Annual financial statements as at 31 December 2021

TRANSLATION – AUDITOR'S REPORT

Deutsche Factoring Bank GmbH & Co. KG
Bremen

KPMG AG Wirtschaftsprüfungsgesellschaft

Balance sheet as at 31 December 2021 of
Deutsche Factoring Bank GmbH & Co. KG, Bremen

Assets		**31/12/2021**	**31/12/2020**
	EUR	**EUR**	**KEUR**
1. Cash reserves			
a) Cash on hand	1,396.00	1,396.00	2
2. Receivables from banks			
a) Due at call	59,225,759.49		15,549
b) Other receivables	26,946.31	59,252,705.80	1,116
3. Receivables from clients		1,877,575,539.89	1,656,187
4. Investments		2,700.64	3
5. Intangible assets			
a) Internally generated industrial property rights and similar rights and assets	0.00		0
b) Concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets acquired for a consideration	1,097,646.39		1,274
c) Goodwill	0.00		0
d) Advance payments	2,834,798.75	3,932,445.14	1,019
6. Property, plant and equipment		2,116,187.21	1,916
7. Other assets		5,611,498.63	3,945
8. Prepaid expenses		1,018,987.60	852
9. Excess of plan assets over pension liabilities		0.00	0
Total assets		**1,949,511,460.91**	**1,681,862**

Equity and liabilities

	EUR	31/12/2021 EUR	31/12/2020 KEUR
1. Liabilities to banks			
a) Due at call	188,341,466.82		136,999
b) with agreed maturities or notice periods	676,313,774.44	864,655,241.26	662,340
2. Liabilities to clients			
b) Other liabilities			
ba) Due at call	93,945,516.96		141,685
bb) with agreed maturities or notice periods	616,444,415.42	710,389,932.38	386,347
3. Other liabilities		2,531,261.94	2,055
4. Deferred income		481,071.73	777
5. Provisions			
a) Provisions for pensions and similar benefits after offsetting against plan assets	53,879.93		11
b) Tax provisions	0.00		0
c) Other provisions	9,785,266.75	9,839,146.68	7,596
9. Subordinated liabilities		52,864,760.28	52,864
12. Equity			
a) Subscribed capital	6,435,874.52		6,436
b) Capital reserve	64,696,360.28		64,696
c) Revenue reserves			
cd) Other revenue reserves	216,980,564.53		204,677
d) Retained earnings	20,637,247.31	308,750,046.64	15,380
Total equity and liabilities		**1,949,511,460.91**	**1,681,862**
2. Other obligations			
thereof irrevocable loan commitments		15,751,644.50	15,290

Income statement for the period from 1 January 2021 to 31 December 2021 of

Deutsche Factoring Bank GmbH & Co. KG, Bremen

Expenses			2021	2020
			EUR	KEUR
1. Interest expenses			734,709.87	2,473
thereof negative interest received				
in EUR -2,209,305.98 (PY: in KEUR -1,036)				
2. Commission expenses			4,142,813.73	4,541
3. General administrative expenses				
a) Personnel expenses				
aa) Wages and salaries	18,416,161.06			16,286
ab) Social security, pension and				
other benefits	3,633,979.29	22,050,140.35		3,330
thereof for pensions in EUR				
623,823.39 (PY: in KEUR 483)				
b) Other administrative expenses		11,785,562.52	33,835,702.87	8,778
4. Amortisation, depreciation and write-downs of intangible				
assets and property, plant and equipment			1,231,859.68	792
5. Other operating expenses			753,394.62	606
6. Write-downs of and value adjustments to receivables and certain securities				
as well as additions to provisions in the credit business			3,104,796.27	9,005
7. Income taxes			2,474,376.00	1,858
8. Other taxes not included under item 5			66,594.03	63
9. Net income for the year			20,637,247.31	15,380
Total expenses			**66,981,494.38**	**63,113**
1. Net income for the year			20,637,247.31	15,380
2. Allocations to other revenue reserves			0.00	0
3. Retained earnings/accumulated deficit			20,637,247.31	15,380

Income		2021	2020
		EUR	KEUR
1.	Interest income from credit and money market transactions	60,544,107.76	56,977
2.	Commission income	4,514,247.47	4,453
3.	Other operating income	1,923,139.15	1,683
Total income		**66,981,494.38**	**63,113**

Notes to the financial statements for the 2021 financial year

1. GENERAL INFORMATION

Deutsche Factoring Bank GmbH & Co. KG (Deutsche Factoring Bank) as a bank prepared its annual financial statements for the financial year ending 31 December 2021, in accordance with German commercial law (Sections 242 et seqq. of the German Commercial Code [HGB]), the supplementary provisions for banks and financial services institutions (Sections 340 et seqq. HGB), and the provisions of the German Regulation on the Accounting of Banks and Financial Services Institutions [RechKredV].

Deutsche Factoring Bank, Bremen, is listed in the Bremen Register Court in the commercial register department A (HRA) with register number 15633.

The Company uses form 1 (balance sheet) RechKredV. Form 2 (account form) was used to present the income statement.

In addition to the annual financial statements – which comprise the balance sheet, the income statement and the notes to the financial statements – a management report was prepared in accordance with Section 289 HGB. Disclosures that can be presented optionally in the balance sheet, the income statement or in the notes to the financial statements are presented in the notes.

2. GENERAL ACCOUNTING POLICIES

The accounting policies were largely maintained.

The cash reserve and receivables from banks are recognised at nominal value.

Receivables from banks and receivables from clients are recognised at their nominal value. Appropriate specific bad debt allowances have been made for all identifiable risks in the credit business. In the reporting year, adjustments were made to the valuation process of purchased receivables, which had no material effect on the amount of risk provisioning.

The latent credit risk (including the risk of potentially non-legally enforceable receivables) is taken into account by recognition of general bad debt allowances. In the reporting year, the calculation method was converted to a BFA 7-compliant approach.

Investments are stated at cost.

Purchased intangible fixed assets and property, plant and equipment were valued at cost and – apart from land, advance payments on intangible assets and office equipment, and purchased art works – amortised and depreciated on a straight-line basis.

Other assets were stated at nominal value.

Liabilities are recognised at their settlement amounts.

Pension provisions are recognised at the settlement amount deemed necessary. The Heubeck 2018 G mortality tables serve as the basis of calculation. The projected unit credit method was used for calculating these provisions.

The discount rate applied in the calculation amounted to 1.87% as at 31 December 2021 (average of the last ten years). Future pension increases were assumed at 1.0% or 1.5% p.a.

The growth of pension expectancies was estimated. The difference between the pension provision measured using the average market interest rate of the past ten years and the past seven years amounts to KEUR 119.

The mandatory offsetting of plan assets against corresponding pension obligations resulted in the recognition of a pension provision as at 31 December 2021.

Provisions were stated at their settlement amount deemed necessary based on prudent commercial judgement. This includes all discernible risks and contingent liabilities. Long-term provisions with a remaining term of more than one year were discounted.

The translation of assets and liabilities denominated in foreign currency in the annual financial statements as well as expenses and income from factoring into euro is recognised in line with Section 256a HGB in conjunction with Section 340h HGB according to the contractual arrangements with factoring clients as receivables from or liabilities to clients. The amount resulting from foreign currency translation of KEUR 165 (PY: KEUR 4) was recorded in the income statement under other operating income.

Use was made of the netting options in the income statement pursuant to Section 340f (3) HGB and the balance sheet recognition option in Section 274 (1) sentence 2 HGB.

Deferred tax assets were not recognised.

3. EXPLANATORY NOTES ON THE BALANCE SHEET AND THE INCOME STATEMENT

3.1. Maturities breakdown of balance sheet items (Section 9 RechKredV)

Other receivables from banks	31 Dec. 2021 KEUR	31 Dec. 2020 KEUR
up to three months	12	1,114
between three months and one year	15	2

Receivables from clients	31 Dec. 2021 KEUR	31 Dec. 2020 KEUR
up to three months	1,850,576	1,634,107
between three months and one year	26,987	22,080
between one and five years	13	0

Liabilities to banks with agreed maturities or periods of notice	31 Dec. 2021 KEUR	31 Dec. 2020 KEUR
up to three months	671,314	662,340
between three months and one year	5,000	0

Other liabilities to clients with agreed maturities or periods of notice	31 Dec. 2021 KEUR	31 Dec. 2020 KEUR
up to three months	605,780	378,147
between three months and one year	10,662	8,202
between three and five years	2	0

3.2. Balance sheet items relating to companies in which the bank has a participating interest (Section 3 RechKredV)

	31 Dec. 2021 KEUR	31 Dec. 2020 KEUR
Receivables from banks	57	10
thereof from partners	0	0
Liabilities to banks	92,857	89,020
thereof to partners	0	0

3.3. Balance sheet items relating to affiliated companies (Section 3 RechKredV)

	31 Dec. 2021 KEUR	31 Dec. 2020 KEUR
Receivables from clients	67	1,498
thereof from partners	67	1,498
Liabilities to clients	200,000	7
thereof to partners	200,000	7
Other liabilities	0	0
thereof to partners	0	0
Subordinated liabilities	40,629	40,629
thereof to partners	28,392	28,392

Receivables from clients are unsecuritised and mainly include debtor receivables purchased from factoring clients.

3.4. Disclosure of currency items

	31 Dec. 2021 KEUR	31 Dec. 2020 KEUR
Total assets denominated in foreign currency were as follows:	88,853	86,440
Total liabilities denominated in foreign currency were as follows:	89,496	86,036

3.5. Fixed assets

Movements in fixed assets are presented in Appendix 1 to these notes. Property, plant and equipment are solely utilised in the course of own activities.

3.6. Other assets

This item mainly consists of receivables from the tax authorities.

3.7. Deferred income

This item mainly consists of deferred factoring fees.

3.8. Provisions

This mainly includes provisions for personnel costs, provisioning in the credit business, a broker's commission, the costs for credit insurance, factoring fees to be reimbursed and audit fees.

3.9. Pension provision

The reinsurance policies exclusively serve the purpose of fulfilling the pension provision obligations and are inaccessible to other creditors. They have been offset against the underlying obligations in accordance with Section 246 (2) sentence 2 HGB. The fair value of plan assets corresponds to the actuarial reserve established by the insurer and thus to the cost of KEUR 1,400. The fair value of plan assets exceeding the corresponding pension obligation is recognised in the amount of KEUR 54 in accordance with Section 246 (2) sentence 3 HGB. Interest expenses and income were offset. The allocation expense inclusive of expenses for changes in interest rates amounted to KEUR 145 and is recognised under personnel expenses.

3.10. Subordinated liabilities

The conditions of subordination are in line with the provision in Article 63 of the Regulation (EU) No 575/2013 and are met in the amount of KEUR 52,000 (PY: KEUR 52,000). The conversion to capital or another form of debt is not planned. The creditors do not have a right to call in a loan prior to maturity.

The subordinated liabilities are broken down as follows:

Amount in KEUR	Interest rate in % per annum	Maturity date
5,000	4.55	12 Mar. 2024
2,000	4.30	4 Apr. 2024
3,000	4.18	20 Jun. 2024
200	4.18	20 Jun. 2024
500	4.18	20 Jun. 2024
1,800	4.18	20 Jun. 2024
500	4.18	20 Jun. 2024
10,000	4.40	28 Dec. 2027
3,000	4.40	28 Dec. 2027
1,000	4.40	28 Dec. 2027
13,250	4.05	9 Jul. 2029
8,750	4.05	9 Jul. 2029
3,000	4.05	9 Jul. 2029

The creditors are three banks, a financial services institution and six insurance companies.

For the liabilities recognised in the item, interest expenses of KEUR 2,193 (PY: KEUR 2,193) were incurred.

3.11. Equity

The Supervisory Board will submit a recommendation to the partners' meeting on 9 June 2022 to resolve that KEUR 11,350 of the net income for 2021 be distributed to the partners and an amount of KEUR 9,287 be transferred to other revenue reserves.

4. EXPLANATORY NOTES ON THE INCOME STATEMENT

4.1. Interest income

Interest income is comprised of interest-like factoring fees and interest income in a ratio of 62% to 38% (PY: 60% to 40%). Deutsche Factoring Bank's clients are almost exclusively domestic companies, of which some have foreign subsidiaries. Interest expenses for liabilities arising from pension obligations of KEUR 30 (PY: KEUR 33) were offset with interest income from plan assets of KEUR 32 (PY: KEUR 30) in accordance with Section 246 (2) sentence 2 HGB.

4.2. Interest expenses

The negative interest received from refinancing of KEUR 2,209 (PY: KEUR 1,036) had a favourable effect on interest expenses.

4.3. Other operating income

Other operating income mainly includes income from the reversal of provisions of KEUR 1,425 (PY: KEUR 950).

4.4. Other administrative expenses

Other administrative expenses relate mainly to consulting and office costs.

4.5. Income taxes

Income taxes reduced in full the net income for the year.

5. OTHER DISCLOSURES

5.1. Irrevocable loan commitments

Irrevocable loan commitments amounted to KEUR 15,739 (PY: KEUR 15,290). This involves special credit lines of the customers that were not used. The utilisation probability depends on the specific customer.

5.2. Other financial obligations

Financial obligations relating i.a. to service agreements amounted to approx. KEUR 10,280. These include KEUR 1,046 in obligations to affiliated companies.

5.3. Loss-free valuation of the interest book

The loss-free valuation (net realisable value) of the interest book is based on the periodic approach.

Due to the short terms of purchased receivables of an average of 40 days (PY: 41 days) and the matching maturity refinancing, the calculation is carried out on the basis of a one-year profit (loss) taking into account risk and administrative costs.

As at the reporting date, there was a significant surplus overall. As a result, recognition of a provision for onerous contracts was not necessary.

5.4. Management

The management function was performed by the general partner Deutsche Factoring GmbH, Bremen, with subscribed capital of KEUR 60 (PY: KEUR 60), represented by its managing directors:

Christian Eymery, Bremen (Spokesman)

Susanne Gögel, Bremen (since 1 Jan. 2022)

Fedor Krüger, Stuhr

The managing directors work full-time for the general partner. The managing directors' remuneration was not disclosed pursuant to Section 286 (4) HGB.

The benefits for former managing directors and their surviving dependents amounting to KEUR 27 are taken into account in the provision for post-employment benefits after offsetting against plan assets.

5.5. Deferred tax assets and liabilities

Deviations between amounts stated in the commercial and tax balance sheets resulted in differences that led to deferred tax assets and liabilities. This was largely due to the recognition of goodwill, intangible assets and fixed assets as part of supplementary tax accounts along with the pension provisions. Deferred tax assets significantly exceeded deferred tax liabilities. Applying the capitalisation option (Section 274 (1) sentence 2 HGB), deferred taxes were not recognised. The deferred taxes were computed on the basis of a tax rate of currently 15.37%.

5.6. Personnel

The average number of employees in the financial year was:

	2021	2020
Female employees	108	99
thereof part-time	24	25
Male employees	135	125
thereof part-time	6	7

All staff are employees of Deutsche Factoring Bank.

5.7. Total auditor's fee

The statutory auditor charged a total fee of KEUR 428 for audit services in financial year 2021. Of this amount, KEUR 68 relates to prior years.

5.8. Supervisory Board

Members of the Supervisory Board included:

Kai Ostermann, Chairman

Chairman of the Management Board
Deutsche Sparkassen Leasing Verwaltungs-Aktiengesellschaft, Bad Homburg v. d. Höhe

Frank Brockmann, Deputy Chairman

Member of the Management Board
Hamburger Sparkasse AG, Hamburg

Roland Burgis

Deputy Chairman of the Management Board
Sparkasse Nürnberg Anstalt des öffentlichen Rechts [Institution established under public law], Nuremberg

Heinz-Hermann Hellen

Member of Management
Deutsche Sparkassen Leasing AG & Co. KG, Bad Homburg v. d. Höhe

Hans Jürgen Kulartz

Member of the Management Board
Landesbank Berlin AG, Berlin

Dr Tim Nesemann

Chairman of the Management Board
Die Sparkasse Bremen AG, Bremen

Dr Harald Vogelsang

Spokesman and Member of the Management Board
Hamburger Sparkasse AG and HASPA Finanzholding, Hamburg

Rainer Weis

Member of the Management Board
Deutsche Sparkassen Leasing Verwaltungs-Aktiengesellschaft, Bad Homburg v. d. Höhe

Remuneration of the Supervisory Board

Remuneration of KEUR 147 (PY: KEUR 147) was paid to the members of the Supervisory Board.

5.9. Shares in affiliated companies

Deutsche Factoring Bank GmbH & Co. KG is included in the consolidated financial statements of Deutsche Sparkassen Leasing AG & Co. KG, Bad Homburg v. d. Höhe, as at 30 September 2021. The consolidated financial statements are published in the German Federal Gazette [Bundesanzeiger]. This is the only consolidated group in which Deutsche Factoring Bank is taken into account.

5.10. Subsequent events

Since 24 February 2022, Russia has been at war with Ukraine ('Russia-Ukraine war'). The effects of the Russia-Ukraine war represent a non-adjusting event and therefore have no effect on the recognition and measurement of assets and liabilities as at the reporting date. The Bank monitors the overall economic effect on its business model and on future business performance. The Bank has no significant commitments in Russia or Ukraine and is therefore not directly affected. However, the Bank could be affected by indirect risks, particularly those related to political unrest, sanctions and unpredictable market volatility. The specific implications cannot be conclusively and clearly identified at present. It is conceivable that there will be adverse effects on business partners, e.g. in transactions or banking operations, or in connection with the risk of increasing energy prices.

Bremen, 12 May 2022

Deutsche Factoring Bank GmbH & Co. KG

represented by

Deutsche Factoring GmbH

Christian Eymery	Susanne Gögel	Fedor Krüger

APPENDIX 1:

Movements in fixed assets (all amounts in KEUR)[1]

	Cost 1 Jan. 2021	Changes Additions	Disposals	Accumulated amortisation, depreciation and write-downs	Net book value 31 Dec. 2021	Amortisation, depreciation and write-downs during the financial year
Intangible assets						
Concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets acquired for a consideration	2,689	220	0	1,812	1,098	397
Advance payments	1,019	1,816[2]	0	0	2,835	0
	3,708	**2,036**	**0**	**1,812**	**3,932**	**397**
Property, plant and equipment						
Land and buildings	2,466	0	0	1,645	820	45
Operating facilities	189	0	0	172	17	5
Leasehold improvements	27	55	0	30	53	2
Operating and office equipment	3,116	988	97	2,781	1,226	783
	5,799	**1,043**	**97**	**4,628**	**2,116**	**835**
Financial assets						
Affiliated companies	3	0	0	0	3	0
Total	**9,510**	**3,079**	**97**	**6,440**	**6,052**	**1,232**

[1]Deutsche Factoring Bank wishes to point out that differences may arise due to the use of rounded figures and percentages.
[2]Additions include advance payments on internally generated intangible assets in the amount of KEUR 1,816

Management report for 2021

I. Background information on the Bank

Deutsche Factoring Bank GmbH & Co KG (Deutsche Factoring Bank) has its registered office in Bremen and is the centre of competence for factoring and receivables management within the Sparkassen-Finanzgruppe [German Savings Banks Finance Group].

With 50 years of experience, we are a competent financing and service partner for small and medium-sized enterprises (SMEs). For SMEs in particular, we offer the highest level of individual solution expertise with regard to receivables management, financing and default protection. We support clients from over 70 sectors in Germany and abroad with modular-based service packages.

The successful and partnership-based cooperation with the Sparkasse (Savings) banks is the main pillar promoting new business. The continuous intensification of this cooperation is one of our primary goals, which we ambitiously implement in various projects and committees. As a credit institution pursuant to the German Banking Act [KWG], Deutsche Factoring Bank is subject to supervision from both the German Federal Financial Supervisory Authority [BaFin] and the German Central Bank [Deutsche Bundesbank]. Deutsche Factoring GmbH is the general partner. The partners of Deutsche Factoring Bank and Deutsche Factoring GmbH are:

- Deutsche Sparkassen Leasing AG & Co. KG (Deutsche Leasing) with registered offices in Bad Homburg v. d. Höhe which holds 53.0%,
- Freie Sparkassen Beteiligungsgesellschaft mbH with registered offices in Bremen which holds 35.0%, and
- Landesbank Berlin AG with registered offices in Berlin which holds 12.0%.

II. Development of the factoring market[1]

Despite the second consecutive year of the coronavirus pandemic, it was possible for the members of the Deutsche Factoring-Verband e.V. (German Factoring Association) to raise their revenue in 2021 by 10.8% to now EUR 309.4 billion. The number of clients declined by 2.9% to 80,000.

The factoring ratio was able to exceed prior year's all-time high and now equals 8.7%, which means that factoring accounts for more than 8.7% of German GDP. The factoring ratio is measured as the ratio of the revenue of members of the German Factoring Association and GDP.

International factoring developed very favourably in 2021 and, after a decline of 2.7% in the prior year, reported growth of 27.8%. In this regard, import business rose by 26.0% and export factoring by 27.9%. It was possible to raise revenue in domestic business by 5.2% to EUR 221.0 billion.

Factoring volume grew in 2021 in the 12th year in a row. As the new record high in revenue clearly shows, factoring was increasingly used in the reporting year, both by large as well as by smaller companies. The German Factoring Association stated in its 2021 annual report that although prudential requirements mean that, nationally as well as internationally, the factoring market continues to face challenges, factoring providers have additional growth opportunities also in 2022.

1 Source: 2021 Annual Report (May 2022) of the German Factoring Association

III. Economic report[2]

The reporting year was once more dominated by the global coronavirus pandemic, whose effects continue to impact economic development. The German economy was able to report strong recovery in the summer months due to relaxation of the coronavirus precautionary measures. GDP rose by 10.8% in Q2 2021 compared to the same period in the previous year. Especially contact-intensive sectors such as the restaurant industry and arts & entertainment were able to benefit from this. However, this positive development was stymied in the industrial segment due to shortages of materials and delivery bottlenecks in the cases of intermediate productions as well as due to rising commodity prices. The second half of the year was hit again by another wave of the coronavirus and the accompanying stepped up lockdown measures put a damper on economic development.

Economic output in Q4 was unable to carry on with the growth rates of the previous quarters and was slightly below pre-coronavirus levels and, consequently, below expectations. According to the German Federal Statistical Office's calculations, GDP rose year on year by 2.9% in 2021.

The number of company insolvencies continued to decline year on year in 2021. Accordingly, 11.7% fewer company insolvencies were registered year on year in 2021.

IV. Development of Deutsche Factoring Bank in financial year 2021

Deutsche Factoring Bank faced a challenging economic environment in financial year 2021. Besides the ongoing coronavirus pandemic, competitive pressure and the squeeze on margins influenced the factoring market. The ECB's expansive monetary policy continues. The 3-month Euribor, the key reference interest rate, continued to develop negatively during the course of the year and equalled -0.572% at year-end (PY: -0.545%).

Risk costs that were below budget meant that last year's annual profit targets were achieved and even exceeded.

At EUR -1.6 million (PY: EUR 4.8 million), business risk costs were in the positive range and, thus, far below the assumed budget level of EUR 8.0 million. This was largely due to credit losses from the coronavirus pandemic that did not materialise.

The factoring volume of Deutsche Factoring Bank increased in 2021 by EUR 3.2 billion (18.8%)[3] to a record high of EUR 20.1 billion (PY: EUR 17.0 billion).

In terms of volume, new business was up considerably over the prior year, but with a reduction in the number of new contracts.

The Bank's import segment developed favourably as well. Import volume rose by 10.4%, which put it at a new record high.

Differentiated by type of transaction, turnover performance is as follows:

in EUR million	2021	in %	2020
Domestic business	14,268	16.0	12,297
Export factoring	4,433	32.1	3,357
Import factoring	1,444	10.4	1,308

The share of international business increased year on year in the reporting year by 1.7 percentage points to 29.2% (PY: 27.5%). The basis of the import business is the strong

2 Source: 2021/12 and 2022/02 monthly reports of Deutsche Bundesbank

3 Deutsche Factoring Bank wishes to point out that differences may arise due to the use of rounded figures and percentages.

cooperation with international factor partners, who are mainly members of Factors Chain International (FCI).

FCI is a global network of leading factoring companies, of which Deutsche Factoring Bank has been a member since 1971.

Deutsche Factoring Bank was recognised once again in June 2021 at the FCI Annual Meeting (which was held virtually due to the pandemic) as the World's Best Import Factor (Annual Award for Service Excellence 2021). Judging for the annual award is based on a range of criteria. These include, in particular, the promptness of decision-making, processing quality, risk appetite and problem-solving ability along with the generated turnover volume and number of international factor partners, with whom we collaborate. Deutsche Factoring Bank continues to view itself as being among the quality leaders in the factoring sector and, despite a market environment where global competition is becoming increasingly fierce, intends to again rank among the top factoring companies during the next voting. With import volume of approx. EUR 1.4 billion, Deutsche Factoring Bank achieved the highest import revenue in its history in 2021 and, according to the FCI business volume statistics, was the largest import factor in Europe as at the end of September 2021 and the second largest worldwide.

Further steps were taken in 2021 to integrate the Sparkasse centre for factoring competence with the Sparkasse banks and Deutsche Leasing. In order to further entrench factoring as a part of commercial and corporate banking, Deutsche Factoring Bank actively supports the Sparkasse banks with their sales process in close collaboration with Deutsche Leasing. It was possible to conclude further cooperation agreements with additional Sparkasse banks in the financial year under review.

At 99.4%, the share of revenue generated by the factoring business with non-recourse factoring (del credere) remained on par with the prior year (PY: 99.4%).

The number of invoices/open items processed by Deutsche Factoring Bank totalled 8.4 million in 2021.

The industry and credit risks are still widely diversified (see the following risk report). Deutsche Factoring Bank granted debtor limits of EUR 9.7 billion as at 31 December 2021 (PY: EUR 9.8 billion) for customers of clients. Utilisation amounted to 20.0% (PY: 17.2%).

At 40 days, the average payment term of receivables purchased by the Bank was slightly down in 2021 as compared to the prior year (PY: 41 days).

In terms of organisation, Deutsche Factoring Bank particularly focused on the continuation of standardising IT and business processes resulting from the merger in 2016 with former Universal Factoring GmbH. The domestic business was successfully migrated in the reporting year.

Gesellschaft für Bonitätsbeurteilung mbH in Cologne (GBB-Rating) prepared an external rating for Deutsche Factoring Bank again in 2021. With the "A+" rating (stable outlook), Deutsche Factoring Bank is recognised as a bank with an above-average credit rating on the refinancing market.

Deutsche Factoring Bank has its headquarters in Bremen. The Bank maintains a further office in Ratingen and has a decentralised sales structure with sales offices in Bad Homburg v. d. Höhe, Berlin, Bielefeld, Düsseldorf, Frankfurt/Main, Gera, Hamburg, Münster, Monheim, Munich, Nuremberg and Stuttgart.

Including 29 part-time employees, four trainees and four employees on parental leave, Deutsche Factoring Bank had 259 employees as at 31 December 2021, of which 118 were female and 141 male. The trainees were all undergoing training to become office administrators.

Management would like to thank and recognise the employees of Deutsche Factoring Bank for their personal commitment, which has enabled our business success, and for the way in which they work with trust and dedication towards further developing our company.

Management would also like to thank the members of the Supervisory Board for the trust they have shown in us, the continuous dialogue we have engaged in and for the advice and guidance they have provided for the strategic development of the Company.

Furthermore, we would like to thank our business partners, the cooperating members of the Savings Banks Finance Group (Sparkassen-Finanzgruppe) and in particular our clients for the successful and cooperative partnership and the trust they have shown in us on a daily basis.

V. Internal management system

Deutsche Factoring Bank has a business and risk strategy, in which both budget targets and strategic and medium-term company objectives are defined using selected operating performance indicators.

Financial and non-financial performance indicators:

The financial development of the Company is continuously monitored on the basis of various figures and performance indicators. Management uses the following financial performance indicators to manage the Bank: the factoring volume (receivables tendered), net income after taxes, the operating risk costs (not taking into account the costs for trade credit insurance) as well as the cost-income ratio as a ratio between expenses required for business operations and income from operating business (interest and net commission income).

The strategic aim of keeping significant non-financial performance indicators, client satisfaction and the client focus high is evidenced by the further growth in the number of clients.

Moreover, a range of other financial and non-financial performance indicators are calculated and monitored, which, however, are subordinate in respect of their relevance for management. We would like to specifically mention the particularly pronounced expert knowledge and performance of our employees. Employee turnover was not high during the prior financial year and we were able to recruit additional qualified staff at both locations.

The key financial performance indicators developed as follows:

	Actual 2021	Plan 2021	PY 2020
Factoring volume (EUR billion)	20.1	19.3	17.0
Net income after taxes (KEUR)	20,637	17,037	15,380
Risk costs (KEUR) business management	-1,635	8,000	4,830
Cost-income ratio (%) business management	60.7	48.1	56.0

VI. Financial performance

Net interest and net commission income amounted to EUR 60.2 million. This figure is EUR 5.8 million up over the prior year, which was due mainly to the positive development of the purchased receivables.

Personnel expenses increased in the reporting year by 12.4% to EUR 22.1 million, largely due to the creation of new positions and allocations to personnel provisions. Other administrative expenses rose by EUR 3.0 million to EUR 11.8 million.

In total, general administrative expenses increased by EUR 5.4 million to EUR 33.8 million. The business cost-income ratio increased year on year by 4.7 percentage points to 60.7%.

At EUR 26.3 million, earnings before risk provisioning and income taxes remained on par with the prior year (PY: EUR 26.3 million) on account of an increase in general and administrative expenses.

Risk costs, i.e. the write-downs of receivables, the additions to risk provisions for debtors and factoring clients as well as the expenses for credit insurance, decreased year on year by EUR 5.9 million to EUR 3.1 million.

The net income for the year after trade tax amounted to EUR 20.6 million in 2021 (PY: EUR 15.4 million). The return on assets pursuant to Section 26a (1) sentence 4 of the German Banking Act [KWG] as a ratio of net income and total assets amounted to 1.1% (PY: 0.9%).

In light of the current economic situation, management considers financial performance in 2021 as being satisfactory.

VII. Assets, liabilities and liquidity

Deutsche Factoring Bank's balance sheet is dominated by purchased receivables and the corresponding refinancing.

The structure of assets is characterised by receivables from clients, which account for approx. 96.3% (PY: 98.5%) of total assets and amount to EUR 1.9 billion. Receivables generally bear variable interest and almost all are due within three months. Risks for debtor receivables are largely covered by own credit insurance and the credit insurance of factoring clients (see the following risk report).

Deutsche Factoring Bank had at all times sufficient refinancing facilities at its disposal. For refinancing there are mostly term deposits from banks with a term of up to three months that are made available to us. In addition, there are the blocked and settlement accounts of factoring clients.

Liabilities to banks increased by 8.2% to EUR 864.7 million. Accounting for 44.4% of the balance sheet total (PY: 47.5%), this represents the most significant item.

Liabilities to clients in relation to the balance sheet total increased by 34.5% to EUR 710.4 million. These amounted to 36.4% (PY: 31.4%) of the balance sheet total and was mainly caused by the increase in funding sources through intragroup lines.

The reported equity ratio declined to 15.8% (PY: 17.3%) due to the increase in total assets in the reporting year.

To back growth objectives and to safeguard against potential unexpected risks, Deutsche Factoring Bank continues to strengthen its equity base through proportionate earnings retention.

The equity and liquidity requirements were met at all times. The Bank was able to meet its payment obligations at all times.

Deutsche Factoring Bank's assets, liabilities and financial position remain in good order.

VIII. Risk report

Deutsche Factoring Bank engages in factoring pursuant to Section 1 (1a) sentence 2 no. 9 KWG and as a financial services institution within the meaning of the KWG is subject to the requirements set forth under the KWG.

Management is responsible for the proper business organisation of the Bank pursuant to Section 25a (1) KWG. To this end, management implemented a risk management system so that developments that could endanger Deutsche Factoring Bank's ability to continue as a going concern can be recognised at an early stage. New regulatory requirements are taken into account in the course of the Bank's further development. The task of risk management of Deutsche Factoring Bank is to identify, analyse, systematise, quantify and communicate risks in order to ensure that especially all material risks are managed.

A sustainable business strategy and a consistent risk strategy, which was discussed with the Supervisory Board, provide the key basis for this.

The risk strategy that has been implemented provides for an annual strategy review and encompasses the following process steps: planning, implementation, evaluation, adjustment and communication.

The key elements of risk management include an implemented internal control procedure featuring an internal control system and an internal audit function.

Organisational and operational rules with clearly defined areas of authority provide the framework for this.

Risk management follows defined principles, which must be applied and the compliance of which is monitored on a continuous basis. This process is permanently applied on the level of individual transactions according to defined rules and quarterly on an aggregated basis in the course of risk reporting.

Functions for risk controlling, information security, anti-money laundering, data protection and compliance have been set up and are key components of risk management. The effectiveness of the risk management system of Deutsche Factoring Bank and its implementation in line with supervision law is regularly monitored by Internal Audit.

Deutsche Factoring Bank has identified the following risk types as material:

- Counterparty risks
- Liquidity risks
- Operational risks
- Market risks
- Other risks

In addition, risk concentrations are examined and documented as part of the process of preparing the quarterly risk report.

Counterparty risk

In respect of counterparty risk, Deutsche Factoring Bank differentiates between client risks and dilution risks on the one hand and the debtor risk on the other.

The client and dilution risk is the risk that both the factoring client's credit rating as well as the legal validity of the purchased receivables are not (entirely) given. The risk of fraud by factoring clients is generally assigned to client and dilution risk.

The risk classification procedure for factoring clients is carried out using the "Sparkassen Standard Rating" and in-house-developed dilution rating, taking into account both the credit rating of the factoring clients and the factorability of the receivables provided under the factoring agreement. The commencement or continuation of a cooperation with a factoring client is generally only possible by complying with certain minimum requirements of the result of the risk classification procedure. Both the creditworthiness (e.g. using financial statements, interim figures, credit reports) and factorability (e.g. monitoring of payment behaviour, sampling of balance confirmations, tax audits) are monitored on a continuous basis. The client and dilution risk is limited by determining and agreeing financing and factoring frameworks.

Non-performing loans are transferred to the support function of the workout unit.

Concentration risks are monitored and managed on the level of the factoring client and on industry level. Thus, no single factoring client or factoring client group may account for a concentration of more than 10.0% of the total factoring turnover.

We carry out a breakdown by economic sector for our clients using the Bundesbank's business sector system (WZ 2008). The sector concentration, measured by the share of the factoring turnover, may not exceed 20.0% for each individual sector, with the exception of very heterogeneous trade, wholesale trade and commission trade.

All concentration requirements were observed.

The debtor risk refers to the risk that a debtor cannot meet its contractually agreed obligations to the seller of the receivables and cannot settle the receivables sold to Deutsche Factoring Bank (in the event of insolvency, for example).

The debtor risk is measured generally by way of an in-house-developed internal scoring procedure that analyses defined risk parameters. Debtor risks are limited by setting debtor limits. Trade credit insurance policies are in place for significant or selected debtor risks in order to reduce debtor risks. In addition, concentrations regarding debtors are monitored and managed.

Deutsche Factoring Bank or the factoring client sends out written reminders at regular intervals in the case of overdue receivables.

The country risk is measured per country using an exposure approach. With a share of 67.2% (PY: 67.6%), the focus continues to be on Germany. The share attributable to EU member states excluding Germany increased slightly by 0.4 percentage points to 24.5%; the share attributable to non-EU countries amounted to 8.3% as in the prior year.

The Bank recognises risk provisioning in an appropriate amount in order to cover any losses that can occur should a receivable not be legally enforceable. Recognising bad debt provisions in an appropriate amount for receivables that are due (overdue) means that potential losses, which can arise as a result of the non-payment by the debtors of receivables purchased and financed by Deutsche Factoring Bank, are taken into account.

The specific and general bad debt provisions totalled EUR 20.1 million as at 31 December 2021 (PY: EUR 20.9 million). The ratio of client to debtor-specific bad debt provisions declined slightly from 44% to 43%. The specific bad debt provisions for debtors decreased by EUR 0.8 million to EUR 7.5 million.

For general bad debt provisions, the requirements of IDW Banking Committee's Statement 7 on Accounting were taken into account and the methodology for recognising general bad debt provisions was adjusted as at 31 December 2021. In total, the general bad debt provisions amounted to EUR 2.4 million pursuant to IDW Banking Committee's Statement 7 on Accounting. An amount of EUR 3.8 million was recognised in the prior year.

Liquidity risks

Liquidity risks for Deutsche Factoring Bank are risks that the present and future payment obligations cannot be met or can only be met at higher costs.

The risks from refinancing costs are due to lasting price changes in the case of refinancing terms. Management limits these risks and takes these risks into account when calculating risk-bearing capacity.

There are structural financing instructions for refinancing risks in order to keep liquidity risks as low as possible as well as procedures for identifying impending liquidity risks as soon as possible and managing such risks. Furthermore, measures on liquidity protection are stipulated in the liquidity contingency plan of Deutsche Factoring Bank.

Embedded in a multiple-risk stress-test program, Deutsche Factoring Bank conducts liquidity stress tests (special section on risk 3.1 item 8 of the Minimum Requirements for Risk Management [MaRisk]) and determines survival horizons for various stress scenarios.

Deutsche Factoring Bank works with various refinancing partners in order to ensure liquidity. The majority of these partners are Sparkasse banks, which are working closely with Deutsche Factoring Bank in market development and, thus, represent a stable financing source. Furthermore, refinance credits were granted by the Bank's partners.

Concentration risks are limited by stipulating limits for the refinancing partners. Utilisation and changes in the granted refinance credits are monitored daily using a “traffic light” system so that any apparent liquidity bottlenecks can be recognised early on. In order to ensure that liquidity is available at short notice and if unexpectedly needed, Deutsche Factoring Bank regularly draws on the pledged liquidity facilities only up to 75.0%.

Liquidity is managed and planned using three instruments that differ largely according to their maturities and, accordingly, level of detail:

5-year financial planning:

The 5-year liquidity planning is an integral part of strategic capital planning and, thus, is based on the defined business strategy. This planning provides the acquisition strategy for new credit lines or other financing measures for the next five years.

12-month liquidity comparison:

Liquidity inflows and outflows are compared on a daily basis (business day). Thus, seasonal specifications are taken into account. The overview covers one year on a rolling basis and includes conservatively selected assumptions (the lowest payment inflows and highest payment outflows on any respective business day of the past years).

Daily LCR calculation:

This calculation compares the expected liquidity inflows with the liquidity outflows for the next 30 days. The obligatory minimum value for the liquidity coverage ratio (LCR) of 100% was maintained at all times. As at the reporting date of 31 December 2021, the LCR (mathematically calculated) amounted to 141.9% (PY: 151.0%).

Operational risks

Deutsche Factoring Bank aggregates the risk of losses caused by the inappropriateness or failure of internal processes, people or systems or by external influences under operational risks. The written rules of procedure of Deutsche Factoring Bank and an effective and continually updated internal control system serve to avoid operational risks.

Operational risks are reviewed and evaluated as part of the annual risk assessment and are classified under infrastructure (e.g. IT risks), personnel (e.g. processing errors), internal procedures (e.g. inadequate organisational structure and processes) and external factors (e.g. criminal acts). In addition, all significant loss events are analysed and recorded in a loss database.

Internal Audit, the Compliance Officer, the Information Security Officer and Anti-Money Laundering Officer ensure compliance with relevant laws, regulations and policies and thereby help reduce operational risks.

The function of the IT Security Officer ensures continued compliance with regulatory requirements as regard IT security. Various security standards have been defined for data protection in server and network operations as well as for implemented access protection. There are contingency plans for selected business processes.

Market risks

The market risk is the general risk of suffering losses due to changes in market parameters (e.g. interest rates, foreign exchange rates).

The market risk is limited in Deutsche Factoring Bank's case to the interest rate risk and foreign exchange risk as the securities and custody business, proprietary trading in securities and transactions with derivatives are prohibited at Deutsche Factoring Bank.

The foreign exchange risk is the risk of incurring losses from foreign currency positions due to changes in foreign exchange rates. In order to avoid foreign exchange risks, receivables purchased that are denominated in a foreign currency are refinanced with matching currencies (natural hedge). In addition, currency risks arising from the purchase of receivables denominated in foreign currency, if applicable, must be borne by the factoring client as provided in the contract. Random checks are made to see if these avoidance strategies are being followed. The currency risk is of minor significance due to both of the aforementioned aspects.

The interest rate risk is the risk of incurring losses from an open interest rate position due to changes in the yield curve. The purchased receivables have a relatively short capital commitment period. Therefore, interest rate risks are limited significantly by means of similarly short refinancing. The risk is quantified and monitored on a quarterly basis.

Other risks

As regards other risks, Deutsche Factoring Bank monitors especially the planning risk.

The risk associated with preparing short- and medium-term planning due to incompleteness and uncertainty of the available data, which means that the measures envisioned in the plan could lead to a result that deviates from planning, is taken into account as a planning risk in the risk management process. The planning risk includes the cost, earnings and especially the sales risk.

Balanced and forward-looking planning of income and expenses, along with regular target/actual comparisons, form the basis for limiting the planning risk. The planning of business activities for the respective financial year as well as medium-term planning is regularly checked. Monthly target/actual comparisons are made for the current financial year, which make it possible to respond to changing framework conditions in a timely and flexible manner (e.g. in the form of sales measures, cost initiatives, etc.).

Risk-bearing capacity

Deutsche Factoring Bank has a model for managing and monitoring the risk-bearing capacity, which incorporates both an economic as well as a normative perspective pursuant to General Part 4.1 item 2 MaRisk in conjunction with the guidelines entitled “Supervisory assessment of bank-internal capital adequacy concepts and their integration into firm-wide performance and risk management processes".

Management includes steering approaches for the economic and normative perspectives. In this regard, the conservative level of the risk assessment from an economic perspective is based on a confidence level of 99.9% with a risk horizon of one year. Deutsche Factoring Bank takes this approach with the objective of protecting creditors against losses.

As at 31 December 2021, of the risk limits totalling EUR 230.0 million (PY: EUR 230.0 million), EUR 141.2 million (PY: EUR 126.0 million) was utilised for the individual risk types. Internal capital adequacy continued to be ensured throughout 2021.

Deutsche Factoring Bank includes all material risks – to the extent that these can be reasonably limited by the risk coverage potential – for control reasons when calculating the risk-bearing capacity.

A risk type is defined as being material as soon as it exceeds 1% of the eligible risk coverage potential. The risk coverage potential is calculated closely to the cash value; planned profits are not considered in the economic perspective.

Material risks are managed and limited through risk limits. Within risk-bearing capacity there are risk limits for material risks at the level of the risk type, which are defined by management.

Counterparty risks are measured using a credit portfolio model that incorporates those factoring clients/dilution risks and debtor risks that are considered material. The credit portfolio model is based on a Merton Model, which involves loss distribution using a Monte Carlo simulation.

Risk assessment of the market risks in the form of interest rate risks is calculated using a model to determine the interest rate risks in the non-trading portfolio. The model is based on multiple interest rate scenarios, whose results are suitably aggregated.

Operational risks are being assessed since the reporting date of 31 December 2021 according to a bank-wide Risk Assessment Process, and a risk value is derived from this process. The procedure replaces the previously used Alternative Standardised Approach (ASA).

Liquidity risks in the form of the refinancing cost risks are simulated using refinancing interest premiums.

Planning risks as a material part of other risks are monitored and controlled in the context of monthly target/actual comparisons based on multi-year capital planning.

Risk-bearing capacity existed at all times, also in consideration of all supervisory requirements (normative perspective).

The supervisory assessment of suitable regulatory own funds is based on the ratio of regulatory own funds to risk-weighted assets using the Credit Risk Standardised Approach (CRSA) as well as the Alternative Standardised Approach (ASA) for operational risks. The capital ratios as at 31 December 2021 (before appropriation of profits) amounted to:

- Common equity tier 1 capital ratio of 14.50% (PY: 15.62%)
- Total capital ratio 16.82% (PY: 18.35%)

Risk reporting

Fixed communication channels and information recipients are defined for risk reporting purposes.

Data relevant for risk management are prepared and aggregated into one internal reporting by the risk controlling function.

Information is disseminated for all risk types especially as part of the quarterly risk report and the report on business development or ad-hoc in the case of serious changes. The quarterly reports contain all key information on Deutsche Factoring Bank's risk position, such as information on the risk-bearing capacity, overall risk profile, limit utilisation, stress tests as well as a detailed presentation of the material limitable risk types.

All limit-relevant changes are presented also in Deutsche Factoring Bank's quarterly risk report and the report on business development.

The members of the Supervisory Board are informed in writing through the report on business development of Deutsche Factoring Bank's financial performance at the end of each quarter. Management promptly informs the members of the Supervisory Board of any significant events, e.g. large insolvencies, serious changes in market conditions, etc.

Summary

Deutsche Factoring Bank's risk management system and the established risk management and controlling processes ensure the monitoring and control of risks resulting from the factoring business.

Risks affecting Deutsche Factoring Bank's ability to continue as a going concern are not currently discernible.

IX. Forecast

Business environment

The economy has not yet fully recovered from the coronavirus pandemic and is now already facing the next challenge. Russia's invasion of Ukraine will heavily impact economic performance in the current year and beyond. The sanctions levied against Russia and Russian companies in response to its invasion of Ukraine are having a direct and indirect negative impact on German businesses. Companies with direct business activities in Russia must strategically realign themselves and decide whether they want to stay in the country. However, the impact on Germany's economic development should play more of a lesser role, as only a small share of foreign trade is conducted with Russia. Nevertheless, the indirect effects are what are causing a decline in global economic performance. Russia is an important supplier of raw materials and especially energy resources. The dependence on Russian gas supplies is causing many market players sleepless nights. As a result of current developments, calls to stop using Russian energy supplies are growing louder and are thus fuelling increasing uncertainty with regard to energy supplies. These concerns are driving energy prices up. Fuel prices have already reached previously unknown dimensions. There are not only concerns about energy supplies that could negatively impact the economic situation; rather, there are also other commodities that can further exacerbate the materials and delivery bottlenecks that occurred already in

2021, especially in the case of lacking semiconductors.

The aforementioned reasons will presumably drive the inflation rate, which already is up significantly over the prior year, up even further, which will adversely affect consumption patterns and savings rates.

It is currently not possible to reliably quantify the risks and effects of this conflict. It depends heavily especially on the length of the direct military confrontation as well as the sanctions that can be imposed by the western countries as well as by Russia (especially cutting off energy supplies).

Forecast for the business-related development of Deutsche Factoring Bank

After favourable revenue performance in the reporting year and despite the uncertainties regarding the indirect economic effects of the war in Ukraine, Deutsche Factoring Bank assumes further growth in the following year. The direct effects on Deutsche Factoring Bank are negligible due to the business volume in the affected countries. It is currently expected that revenue performance will rise year on year by 12.9% and that the ambitious target figure of EUR 22.7 billion can be achieved.

The driver for the projected development in 2022 is continuing successful new business and a further positive revenue trend with existing clients. In this regard, Deutsche Factoring Bank is focusing especially on the further intensification of the cooperation with the Sparkasse banks, on sales cooperation with Deutsche Leasing, in particular in the medium-sized business segment, and also on specialist brokers and financial intermediaries. Key account marketing successfully established in the prior year is set to provide further positive drive.

For medium-sized companies, factoring is still an attractive addition to financing due to the flexibility it offers and it also represents a good alternative to traditional financing instruments.

Deutsche Factoring Bank is focusing on a balance of risks and profitability as the basis for secure business development.

Deutsche Factoring Bank will also continue to invest in the training of its employees in 2022. This includes providing a wide-range of advanced training measures and systematically establishing a staff development programme with a long-term focus.

Against the backdrop of a further decline in insolvency rates in 2021, the budgeted risk costs remained at a moderate level of EUR 3.5 million. As a result of rising revenue and, thus, the associated increase in factoring revenue, the cost-income ratio is expected to go up to 49.4% compared to the 2021 reporting year. Management expects that net income after taxes for the 2022 financial year will be up by a total of 22.8% and amount to EUR 25.3 million, including a one-time non-recurring item from the sale of old real property. The expected earnings will continue to enable compliance with prudential capital requirements. In summary, management expects developments in 2022 to be in line with the budget.

Bremen, 12 May 2022

Deutsche Factoring Bank GmbH & Co. KG

represented by

Deutsche Factoring GmbH

Christian Eymery	Susanne Gögel	Fedor Krüger

Independent Auditor's Report

To Deutsche Factoring Bank GmbH & Co. KG, Bremen

Opinions

We have audited the annual financial statements of Deutsche Factoring Bank GmbH & Co. KG, Bremen, which comprise the balance sheet as at 31 December 2021 and the income statement for the period from 1 January to 31 December 2021, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Deutsche Factoring Bank GmbH & Co. KG for the financial year from 1 January to 31 December 2021.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to banks and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2021 and of its financial performance for the financial year from 1 January to 31 December 2021 in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Responsibilities of Management and the Supervisory Board for the Annual Financial Statements and the Management Report

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to banks, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, management is responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Frankfurt am Main, 13 May 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Bauer Wirtschaftsprüfer [German Public Auditor]	Mark Wirtschaftsprüferin [German Public Auditor]