various other systems available for the Bank's advisory centres.

Customer inquiries resulting from the COVID-19 pandemic were largely handled in fully automated fashion and therefore had no significant impact on the processing volume in Human Contact. A high level of priority in the web-based service portal was assigned to customer concerns regarding COVID-19 in order to be able to handle customer contact quickly and in automated fashion.

Internally, CDS implemented a number of measures to prevent the spread of the infectious disease among the workforce. The measures taken were continually adapted in line with the pandemic situation and progressively discontinued over the course of the year. This made it possible to keep the impact on business operations to a minimum. The expenses incurred in connection with the COVID-19 pandemic during the year amounted to around €0.1m.

The management KPIs in 2022 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 2022 budget in the amount of €84.7m was undershot by €7.6m with a figure of €77.1m (–8.9%); €2.1m of the undershoot was attributable to staff costs and €5.5m to operating costs. The staff costs total was below budget because recruitment did not take place to the planned extent. The deviation in operating costs was mainly due to IT expenses and to write-downs (a total of €6.6m below budget) because projects were not fully implemented or were postponed to 2023. External contracting exceeded the projected estimate by €0.6m. Commerzbank allocated a special budget to cover this budget overrun, though the special budget was not fully utilised. The costs for premises and workplaces, training, Group services and other operating cost items resulted in a total budget overrun of €0.5m.

For customers who verified their identity during the call, the average annual availability rate was 92.9% (projected level: 90%). The total contribution to earnings was €7.9m (projected total: €10.0m). The upper limit for staffing, at 676 full-time equivalents, was never exceeded.

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

Banking:

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. Since 1 April 2022, the unit has been divided into two departments: Banking Sales & Services and Banking Sales.

In the Banking Sales & Services department, 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.

The Banking Sales department is exclusively responsible for sales matters. 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 2022, 5,522,140 transactions were processed within Banking. Compared to 2021, there were 142,349 fewer transactions – a decrease of –2.5%.

Banking Support:

The Banking Support unit handles calls and emails regarding questions about Commerzbank's online banking services. Other teams within the unit include the testing team, which is responsible for testing forthcoming innovations as part of the digital strategy; the team that deals with security matters and damage relating to Commerzbank's electronic sales channels; and the anti-fraud team, which undertakes an active approach to raising customer awareness of investment fraud. In addition, Banking Support processes enquiries from Commerzbank advisors via the InfoLine and checks regulatory requirements under the Common Reporting Standard (CRS) and the Markets in Financial Instruments Directive (MiFID).

A total of 673,109 business transactions were processed in Banking Support, a drop of 41,965 transactions compared to the previous year (–5.9%). The lower volume was mainly attributable to a decline in the use of the InfoLine in favour of email channels and automated self-services via the information portal.

A total of 109,508 telephone enquiries from advisors were processed by CDS via the InfoLine (–45.4% compared to the previous year). In the MiFID service, 51,117 transactions were processed (+13.5%).

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 377,288 transactions were processed by Complaints Management PSBC & ESOP (–14.8% compared to the previous year).

The number of customer complaints processed was 49,576, which was around the prior-year level (–0.5%). Complaint support contacts, involving complaint dispatching, complaint management calls and tracking of complaints forwarded by sales units, totalled 122,733, likewise on a par with the prior-year level (–1.7%).

In the employee share ownership programmes unit, processing contracted compared to 2021 to 197,017 transactions (–21.1%). That represents a decrease compared to the previous year, but the projected level was still exceeded by 35,097 (21.7%).

Automated Customer Contacts:

In the Automated Customer Contacts unit, all customer contacts are captured that allow automated processing. The unit covers the 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. In 2022, the service portal registered 8,441,709 page views by customers; the information portal provided 973,728 answers to questions from advisors.

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 2022, a total of 783,468 customer enquiries were processed and closed through the voice portal. Compared to the previous year, this represents a reduction of 622,110 transactions (–44.3%). The lower volume can be explained by the discontinuation of the telephone banking service at the beginning of 2022.

Change in staffing

In 2022, an average of 745 staff (headcount including absentees, but excluding temporary staff and trainees) were employed by the company, of whom 446 were full-time and 299 were part-time.

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

A total of 128 new employees were recruited and trained. In addition, an average of seven FTE trainees were employed over the year.

The annual average staffing level of 600.3 FTEs was below the projected level of 675.5 FTEs. At the end of the year, the staffing level was 615.5 FTEs.

Notes on assets, liabilities, financial position and financial performance

In the 2022 reporting year, turnover fell slightly compared to the previous year (−0.9%); the profit from ordinary activities in the previous year turned into a loss in the reporting year (−126.5%).

Expenses

Operating expenses in 2022 amounted to €77,131 thousand. Compared to the previous year, that represents an increase of €9,580 thousand (+14.2%), mainly on the back of the increase in staff costs, service provider costs and the costs for the technical infrastructure.

Staff costs amounted to €34,723 thousand, expenditures on materials (services from external companies, use of temporary employment) were €21,608 thousand, other operating expenses were €17,740 thousand, amortisation/depreciation was €1,691 thousand, and interest payable was €1,369 thousand.

Other operating expenses included payments of €2,740 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	2022	2021	Change
Staff costs	€34,723 thousand	€30,279 thousand	+14.7%
Expenditures on materials	€21,608 thousand	€18,792 thousand	+15.0%
Other operating expenses	€17,740 thousand	€13,976 thousand	+26.9%
Amortisation/depreciation	€1,691 thousand	€4,040 thousand	−58.1%
Interest payable	€1,369 thousand	€464 thousand	+195.4%
Total	€77,131 thousand	€67,551 thousand	+14.2%

Income

Turnover in the financial year fell by €675 thousand to €73,569 thousand (−0.9%) compared to the previous year. The lower turnover figure is explained by a reduced number of contacts in Human Contact, resulting in particular from the discontinuation of the telephone banking service. The turnover was entirely attributable to companies in the Commerzbank Group. Other operating earnings amounted to €1,593 thousand, of which €778 thousand was attributable to affiliated undertakings.

Profit or loss

Compared to the previous year, the result from ordinary activities fell by €9,411 thousand, down from €7,442 thousand to €–1,969 thousand. The loss is reimbursed by the shareholder under the existing control and profit transfer agreement.

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

	2022	2021
Turnover	€73,569 thousand	€74,244 thousand
Profit or loss from ordinary activities	€–1,969 thousand	€7,442 thousand
Transfer of profit (+) / loss (–)	€–1,969 thousand	€7,389 thousand
Transfer to retained earnings	€0 thousand	€0 thousand
Balance sheet profit	€0 thousand	€53 thousand

Balance sheet

Total assets fell slightly from €14,884 thousand to €14,670 thousand. The total for fixed assets decreased by €697 thousand to €4,121 thousand. In the reporting year, amortisation/depreciation of €1,691 thousand exceeded total capital expenditure (€995 thousand), which was mainly incurred for the improvement and expansion of the voice portal and the technical infrastructure.

Receivables and other assets amounted to €7,806 thousand, of which €7,779 thousand was attributable to affiliated undertakings. There is no longer a bank balance to report. Prepayments and accrued income amounted to €2,743 thousand.

The amount of provisions increased by €464 thousand to €4,461 thousand and was mainly the result of provisions for outstanding service provider invoices (€1,457 thousand), for outstanding settlement of operating costs with respect to the landlord of the office premises (€1,000 thousand), for pension obligations (€606 thousand), for variable remuneration components (€401 thousand), for holiday entitlements (€288 thousand) and for anniversary bonuses (€277 thousand). Liabilities in the amount of €8,353 thousand were recognised. Of these, €6,900 thousand was attributable to

affiliated undertakings, €1,117 thousand was for trade payables and €336 thousand was for other liabilities.

As in the previous year, the equity capital amounted to €1,856 thousand, of which €1,000 thousand was share capital.

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 (€4,121 thousand) in the company's total assets (€14,670 thousand) fell to 28.1%, compared to 32.4% in the previous year.

Receivables, other current assets, and prepayments and accrued income items amounted to €10,549 thousand, thus rising to 71.9% (previous year: 67.6%) 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 2022 financial year by turnover and loans from Commerzbank AG. In addition to a loan to finance the dialogue platform, CDS has a flexible credit line to ensure that liquidity needs 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 20% and second level of management 54%).

Risk report

No risks that could endanger the company's continued existence as a going concern were identified for the 2022 financial year. There are also no risks that could jeopardise the company's continued existence as a going concern in the current 2023 financial year.

Default, liquidity and market price 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. Furthermore, maintenance agreements with quick response times are in place to deal with outages in the most important systems.

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.

Outlook and forecast

In the 2023 financial year, Commerz Direktservice GmbH will consolidate its role as a customer centre within the context of Commerzbank's business strategy. We expect customer contacts to increase by around 10% to approximately 18.3 million contacts. Through ongoing optimisation of our voice and service portals, we plan to process more than 50% of these contacts in fully automated fashion.

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 dialogue platform, of authorisation management and of knowledge management for the advisory centres will be core tasks for CDS in future. The plan is to make this infrastructure available to other segments of the Bank.

CDS will also assume responsibility for other tasks previously handled by Commerzbank. These include the expansion of security-related services to protect customer funds from the increasing threat of cybercrime, and almost complete email processing for private customers.

As in the previous financial year, the management KPIs in 2023 are as follows: adherence to the cost budget (€93.1m); staffing level (630 FTEs); accessibility for authenticated customers (90%); and contribution to earnings from sales activities (€10.0m).

Thus, the cost budget for 2023 is around 10% higher than the budget for 2022 (€84.7m). 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 provision of the technical infrastructure as described above also comes with higher costs than before. Furthermore, our service providers will take on higher volumes, mainly to handle tasks of relatively low complexity. As we strengthen our sales activities, our workforce will grow by around 2% to an average of 630 FTEs. The projected level for accessibility for authenticated customers remains unchanged from the previous year at 90%.

Turnover will be higher than last year on account of the planned increase in transactions. 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.

In dealing with COVID-19, the current strategy of flexible adaptation in line with the infection situation will be continued. Therefore, no serious impact on the company's business operations is expected. As things currently stand, the Ukraine crisis will likewise not have any serious impact on business operations.

Commerz Direktservice GmbH will continue to represent an important component in Commerzbank's personal and digitalised dialogue with its customers. As well as dealing with customer enquiries, CDS will provide the technical infrastructure for the entire advisory centre system through its dialogue platform. 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, 12 April 2023

Commerz Direktservice GmbH
Management

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