

**BALANCE SHEET**  
of  
**Commerz Direktservice GmbH**

<b>Assets</b>	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>Liabilities</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>EUR</b>	<b>EUR</b>		<b>EUR</b>	<b>EUR</b>
<b>A. Fixed assets</b>			<b>A. Equity capital</b>		
<b>I. Intangible assets</b>			<b>I. Subscribed capital</b>	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	1,448,096.00	3,699,466.00	<b>II. Capital reserve</b>	26,000.00	26,000.00
2. Payments on account	62,843.90	122,166.78	<b>III. Retained earnings</b>		
	<u>1,510,939.90</u>	<u>3,821,632.78</u>	Other retained earnings	777,303.03	507,616.90
<b>II. Tangible fixed assets</b>			<b>IV. Balance sheet profit</b>	52,537.72	269,686.13
1. Other equipment, office equipment, and furnishings and fixtures	3,306,803.00	3,482,459.00		<u>1,855,840.75</u>	<u>1,803,303.03</u>
	<u>0.00</u>	<u>0.00</u>			
	<u>3,306,803.00</u>	<u>3,482,459.00</u>			
	<u>4,817,742.90</u>	<u>7,304,091.78</u>			
<b>B. Current assets</b>			<b>B. Provisions</b>		
<b>I. Receivables and other assets</b>			1. Provisions for pensions and similar obligations	144,782.00	0.00
1. Trade receivables	1,173.55	23,001.89	2. Other provisions	3,851,983.19	2,744,579.08
2. Amounts owed by affiliated undertakings	6,307,709.40	5,081,618.19		<u>3,996,765.19</u>	<u>2,744,579.08</u>
Of which trade receivables	6,297,884.85	5,075,465.87			
Of which from creditable taxes	0.00	0.00			
Of which from consolidated tax group taxes (current year + previous year)	9,824.55	6,152.32			
3. Other assets	18,758.72	15,484.03	<b>C. Liabilities</b>		
	<u>6,327,641.67</u>	<u>5,120,104.11</u>	1. Payables owed to credit institutions	808,157.01	4,905,879.66
			Of which sight deposits (payable daily)	0.00	3,544,632.09
			Of which money market transactions (> 1 year to 5 years)	808,157.01	1,361,247.57
<b>II. Cash in hand, deposits with Deutsche Bundesbank, bank balances and cheques</b>	2,551,228.44	0.00	2. Trade payables	484,606.70	517,471.01
	<u>8,878,870.11</u>	<u>5,120,104.11</u>	3. Payables owed to affiliated undertakings	7,389,290.90	3,590,273.45
			Of which trade payables	0.00	56,583.82
			Of which from profit and loss transfer agreement (current financial year)	7,389,290.90	3,533,689.63
<b>C. Prepayments and accrued income</b>	1,187,235.00	1,246,976.70	4. Other payables	349,187.46	272,561.36
			Of which with a separate indication of taxes	346,084.58	271,258.48
<b>D. Net defined benefit asset</b>	0.00	162,895.00		<u>9,031,242.07</u>	<u>9,286,185.48</u>
<b>Total assets</b>	<u>14,883,848.01</u>	<u>13,834,067.59</u>	<b>Total liabilities</b>	<u>14,883,848.01</u>	<u>13,834,067.59</u>

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

	<u>31.12.2021</u>	<u>FY 2020</u>
	EUR	EUR
1. Turnover	74,244,134.84	61,694,150.61
2. Other operating earnings	748,619.03	757,254.82
3. Expenditures on materials Expenditures for purchased services	18,792,485.27	15,774,307.97
4. Staff costs		
a) Wages and salaries	25,456,688.25	22,866,031.53
b) Social security contributions and expenditures for old-age pension schemes and for support	4,822,001.53	4,099,863.04
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	4,039,891.33	2,443,894.46
6. Other operating expenses	13,976,347.67	13,313,668.72
7. Other interest receivable and similar income	0.00	0.00
8. Interest payable and similar expenses	463,511.20	150,263.95
9. Taxes on income and earnings	0.00	0.00
10. Profit or loss after taxes	<u>7,441,828.62</u>	<u>3,803,375.76</u>
11. Profit transferred under profit transfer agreement	<u>7,389,290.90</u>	<u>3,533,689.63</u>
12. Net income for the year / net loss for the year	52,537.72	269,686.13
13. Transfers to other retained earnings	0.00	0.00
14. Balance sheet profit/loss	<u><u>52,537.72</u></u>	<u><u>269,686.13</u></u>

# Annual financial statements 2021

## Commerz Direktservice GmbH

### Notes

#### 1 Accounting and valuation policies

The annual financial statements of Commerz Direktservice GmbH, Duisburg, for the 2021 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 €8,973 (previous year: nil).

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: 1.87% (previous year: 2.30%)
- Annual wage and salary increase (including career development): 2.50% (unchanged from previous year)
- Annual pension adjustment: 2.00% (previous year: 1.40%)
- Biometric bases for calculation: Klaus Heubeck 2018 G mortality tables
- Remaining term of 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 2021 financial year amounting to €1,553,542 were mainly attributable to the renewal of the hardware infrastructure (€774,593) and of the software systems (€547,589) as well as the purchase of furniture and office equipment and fixtures (€46,033).

In 2021, the write-down for low-value assets amounted to €265,574 (previous year: €245,543); the remaining book value of the compound item as at 31 December 2021 was €382,475 (previous year: €462,722).

The total amount of **receivables and other assets** was €6,327,642 (previous year: €5,120,104), of which €10,716 (previous year: €10,715) had a remaining term of more than one year.

The balance sheet item **amounts owed by affiliated undertakings** totalling €6,307,709 (previous year: €5,081,618) included amounts owed by the shareholder from the invoicing of services for €6,297,885 (previous year: €5,075,466).

**Bank balances** amounted to €2,551,228 and were entirely held at affiliated undertakings (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 **net defined benefit asset** was €0 (previous year: €162,895).

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 €777,303. The amount includes a contractual reserve created under the profit transfer agreement in the amount of €100,000 and a balance sheet profit from previous years amounting to €52,249 that was transferred to other retained earnings. In addition, a total amount of €625,054 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).

In the reporting year, unrealised income from the plan assets in an amount of €855,841 was calculated; the difference between this value and the company's total reserves amounting to €803,303 was recorded as **balance sheet profit** (€52,538), since the amount is barred from distribution under Art. 268 (8) HGB and, in analogous application of Art. 301 of the German Stock Corporation Act (AktG), is also barred from transfer.

The **provisions** amounting to €3,996,765 (previous year: €2,744,579) included €144,782 (previous year: €0) in pension provisions.

Other provisions (€3,851,983; previous year: €2,744,579) were mainly set aside in relation to staff – in particular for holiday entitlements, for the settlement amount of anniversary bonuses and for the payment of variable remuneration components – as well as for outstanding invoices.

The **liabilities** totalled €9,031,242 (previous year: €9,286,186), of which €7,389,291 (previous year: €3,533,690) was a liability to the shareholder from the existing profit transfer agreement and €808,157 was a liability to the shareholder from the utilisation of a universal loan (previous year: a €4,905,880 liability to the shareholder from the utilisation of the credit line and a universal loan).

The liability from universal loans in the amount of €808,157 (previous year: €1,361,248) had a remaining term of more than one year, while the other liabilities had a remaining term of less than one year.

The breakdown of liabilities was as follows:

	<b>2021</b>	<b>2020</b>
	<b>EUR</b>	<b>EUR</b>
<b>Total liabilities</b>	<b>9,031,242</b>	<b>9,286,186</b>
Of which to the shareholder and to affiliated undertakings	8,197,448	8,496,153
Of which from profit transfer agreement	7,389,291	3,533,690
Of which trade payables	0	56,584
Of which other	808,157	4,905,880

## 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 €74,244,135 (previous year: €61,694,151) 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 €748,619 (previous year: €757,255) included an amount from the reversal of provisions of €47,459 (previous year: €157,760).

Since the services purchased from external companies and the use of temporary staff are an essential part of the company's activities and one which generates turnover, they are reported as expenditures for purchased services under the **expenditures on materials** item (€18,792,485; previous year: €15,774,308).

Operating a customer centre is a very labour-intensive business; therefore, **staff costs** accounted for the largest part of the total expenditure at around 44.8% (previous year: 46.0%).

**Amortisation/depreciation** included unscheduled write-downs of €1,842,086 (previous year: €7,530), which were mainly caused by switching the purchase licences associated with the omni-channel platform to a subscription model and thus the derecognition of the licences.

**Other operating expenses** totalled €13,976,348 (previous year: €13,313,669) and included in particular payments for the provision of premises (€3,611,403 – of which €28,505 in expenses from the billing of operating costs for 2018; previous year: €3,778,319 – of which €118,653 in expenses from the billing of operating costs for 2017), technical infrastructure (€5,363,862; previous year: €4,710,360) and payments for the purchase of Group services (€2,907,478; previous year: €2,812,359).

As in the previous year, **interest income** amounted to €0, because the 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 €463,511 (previous year: €150,264) resulted from the discounting of the settlement amount for pension obligations (€401,539; previous year: €46,447) and of anniversary bonuses (€9,536; previous year: €11,954), from the utilisation of the credit line and the universal loan, and from negative interest (€52,436; previous year: €91,863).

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

The **profit** for the financial year of €7,441,829 (previous year: €3,803,376) was reported as balance sheet profit in the amount of €52,538 (previous year: €269,686), while the remaining amount of €7,389,291 (previous year: €3,533,690) was transferred to Commerzbank AG under 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:

	<b>EUR</b>
Cost of acquisition of plan assets	3,244,125
Fair value of plan assets	4,099,966
Settlement amount of pension obligations	4,244,748
Pension expenses (interest expenses) to be set off against income from plan assets	454,077
Income from plan assets to be set off	

against pension expenses

After the settlement amount of the pension obligations is netted with the plan assets, a provision of €144,782 results (previous year: net defined benefit asset in the amount of €162,895). The interest expense after offsetting against the income from the plan assets amounted to €401,539 (previous year: €46,447).

The difference in values pursuant to Art. 253 (6) HGB was €530,354 as at 31 December 2021 (previous year: €490,377). 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 €530,354 reduction in the associated charge (previous year: €490,377) 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 2021, there was unrealised income from the plan assets in the amount of €855,841 (previous year: €803,303).

The company's reserves amounting to €803,303 (previous year: €533,617) were not sufficient for coverage purposes, which means that the resulting difference of €52,538 (previous year: €269,686) was reported as a balance sheet profit, as the bar on transferring this under Art. 301 sentence 1 AktG in conjunction with Art. 268 (8) sentence 3 HGB applied.

### 3 Other details

#### 3.1 Other financial obligations

For the five financial years following the reporting year, other financial obligations amounted to €23,138,785 (previous year: €20,672,652). They were made up as follows:

	<b>2021</b>	<b>2020</b>
	<b>EUR</b>	<b>EUR</b>
Rental agreement for commercial premises	15,921,804	15,555,176
Other rental/usage agreements	4,839,287	370,566

Maintenance agreements

The increase in obligations arising from the rental agreement resulted from the adjustment to the rent every two years in line with the consumer price index for Germany calculated by the Federal Statistical Office. The shift to higher obligations arising from other rental/usage agreements and lower obligations arising from maintenance agreements was chiefly attributable to the following circumstances: switching the purchase licences for the omni-channel platform to a subscription model meant that the proportional amount of maintenance obligations decreased, while the proportional amount of obligations associated with software usage fees increased significantly. In addition, an expiring service contract was extended for the long term, with the result that in this case too a significantly higher amount was recorded compared to the previous year.

## **3.2 Governing bodies**

### **3.2.1 Supervisory Board**

Matthias Hach (until 11 February 2021)

- Chairman (until 11 February 2021) –

Former head of comdirect, Marketing & Digital Banking at Commerzbank AG,  
Frankfurt am Main

Dr. Alena Kretzberg (from 12 February 2021)

- Chairwoman (from 24 February 2021) –

Head of comdirect, Marketing & Digital Banking at Commerzbank AG, Frankfurt am  
Main

Arno Walter

- Deputy Chairman –

Head of Wealth Management & Small-Business Customers at Commerzbank AG,  
Frankfurt am Main

Dirk Lenzkes

Commercial Executive, Commerz Direktservice GmbH, Duisburg

Reinhold Mitzkus (until 11 March 2021)

Commercial Executive, Commerz Direktservice GmbH, Duisburg

Freya Müller (from 12 March 2021)

Commercial Executive, Commerz Direktservice GmbH, Duisburg

Mario Peric  
Head of Private and Small-Business Customers West and South at  
Commerzbank AG, Frankfurt am Main

Andreas Schimmele  
Head of Group Banking & Market Operations at Commerzbank AG, Frankfurt am Main

### **3.2.2 Management**

Marc Ernesti (from 15 August 2021) Director

Stefan Homp (until 14 August 2021) Director

Andre Kaiser Director

Anja Rutkat (from 1 February 2022) Director

### **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 2021 financial year, an average of 738 (previous year: 693) staff were employed, made up as follows:

	<b>2021</b>	<b>2020</b>
Full-time	417	381
Part-time	321	312

### **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 2021 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. The Ukraine crisis and the COVID-19 pandemic did not have any serious impact on the company's own business operations; for further details, please refer to the relevant information in the management report.

Duisburg, 3 March 2022

Commerz Direktservice GmbH  
Management g

Andre Kaiser

Marc Ernesti

Anja Rutkat

**Statement of changes in fixed assets of Commerz Direktservice GmbH for the period from 1 January to 31 December 2021**

Fixed asset accounts	Historical cost of						Amortisation/depreciation				Residual book values		
	As at 1.1.2021		Additions FY		Disposals FY As at 31.12.2021		As at 1.1.2021		Additions FY		Disposals FY As at 31.12.2021		
	€	€	€	€	€	€	€	€	€	€	€	€	
<b>Intangible assets</b>													
Concessions, industrial property rights and similar rights and assets purchased for valuable consideration, as well as licences to such rights and assets	8,692,611.83	7,169.75	259,491.88	340,249.93	6,256,616.90	3,042,906.49	5,252,464.83	2,847,224.56	6,256,616.90	1,843,072.49	3,440,147.00	1,199,834.00	
SW low-value assets compound item (up to 31.12.2018)	346,534.93	0.00	0.00	0.00	207,063.25	139,471.68	249,349.93	69,207.00	207,063.25	111,563.68	97,185.00	27,888.00	
SW low-value assets compound item (from 1.1.2019)	265,039.29	139,062.47	0.00	0.00	0.00	404,101.76	102,905.29	80,822.47	0.00	183,727.76	162,134.00	220,374.00	
Payments on account	122,166.78	280,927.05	0.00	-340,249.93	0.00	62,843.90	0.00	0.00	0.00	0.00	122,166.78	62,843.90	
<b>Total:</b>	<b>9,426,352.83</b>	<b>427,159.27</b>	<b>259,491.88</b>	<b>0.00</b>	<b>6,463,680.15</b>	<b>3,649,323.93</b>	<b>5,604,720.05</b>	<b>2,997,344.03</b>	<b>6,463,680.15</b>	<b>2,138,383.93</b>	<b>3,821,632.78</b>	<b>1,510,939.90</b>	
<b>Tangible fixed assets</b>													
IT hardware	3,203,773.24	389,478.53	19,120.00	365,994.48	242,263.67	3,736,102.58	2,208,711.24	536,897.01	242,263.67	2,503,344.58	995,062.00	1,232,758.00	
Durable assets	2,346,939.80	46,033.48	0.00	0.00	0.00	2,392,973.28	1,131,740.80	179,752.48	0.00	1,311,493.28	1,215,199.00	1,081,480.00	
Installations, removals, conversions	3,032,058.83	0.00	0.00	0.00	0.00	3,032,058.83	1,963,263.83	210,443.00	0.00	2,173,706.83	1,068,795.00	858,352.00	
Low-value assets compound item (up to 31.12.2018)	394,715.61	0.00	0.00	0.00	274,173.24	120,542.37	293,382.61	78,006.00	274,173.24	97,215.37	101,333.00	23,327.00	
Other low-value assets compound item (from 1.1.2019)	96,929.30	23,493.87	0.00	0.00	0.00	120,423.17	28,838.30	24,096.87	0.00	52,935.17	68,091.00	67,488.00	
HW low-value assets compound item (from 1.1.2019)	43,977.19	22,770.94	0.00	0.00	0.00	66,748.13	9,998.19	13,351.94	0.00	23,350.13	33,979.00	43,398.00	
Payments on account	0.00	365,994.48	0.00	-365,994.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
<b>Total:</b>	<b>9,118,393.97</b>	<b>847,771.30</b>	<b>19,120.00</b>	<b>0.00</b>	<b>516,436.91</b>	<b>9,488,848.96</b>	<b>5,635,934.97</b>	<b>1,042,547.30</b>	<b>516,436.91</b>	<b>6,162,045.36</b>	<b>3,482,459.00</b>	<b>3,306,803.00</b>	
<b>Grand total:</b>	<b>18,544,746.80</b>	<b>1,274,930.57</b>	<b>278,611.88</b>	<b>0.00</b>	<b>6,980,117.06</b>	<b>13,118,172.19</b>	<b>11,240,655.02</b>	<b>4,039,891.33</b>	<b>6,980,117.06</b>	<b>8,300,429.29</b>	<b>7,304,091.78</b>	<b>4,817,742.90</b>	

# Management report 2021

## Commerz Direktservice GmbH

### Organisational changes and changes under company law

In 2021, Commerz Direktservice GmbH (hereinafter referred to as CDS) continued with its business activities as a customer centre for the Commerzbank Group. Until 14 August 2021, the company was managed by Mr. Stefan Homp (Managing Director) and Mr. Andre Kaiser. On 15 August 2021, following the departure of Mr. Stefan Homp, Mr. Andre Kaiser (Managing Director) and Mr. Marc Ernesti assumed responsibility for managing the company.

The areas of responsibility within the Management are divided among the directors. Until 14 August 2021, Mr. Stefan Homp was responsible for the Human Resources, Finance/Controlling, Customer Care, Banking Support and Audit units, while Mr. Andre Kaiser was responsible for the Digital Engineering & Operations, Channel Management, Banking Dialogue and Qualification units. With the change in the members of the Management as at 15 August 2021, their responsibilities were also reorganised. Mr. Andre Kaiser is responsible for Human Resources including Qualification, Finance/Controlling, Digital Engineering & Operations and Audit, while Mr. Marc Ernesti has responsibility for the Banking Dialogue, Banking Support, Customer Care and Channel Management units.

### Economic report

#### Macroeconomic and sector-specific conditions

The activities of CDS are commissioned exclusively by the Private and Small-Business Customers (PSBC) business segment of Commerzbank AG and CDS does not operate independently on the market. 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 2021 of Commerzbank AG.

## **Business activities and performance**

The business activities of Commerz Direktservice GmbH progressed satisfactorily in 2021 and continued to show growth in transactions.

A total of 14,488,277 transactions were processed. That represents an increase of 32.5% compared to the previous year. As in the previous year, the biggest driver was fully automated transactions. The processing volume in processing minutes rose by 15.8% in 2021 to 49,613,294 minutes (an increase of 6,768,401 minutes) compared to the previous year.

The share of fully automated contacts rose to 52.9%. A total of 1,405,578 voice portal contacts were processed, while 6,254,543 contacts were handled through the web-based service and information portals.

The projected total for automated contacts was 7,340,000, but in fact 7,660,121 contacts were processed in automated fashion, which means that the share of automated contacts was 4.4% above the projected level. At the same time, around 6,341,838 contacts were handled through the Human Contact channel, which was 16.0% fewer than forecast (projected total: 7,553,545).

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. This included the implementation of the German "AHA" distancing and hygiene rules in the business premises, the equalisation of space by increasing the distance between workstations, the requirement to wear masks in communal areas and greater use of home working. These measures made it possible to keep the impact on business operations to a minimum. Since the end of November 2021, checks to ensure compliance with the 3G rules in the workplace have been taking place at the entrances to CDS's business premises. The expenses incurred in connection with the COVID-19 pandemic during the year amounted to around €0.1m.

The management KPIs in 2021 were as follows: adherence to the cost budget; accessibility of voice channels (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 2021 budget in the amount of €77.7m was undershot by €10.1m with a figure of €67.6m (–13.0%); €2.2m of the undershoot was attributable to staff costs and €7.9m 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 €6.3m below budget) because projects were not fully implemented or were postponed to 2022. External contracting also fell short of the projected estimate by €0.5m. The remaining undershoot of €1.1m resulted from lower expenses for premises and workplaces, training, Group services and other operating expenses.

The annual average accessibility was 85.7% (projected level: 90%). The reasons for this were the price adjustment measures and the Federal Court of Justice ruling, which led to a high volume of contacts at certain times. For customers who verified their identity during the call, the availability rate was 90.6%. The total contribution to earnings was €6.9m (projected total: €10.0m). The upper limit for staffing, at 647 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 Dialogue:

In the Banking Dialogue unit, all direct contacts with Commerzbank customers are handled via telephone and chat channels. Sales and service processes are offered to our customers on a case-by-case basis. The instalment loan and retail mortgage financing teams are exclusively responsible for carrying out sales processes, in which customers can purchase various Commerzbank products directly or obtain assistance in the purchase process. In addition, Banking Dialogue includes the Company & More team, whose main task is to acquire new customers under the partner programme of the same name, and the Net Promoter Score (NPS) service, in which calls are made to measure customer satisfaction.

In 2021, 5,664,489 business transactions were processed within Banking Dialogue. This represents an increase of 116,108 transactions or 2.1% compared with 2020.

### 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 Test Support 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 Boiler Room 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 715,074 transactions were processed in Banking Support, a drop of 73,130 transactions compared to the previous year (-9.3%). The lower volume was mainly attributable to the drop in the use of email channels (-27.4% compared to the previous year) in favour of our automated self-service facilities.

A total of 200,704 telephone enquiries from advisors were processed by CDS via the InfoLine (-21.2% compared to the previous year). In the MiFID service, 45,019 transactions were processed (-12.9%).

### Customer Care:

The Customer Care unit handles customer complaints and accepts securities orders on an execution-only basis and within the framework of employee share ownership programmes.

A total of 442,598 transactions were processed by Customer Care (+22.3% compared to the previous year).

The number of customer complaints processed was 49,811, which was above the prior-year level (+30.0%). Complaint support contacts, involving complaint dispatching, complaint management calls and tracking of complaints forwarded by sales units, totalled 124,845, a decrease of 5.2% compared to 2020.

In the employee share ownership programmes unit, processing increased compared to 2020 to reach 249,632 transactions (+56.8%). The securities execution-only call service fell to 8,459 contacts in 2021 (-63.1%). The service was discontinued at the end of the year.

### Automated Customer Contacts:

In the Automated Customer Contacts unit, all customer contacts are captured that allow automated processing. Since 2019, telephone banking transactions and newly added processes in the natural voice portal have been included. 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 2021, the service portal registered 5,819,267 page views by customers; the information portal provided 354,836 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 2021, a total of 1,405,578 customer enquiries were processed and closed through the voice portal, of which 512,110 via telephone banking. Compared to the previous year, this represents a reduction of 610,538 transactions (–30.3%). The lower volume was largely attributable to telephone banking transactions (–501,565 transactions).

### **Change in staffing**

In 2021, an average of 738 staff (headcount including absentees, but excluding temporary staff and trainees) were employed by the company, of whom 417 were full-time and 321 were part-time.

The ratio of women to men was 61% to 39%.

A total of 148 new employees were recruited and trained. In addition, an average of eight FTE trainees were employed over the year.

The annual average staffing level of 591.9 FTEs was below the projected level of 618.5 FTEs. At the end of the year, the staffing level was 594.7 FTEs.

## Notes on assets, liabilities, financial position and financial performance

In 2021, the company increased both its turnover (+20.3%) and its profit from ordinary activities (+95.7%) compared to the previous year.

### Expenses

Operating expenses in 2021 amounted to €67,551 thousand. Compared to the previous year, that represents an increase of €8,903 thousand (+15.2%), mainly on the back of the increase in staff costs, service provider costs and an unscheduled write-down.

Staff costs amounted to €30,279 thousand, expenditures on materials (services from external companies, use of temporary employment) were €18,792 thousand, other operating expenses were €13,976 thousand, amortisation/depreciation was €4,040 thousand, and interest payable was €464 thousand.

Other operating expenses included payments of €2,907 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	2021	2020	Change
Staff costs	€30,279 thousand	€26,966 thousand	+12.3%
Expenditures on materials	€18,792 thousand	€15,774 thousand	+19.1%
Other operating expenses	€13,976 thousand	€13,314 thousand	+5.0%
Amortisation/depreciation	€4,040 thousand	€2,444 thousand	+65.3%
Interest payable	€464 thousand	€150 thousand	+208.5%
<b>Total</b>	<b>€67,551 thousand</b>	<b>€58,648 thousand</b>	<b>+15.2%</b>

### Income

Turnover rose in the financial year compared to the previous year by €12,550 thousand to €74,244 thousand (+20.3%). The increased turnover was the result of a higher volume of contacts, especially at the first level (Banking Dialogue unit). The turnover was entirely attributable to companies in the Commerzbank Group. Other operating earnings amounted to €749 thousand, of which €147 thousand was attributable to affiliated undertakings.

## Profit or loss

Compared to the previous year, the profit from ordinary activities increased by €3,639 thousand, rising from €3,803 thousand to €7,442 thousand. A partial amount of €53 thousand of the profit achieved was recorded as balance sheet profit. This consisted of unrealised income from the plan assets covering pension obligations, to which a bar on transfer applies under Art. 301 sentence 1 AktG in conjunction with Art. 268 (8) sentence 3 HGB. The remaining part of the profit in the amount of €7,389 thousand was transferred to the shareholder under the existing control and profit transfer agreement.

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

	2021	2020
Turnover	€74,244 thousand	€61,694 thousand
Profit or loss from ordinary activities	€7,442 thousand	€3,803 thousand
Profit transfer	€7,389 thousand	€3,534 thousand
Transfer to retained earnings	€0 thousand	€0 thousand
Balance sheet profit	€53 thousand	€270 thousand

## Balance sheet

Total assets increased from €13,834 thousand to €14,884 thousand. The total for fixed assets decreased by €2,486 thousand to €4,818 thousand. The decline was mainly attributable to the write-down for the omni-channel platform acquired in the 2018 financial year, as the platform's purchase licences were switched to a subscription model. Capital expenditure in the financial year, mainly for the renewal of the hardware infrastructure and expansion of the voice portal, totalled €1,554 thousand.

Receivables and other assets amounted to €6,328 thousand, of which €6,308 thousand was attributable to affiliated undertakings. Bank balances totalled €2,551 thousand. Prepayments and accrued income amounted to €1,187 thousand.

The amount of provisions increased by €1,252 thousand to €3,997 thousand and was mainly the result of provisions for outstanding service provider invoices (€1,656 thousand), for outstanding settlement of operating costs with respect to the landlord of the office premises (€650 thousand), for holiday entitlements (€275 thousand), for anniversary bonuses (€270 thousand) and for variable remuneration components (€238 thousand). Liabilities in the amount of €9,031 thousand were recognised.

Of these, €8,197 thousand was attributable to affiliated undertakings (of which €7,389 thousand is a liability relating to the transfer of profit), €485 thousand was for trade payables and €349 thousand was for other liabilities.

The equity capital amounted to €1,856 thousand (previous year: €1,803 thousand), of which €1,000 thousand was share capital.

### Asset and liquidity analysis

The structure of the company's total assets changed compared to the previous year. The share of fixed assets (€4,818 thousand) in the company's total assets (€14,884 thousand) fell significantly to 32.4%, compared to 52.8% in the previous year.

Receivables, other current assets, prepayments and accrued income items and the net defined benefit asset amounted to €10,066 thousand, thus rising to 67.6% (previous year: 47.2%) 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 2021 financial year by turnover and loans from Commerzbank AG. In addition to a loan to finance the omni-channel 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. Both quotas are currently being met (first level of management 33% and second level of management 55%).

## **Risk report**

No risks that could endanger the company's continued existence as a going concern were identified for the 2021 financial year. There are also no risks that could jeopardise the company's continued existence as a going concern in the current 2022 financial year, including the effects of the Ukraine crisis and the COVID-19 pandemic.

Default, liquidity and market price risks are not relevant given the company's business model and 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 defects. The company regularly evaluates its internal control system on the basis of 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 2022 financial year, Commerz Direktservice GmbH will continue to develop towards being a sales channel with a high level of automation in service processes. We expect customer contacts to increase by around 9% to approximately 16.5 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.

Direct sales will be strengthened by expanding functionalities and building up staff capacity. In future, customer contacts with a high level of sales potential will be given priority. Active customer communication on sales topics will be facilitated by new technology.

As in the previous financial year, the management KPIs in 2022 are adherence to the cost budget (€84.7m), the staffing level (675.5 FTEs), accessibility (90%) and the contribution to earnings from sales activities (€10.0m).

The cost budget for 2022 is therefore around 25% higher than the budget for 2021 (€67.9m). 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 full-time equivalents and the change in employee salaries.

With regard to operating costs, projects to digitalise and optimise our platform necessitate a higher budget. In future, CDS will provide the technical infrastructure for the advisory centres in the context of Commerzbank AG's new strategy. Furthermore, our service providers will need to take on larger volumes. As we strengthen our sales activities, our workforce will grow by around 9% to 676 FTEs. The projected level for accessibility 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.

The COVID-19 pandemic will also continue to shape the current year 2022. CDS continues to rely on the measures described above to keep the risk of infection within the company low. 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 continues to represent an essential component in Commerzbank's personal and digitalised dialogue with its customers. In the future, CDS will be one of three advisory centres and 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 of the strategic orientation of Commerzbank AG. We therefore continue to expect the company to perform positively.

Duisburg, 3 March 2022

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